Mission: To be the premier alternative full-service local phone company to businesses in our markets.

Year End 1997
Product Introduction

Products & Services

- Special Access
- Dedicated
- Retail Switched Services
- PBX Trunk
- 1FB
- ISDN PRI
- Operator Services
- CLASS Features
- Local Service Resale
- e.spire
- 1+LD
- Access
- Calling Cards
- Audio Conf.
- Measured Service
- Voicemail
- 800
- Carrier
- COCOTs
- Video Over ATM
- ISDN BRI
- Centrex

1st Half 1996
2nd Half 1996
1st Half 1997
2nd Half 1997
1st Half 1998
ACSIs Customer Value

- Choice
- Reliable SONET Fiber Optic Networks
  - State of the art technology and innovation
  - Lucent 5ESS Switches
  - Newbridge Frame Relay/ATM Switches
- Full Service Voice
- Data Solutions
- Focused Sales and Marketing Effort
- Differentiated Customer Care
- Competitive Pricing

ACSI
Facilities-Based Competition

• ACSI builds facilities that challenge the efficiency of every function of ILEC local service

• Facilities-based competition leads to:
  ■ Increased efficiency
  ■ Lower prices
  ■ Higher quality service
  ■ Increased innovation
ACSI’s Data Strategy

- To offer business customers fast, easy and economical options for a total customer network solution
  - Network transport
    - Internet Access
    - Frame Relay
    - Asynchronous Transfer Mode (ATM)
  - Interface solutions -- i.e., web hosting
  - e.spire bundling
  - Proactive network management
**Access Lines**

- **Cumulative Lines Sold**
  - 4/1/97: 360
  - 4/15/97: 1,802
  - 4/30/97: 3,139
  - 5/15/97: 4,553
  - 5/30/97: 5,929
  - 6/30/97: 9,177
  - 9/30/97: 28,394

- **Resale**
- **Facilities-Based**
# Growth in Operations

<table>
<thead>
<tr>
<th>KEY OPERATING DATA</th>
<th>1Q '97</th>
<th>2Q '97</th>
<th>3Q '97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>484</td>
<td>1,505</td>
<td>2,477</td>
</tr>
<tr>
<td>Gross PP&amp;E (000)</td>
<td>186</td>
<td>220</td>
<td>250</td>
</tr>
<tr>
<td>Access Lines</td>
<td>360</td>
<td>9,177</td>
<td>28,394</td>
</tr>
<tr>
<td>Employees</td>
<td>502</td>
<td>559</td>
<td>669</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NETWORK STATISTICS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks in Operation</td>
<td>28</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Voice Switches</td>
<td>5</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Data Switches</td>
<td>30</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Buildings Connected</td>
<td>858</td>
<td>1,083</td>
<td>1,239</td>
</tr>
<tr>
<td>Route Miles</td>
<td>908</td>
<td>957</td>
<td>977</td>
</tr>
<tr>
<td>Fiber Miles</td>
<td>75,867</td>
<td>82,693</td>
<td>85,976</td>
</tr>
<tr>
<td>VGEs</td>
<td>554,883</td>
<td>886,375</td>
<td>989,285</td>
</tr>
</tbody>
</table>
Prospects For Growth: 1997 Fund Raising Activities

- Raised gross proceeds in 1997 of approximately $485 million:
  - $40 Million public equity offering (April 1997)
  - $75 Million private Redeemable Preferred Stock offering (July 1997)
  - $220 Million private Senior Note offering (July 1997)
  - $150 Million private Junior Redeemable Preferred Stock Offering (October 1997)
Obstacles To Continued Growth

- Continued access to capital
- Limited access, quality and pricing of ILEC unbundled elements
- Insufficient ILEC Operations Support Systems (OSS)
- Lack of performance measurements to assess ILEC parity
- Discriminatory and unreasonable municipal rights-of-way fees
- Discriminatory building access
Final Overview

- Untapped and expanding market opportunity
- Aggressive local market strategy
- Consistent growth of revenues, customers and network infrastructure
- Success in driving financial results
- Management team has demonstrated abilities to achieve and exceed business objectives
American Communications Services, Inc.