CHICAGO, JANUARY 13, 2003 – New Paradigm Resources Group, Inc. (NPRG) reports that the competitive local exchange carrier (CLEC) industry is on the verge of a comeback in the latter half of 2003 and 2004, while incumbent local providers will likely continue to experience pressure on revenue and access line growth.

NPRG’s new CLEC Report 2003™, 17th Edition, tracks the progress of 66 traditionally voice-focused, facilities-based CLECs, plus 18 other firms that could make significant progress as facilities-based competitors in the next 24 months. The report is a compendium of company profiles, which provides metrics based on primary research and year-long analysis by NPRG analysts. Unlike other competitive analyses, the NPRG report provides actual totals rather than extrapolations.

The analysis confirms NPRG’s prior forecasts, which foretold the CLEC revival from the meltdown of 2000. Modest, but steady growth in revenue and access lines for existing carriers, plus the emergence of half a dozen competitive providers from Chapter 11, point to future stability. These gains demonstrate the CLECs’ success in winning market share from incumbent providers, which are reporting unprecedented revenue and access line decreases.

According to the CLEC Report 2003™, CLEC sector revenues grew from $48.02 billion in 2001 to $51.86 billion in 2002, a 7.9% gain. Access lines rose 16% to 27,360,018. Operational voice switches grew more slowly, from 1,202 in 2001 to 1,221 in 2002, a 2% increase. CLECs that exited Chapter 11 included ICG Communications, Mpower Communications, ITC^DeltaCom and McLeodUSA.

“The CLEC marketplace is surviving. A significant number of carriers are successfully weathering the downturn, and others are emerging from Chapter 11 with stronger balance sheets,” said Terry Barnich, President of NPRG. “The industry has come
down from its heady boom days. But, today’s growth rates are more in line with historical norms for the overall industry. Though the downturn has been hard on all telecom companies, there is an upside – the survivors will contribute to a more stable environment where growth is based on real and measurable performance.”

The CLEC Report 2003™ also provides a candid assessment of challenges faced in 2002 that will persist into 2003. The foremost issue will be the UNE-P debate.

“The CLECs are by no means out of the woods yet,” said Craig Clausen, Senior Vice President for NPRG. “The UNE-P debate loomed large in 2002, and will define the CLEC environment during 2003. As the FCC moves toward restricting access to unbundled network elements, as is expected, UNE-P will become more tenuous, and those companies relying on it will have to modify their business models – or face the consequences.”

The CLEC Report 2003™, 17th Edition, is available from NPRG for $4,250 (additional copies are $2,100). Site Licenses are also available. Order your hardcopy(s) or CD-ROM(s) by calling NPRG at 312-980-4796 or via email at info@nprg.com.

About New Paradigm Resources Group

New Paradigm Resources Group, Inc. (NPRG) is among the nation’s leading research and consulting firms analyzing the competitive telecom industry. NPRG’s publications are recognized as the most reliable and comprehensive in the competitive telecom sector with several specializing on various segments, such as the Broadband Provider Report™, the Cable Broadband Telephony Report™, the Competitive IOC Report™ and the ILEC Report™. By continually monitoring the telecom market to develop these in-depth reports, NPRG underscores and hones its expertise in providing a wide range of client-specific consulting services requested by carriers, equipment vendors, investors and consultants in the industry. NPRG was founded in 1993 and is headquartered in Chicago. Additional information about New Paradigm Resources Group is available on the Internet at www.nprg.com.