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CoreComm Strategy

First Truly Converged Phone Company

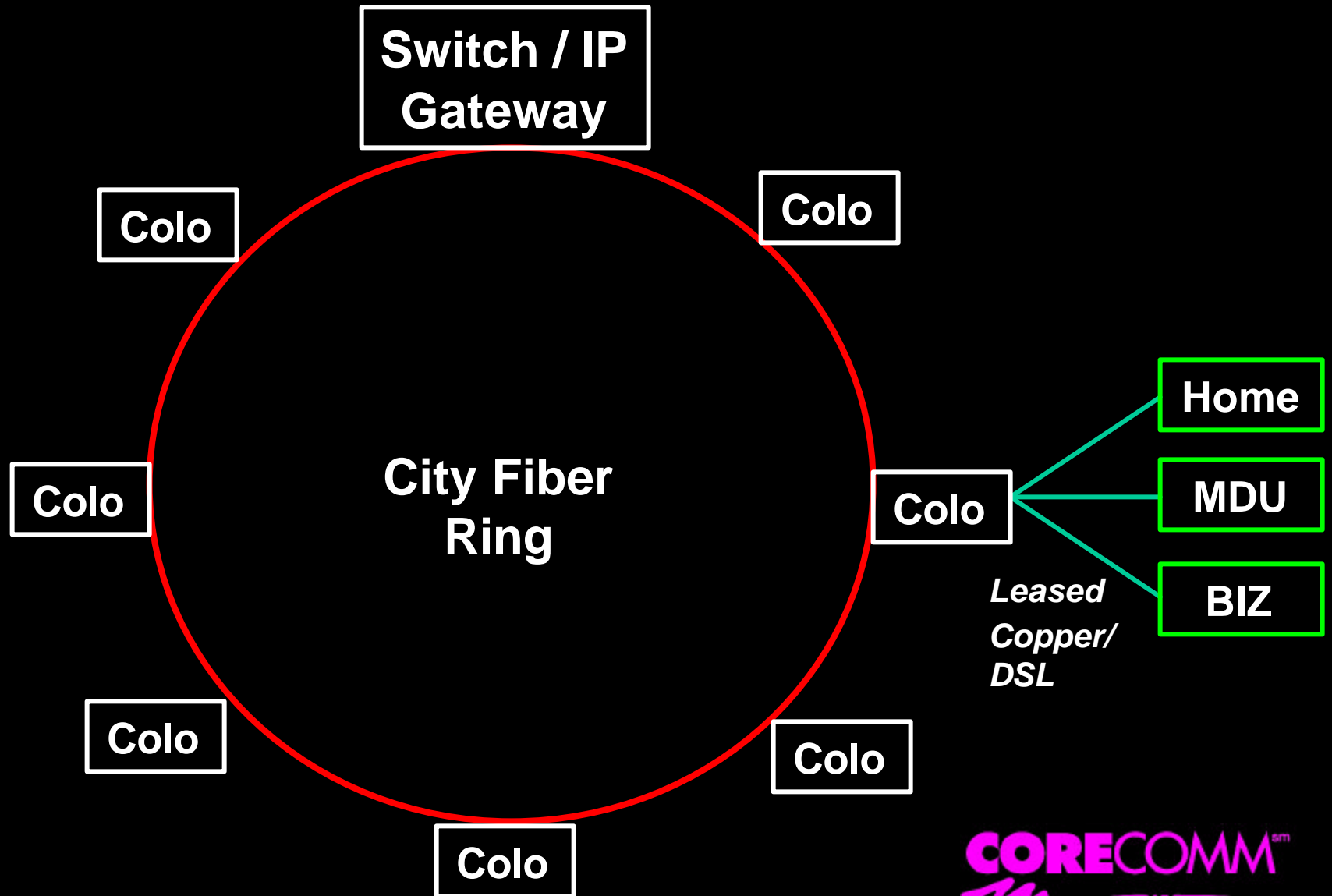
- Bundled phone / Internet / data services,
- Sold to residential and business customers,
- With “internet-centric” distribution
- Over both smart build and fiber direct networks
- To achieve low cost, high rate of return on investment



Market Forces

- ~\$200 Billion U.S. market
 - 50% willing to convert
- Unbundled local loop allows creative approach
 - Rapid rollout & broad reach
 - Efficient capital deployment
 - High rates of return
- Internet useful as both product and process
- Residential market untouched

Smart Build Network



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Smart LEC Advantages

- Capital Efficient
 - Lower overall cost
 - Success-led
- Attractive margins; control the customer
- Rapid rollout (6-12 mos.)
- Residential and business reach

Competitive Advantage

- Faster / larger telephone reach than cable
- ILEC can't bundle as well
- Other new entrants focused on business only
- Low-cost Internet-centric operations
- Local loop network via fiber provides killer app at the appropriate time

CoreComm Smart LEC

- CoreComm has perfected new technique:
 - low colo's to start, build to suit later
 - packages force all activations “in footprint”
 - 85% “on net” achievable, no trapped investment
 - migrating res customers not an issue

Market Deployment

Current

- Chicago
Cleveland
Columbus
Detroit

2000

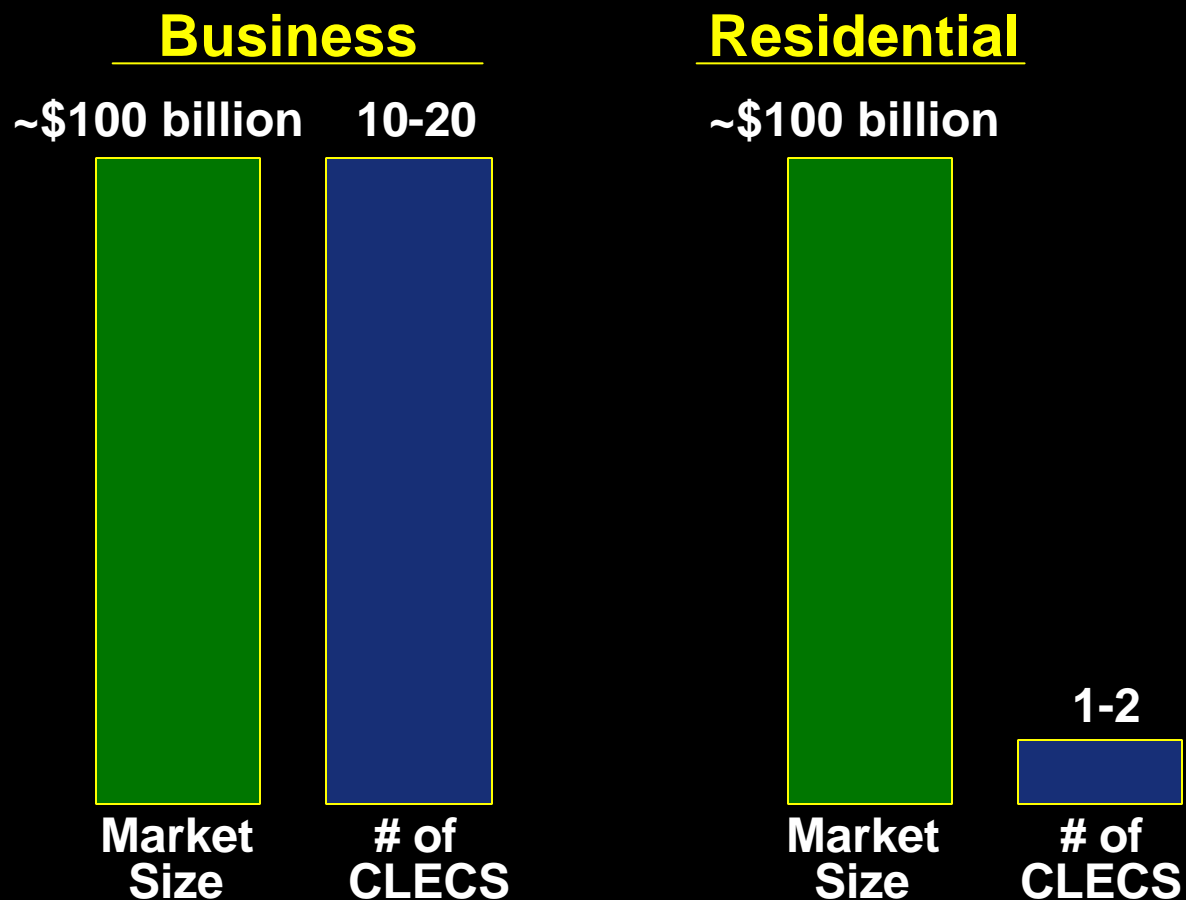
- New York
Boston
Philadelphia

Potential

2001 - 2003

- Baltimore
Washington
Milwaukee
- +27 markets
- SBC;
Bell South;
US West

The Residential Opportunity



Source: Based on FCC data and Company estimates



Residential Bundle - eChat

- Simple, attractive offer: Telephone + Internet for price of telephone alone
- \$25 to \$39 per month minimum plus additional features and usage
- Targets Internet customers:
 - spend more, \$10-\$15 higher average
 - convert to high speed, \$30-\$40 for DSL


NTL -- February 1996

For £8.87
BT lets you talk.

£8.87 is the monthly cost of BT's current telephone line rental.

For £8.87
we give you something
to talk about.

AND FOR £10 MORE

£8.87 is the monthly cost of CableTel's telephone line rental. The provision of TV channels for £10 is a promotional offer only.


CableTel
The telephone company worth watching

01582 610 700 FREE 011 148

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“Internet-Centric”

- Every customer will be an Internet customer
- On-line:
 - sales, sign-up & provisioning
 - feature selection
 - billing
 - customer care / MAC
- Lowers costs, speeds rollout

Business Bundle - CorePack

- Bundled Package for 5-15 lines
 - telephone, internet, local calls, LD, v-mail
 - \$55.95 per month per line
 - DSL for high speed, \$125-\$350 per month
- Integrated T-1 for 15-50 lines
 - telephone, data, internet bundle
 - \$1500 - \$2500 min per account
 - web services too

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Attractive Economics

Capex / Line

Switching & Facilities
Provisioning / set-up
Internet and Other

Tel & Int

\$300
75
25
\$400

w/ DSL

– \$300
– 75
– 350
– \$725

Monthly Revenue / Line

Telephony

\$50

– \$65

Internet / DSL

0

– 35

Total

\$50

– \$100

Gross Profit

\$25

– \$60

(50-60%

margin)

EBITDA

\$12

– \$40

(25-40%

margin)

Annualized EBITDA

\$144

– \$480

Unlevered Return

36% – 66%

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Sample Market Economics

(\$ in Millions)

Cleveland, Ohio

- Total Telephone Lines 1,700,000
 - Sample Penetration 6%
 - Access Lines (Res & Bus) 100,000
 - Total Revenue \$ 80 mm
 - EBITDA \$ 28 mm
- Total Investment \$ 55 mm
 - Initial Capex: \$6.5 million

Current Telephony Customer Base

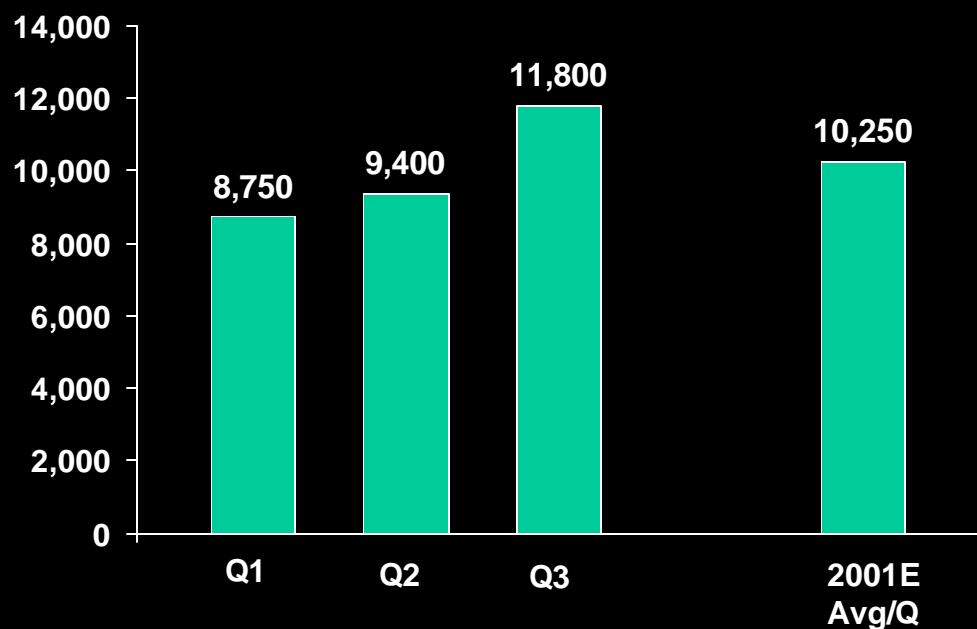
<u>Switch Market</u>	<u>Current Access Lines⁽¹⁾</u>			<u>Current Penetration</u>		<u>2005E Penetration</u>	
	<u>Res</u>	<u>Bus</u>	<u>Total</u>	<u>Res</u>	<u>Bus</u>	<u>Res</u>	<u>Bus</u>
Cleveland	18,900	14,500	33,400	1.6%	2.7%	6%	7%
Columbus	16,400	5,500	21,900	2.2%	1.8%	6%	7%
Philadelphia	500	137,300	137,800	NM	4.1%	6%	7%
Chicago	4,520	10,400	14,920	0.1%	0.6%	6%	7%

(1) Q3 Actual. Local Lines only. Excludes 18,800 dedicated lines and long distance lines.

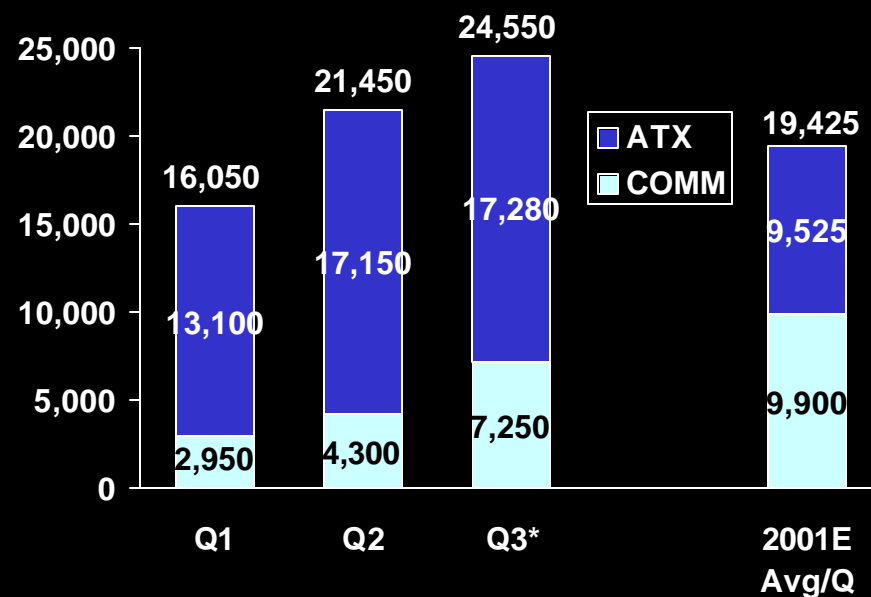


Gross Additions

Residential



Business



* ATX Q3 additions normalized for Verizon strike. Actual additions for Q3 were 8,126. September additions were 5,760.



Residential Marketing

Q3 2000 Gross Adds by Channel

Referral	42%
Core.com	20%
Direct Mail	14%
Telesales	14%
Other	<u>10%</u>
Total	100%

Acquisition Costs:	<u>Current</u>	<u>Q4 Target</u>	<u>Projected</u>
Total Sales & Marketing/ Gross Add	\$240 (includes branding)	\$170	\$120



www.core.com Implementation

<u> </u>	<u>March</u>	<u>June</u>	<u>Sept</u>
% of gross adds	9%	15%	23%
Hits / Day	51,871	75,438	181,804
1st time visitors	50,800	57,463	59,118
E-mails answered	1,058	2,143	4,406
Avg. response time (min)	9.4	7.8	6.0

On-Net and Migration

(Cleveland & Columbus)

	<u>Res</u>	<u>Bus</u>
• Initial target on-net percentage	65%	75%
• Q3 '00 additions - % on-net	38%	70%
• Total customers - in footprint	67%	69%
• Total off-net customers remaining	28,095	15,746
• # of additional collocations to reach approximately 85% in footprint	9	

Recent Acquisitions

CoreComm Pro Forma for Acquisitions

(\$ in Millions)

	<u>CoreComm</u>	<u>Voyager.net</u>	<u>ATX</u>	<u>Pro Forma Combined</u>
Revenue (Q3 annualized)	\$73	\$74	\$153	\$300
Residential Local Access Lines	44,230			44,230
Business Local Access Lines	61,960		137,300	199,260
Internet Subscribers	99,000	358,000	4,600	461,600



ATX Overview

- Same strategy, business focus
- Mid-Atlantic region, strong sales experience
- “Integrated T” approach
 - web hosting and ASP services too
- 137,000 local access lines
- \$161 million revenues, breakeven EBITDA

Voyager.net Overview

- Largest ISP in Great Lakes region
- 360,000 subscribers
- Significant network (200 POPs)
- Superior Internet management
- \$75 million revenues; \$12 million EBITDA

Economics of Internet Subscribers

Voyager.net:

<u>Subs</u>	<u>Revenue</u>	<u>EBITDA</u>
360,000	\$75 mm	\$12 mm

CoreComm / Voyager:

	<u>% Pen.</u>	<u>RGU's</u>	<u>Rev. / Sub/Mo</u>	<u>Annual Revenue</u>	<u>EBITDA</u>
Telephony	25%	90,000	\$60	\$ 65 million	
DSL	25%	90,000	\$40	\$ 43 million	
				<u>\$108 million</u>	\$40 million

Acquisition Multiple (excluding subscriber growth):

	<u>at Acquisition</u>	<u>Pro Forma</u>
Revenue	2.7x	1.1x
EBITDA	17.1x	3.9x



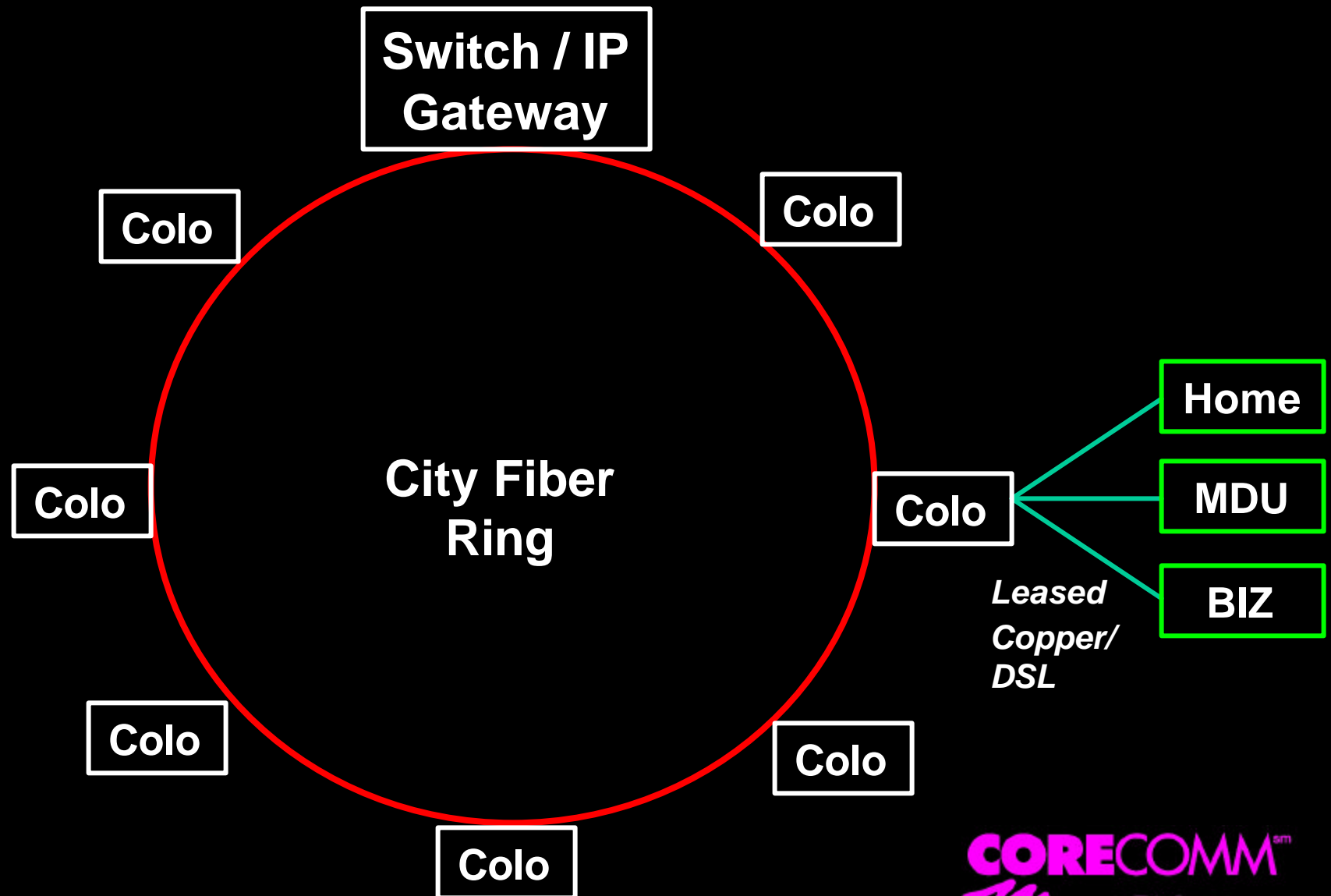
CoreComm Direct Fiber Strategy



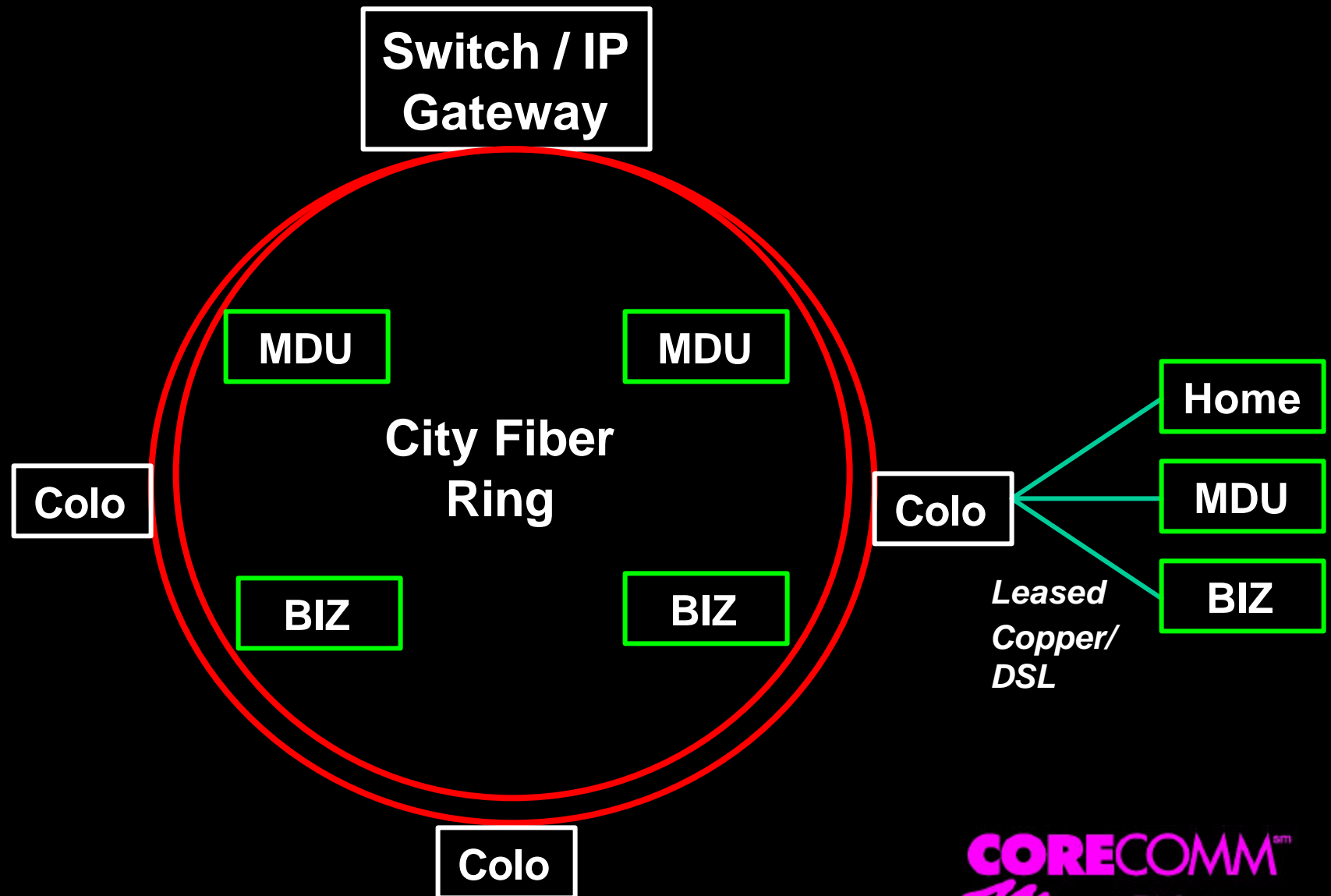
“Killer App” Local Loop Network

- Rapid Deployment
 - Within CoreComm existing cities
 - Telephone & Internet gateway available
 - MDU targets -- available metro fiber
- Compelling economics, service control
- Strategic Partners - Cisco, IBM, Corning

Smart Build Network



Fiber Direct Network



Summary of System Costs

- Deployments costs
 - Per premise: \$503
 - Per subscriber: \$658 (10 Mbps data)
- Total cost per customer
 - \$1,900 to \$2,400 (today)
 - 30% to 40% penetration
- Significant declines expected

Summary

- Attractive Economics
- Achievable Plan
- Components in Place
- Early-Mover Advantage

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