

## **Yipes Becomes Cash Flow Positive from Recurring Operations on the Strength of Record Revenue**

*Company Experiences Growing Demand for Its Services; Outpaces Growth of the Managed Ethernet Services Market*

SAN FRANCISCO — February 14, 2007 - Yipes Enterprise Services, Inc., the leading provider of globally managed Ethernet services, today announced that it surpassed its 2006 financial and business goals, recording the best six-month revenue since the company was founded in 2002. Over the past six months Yipes has experienced strong growth due to expansion into new markets, the addition of new specialized service offerings, and exceptionally high customer retention. The company has also achieved a significant milestone by becoming cash flow positive from recurring operations.

"2006 was an impressive year for Yipes; we exceeded all of our business goals, and we're poised to extend our leadership in the rapidly developing managed Ethernet services market," said John Scanlon, CEO of Yipes. "Our ability to sustain and grow our customer base, combined with our focus on vertical solutions, had a major impact on accelerating growth of the business in the second half of 2006. In 2007 we will continue to expand into international markets and will announce new services to meet the demands of our customers."

The company's focus on vertical industries and a steep increase in the adoption of Yipes' managed Ethernet services made a major contribution to the company's revenue.

- Yipes' overall revenue grew 42 percent in the second half of 2006 compared to the same period in 2005.
- Yipes' core managed Ethernet services rose 48 percent, outpacing analyst predictions for the overall Ethernet market. According to Insight Research, the Ethernet market grew by 32 percent in 2006.
- Customer revenue retention exceeded 99.5 percent per month.
- Yipes remained EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization) positive.
- Yipes became cash flow positive from recurring operations.

### **Yipes Global Expansion and Partnerships Pay Off**

According to Infonetics Research, carriers are experiencing decreases in legacy service revenue (ATM, frame relay, leased lines) and know the downward trend will continue. Meanwhile, worldwide Ethernet services revenue is expected to jump another 280 percent between 2005 and 2009 to \$22.5 billion.

As one of the few providers of fully managed, global Ethernet services, Yipes is able to meet the demand for faster, more scalable and reliable wide area network services to support the convergence of voice, video, and data.

- Yipes expanded its use of VPLS across its global network. Virtual Private LAN Service (VPLS) technology combines the benefits of Ethernet with those of Multi-Protocol Label Switching (MPLS). With VPLS, Yipes globally delivers multipoint-to-multipoint, scalable, switched Ethernet network services.
- Yipes established Ethernet Network-to-Network Interfaces (NNIs) with eight carrier partners in Europe, Asia, and Latin America. The NNIs, combined with Yipes' ability to manage and monitor Ethernet services delivered over partner facilities, allow Yipes to deliver a transparent, managed LAN service end-to-end.

- In 2006 Yipes added customers in Beijing, Brussels, Frankfurt, Hong Kong, London, Milan, Paris, Rome, Singapore, Seoul, Sydney, and Tokyo.

### **Yipes Makes Bold Predictions for Continued Growth in 2007**

Following on the heels of a successful year, Yipes expects continued momentum in 2007. In addition to continued revenue growth, Yipes anticipates other developments for the company and the Ethernet market.

- Yipes will capture additional market share as companies migrate away from legacy services (ATM and Frame Relay) and adopt managed Ethernet services as their primary transport technology.
- Yipes will grow one and a half times faster than the Ethernet market.
- The company will extend its global footprint and double its international revenue.
- Yipes will extend its competitive advantage against incumbent telecommunication carriers, capitalizing on its 18-24 month lead in providing end-to-end managed Ethernet services.

"Yipes will extend its lead in providing enterprises with innovative Ethernet services by rolling out new products and services that will rock the industry," said Scanlon. "The Ethernet market is hot. With the demise of legacy services, we expect the adoption of Ethernet services to soar. We are confident in our ability to capture a significant portion of this market."

### **Yipes Wins Industry Accolades**

Yipes strengthened its industry presence by securing four industry awards during the second half of 2006. These awards recognized the company's growth, leadership, and strength, as well as the market's rapid adoption of Ethernet services.

- John Scanlon, CEO of Yipes, was named by *Network World* as one of "The 50 Most Powerful People in Networking."
- *Light Reading* recognized Yipes with a Leading Lights Award for "Best New Service, Private Company," for Yipes FinancialConnect!, a market data and distribution service for the financial trading market.
- Heavy Reading gave Yipes its "Ethernet Service Provider of the Year Award — Innovation."
- Yipes was also recognized by the *San Francisco Business Times* as one of the top 10 companies in its "Fast 100."

### **About Yipes Enterprise Services, Inc.**

Yipes is the leading provider of managed Ethernet services and application delivery services for the global enterprise. Yipes empowers businesses with custom data networking solutions that deliver high performance, dynamic control, unmatched service quality, and rapid ROI. More than 850 enterprise customers worldwide rely on Yipes' high-performance managed services to improve their competitive advantage. For more information, visit [www.yipes.com](http://www.yipes.com).

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