



Yipes Drives 51% Revenue Jump in Ethernet Services

Grows Faster than the Market, Outpaces Competitors with Innovation and Reach

SAN FRANCISCO, July 26, 2006 — Yipes Enterprise Services, Inc., (www.yipes.com) the leading provider of globally managed, end-to-end Ethernet solutions, today announced sharply increased financial and operating results for the six-month period ended June 30, 2006.

For the first half of 2006, privately held Yipes grew overall revenues by more than 40 percent, with 51 percent growth in its core global Ethernet offerings compared to the same period in 2005. In posting the best six-month revenues in its history, the Company also expanded its geographic reach, revenue mix and customer base. The Company previously announced it reached EBITDA positive during the second half of 2005.

While the markets for traditional data network services like Frame Relay, ATM and Private Lines are not expected to grow significantly in the future, Ethernet services has become one of the fastest growing segments of the telecommunications industry. According to IDC, a leading provider of market intelligence, the U.S. Ethernet services market is growing 36 percent per year. Yipes is a pioneer in this sector and the only global, pure Ethernet services provider with significant fiber assets.

In addition to its solid operational performance, Yipes has strengthened its financial position by improving key business metrics:

- Twenty percent growth in new customers for the period to more than 760.
- Average Revenue per User (ARPU) grew 20 percent compared to the first half of 2005.
- Approximately 98 percent of Yipes' revenue is under long-term agreements.
- More than 90 percent of its customers are either enterprise or government organizations.
- The Company recently raised \$17.5 million in growth capital.

"The first half of 2006 was an outstanding period for Yipes by many measures, including record revenues, robust growth in key verticals and a substantially enhanced profile within our industry. We have continued to capture market share by demonstrating value," said John Scanlon, chief executive officer of Yipes.

"Yipes is very different from the traditional telecom industry players. Since we are not burdened by legacy voice and data networks, we do not attempt to hold customers hostage on an aging infrastructure. All too often in this environment, legacy carriers seek to subsidize unrelated products and services on the backs of enterprise customers."

"We are in the enviable position of being able to give customers what they want. Today's CIO needs a simple, secure and scalable WAN solution that supports their mission-critical applications. We are completely focused on providing the very best service on a network platform that represents where the industry is going, not where it has been."

Scanlon also noted the Company's rapid pace of innovation in the first half of 2006, including:

- Yipes was granted U.S. patent (US6,963,575) covering technology that extends Ethernet LAN connectivity into metro-area environments. The patent complements U.S. patent (US6,681,232) for Yipes' unique Bandwidth-on-Demand system, the only such capability in the market today.
- Yipes released the most comprehensive Service Level Agreements (SLA) for Ethernet services in the industry in April 2006.
- Yipes successfully integrated its network with six international carrier Ethernet partners in key business hubs across Europe, the Pacific Rim and Latin America, addressing one of the biggest challenges facing the global Ethernet services industry, Yipes now provides fully managed Ethernet services with near ubiquitous global coverage.

"Yipes' experience and robust service delivery platform place it among the top providers based on Ethernet ports installed," said Erin Dunne, director of research at Vertical Systems Group. "With its focus on innovation, customer service and execution, Yipes is truly setting a pace in the Global Ethernet Services industry."

About Yipes Enterprise Services, Inc.

Yipes Enterprise Services, Inc. is the leading global provider of managed, end-to-end Ethernet solutions for enterprise customers. Yipes offers a uniquely scalable suite of networking services that combine the speed, simplicity and cost effectiveness of native Ethernet with Yipes proprietary bandwidth-on-demand functionality. Yipes provides services in and between major metropolitan markets including: Boston, Chicago, Dallas, Denver, Hong Kong, Houston, Los Angeles, London, Miami, New York, Philadelphia, San Diego, San Francisco, San Jose, Seattle, Tokyo and Washington DC. For more information, visit www.yipes.com.

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