



## Overview of Yipes

# Ethernet for Local→National→Global Connectivity

## Local Area Network



## National Area Network

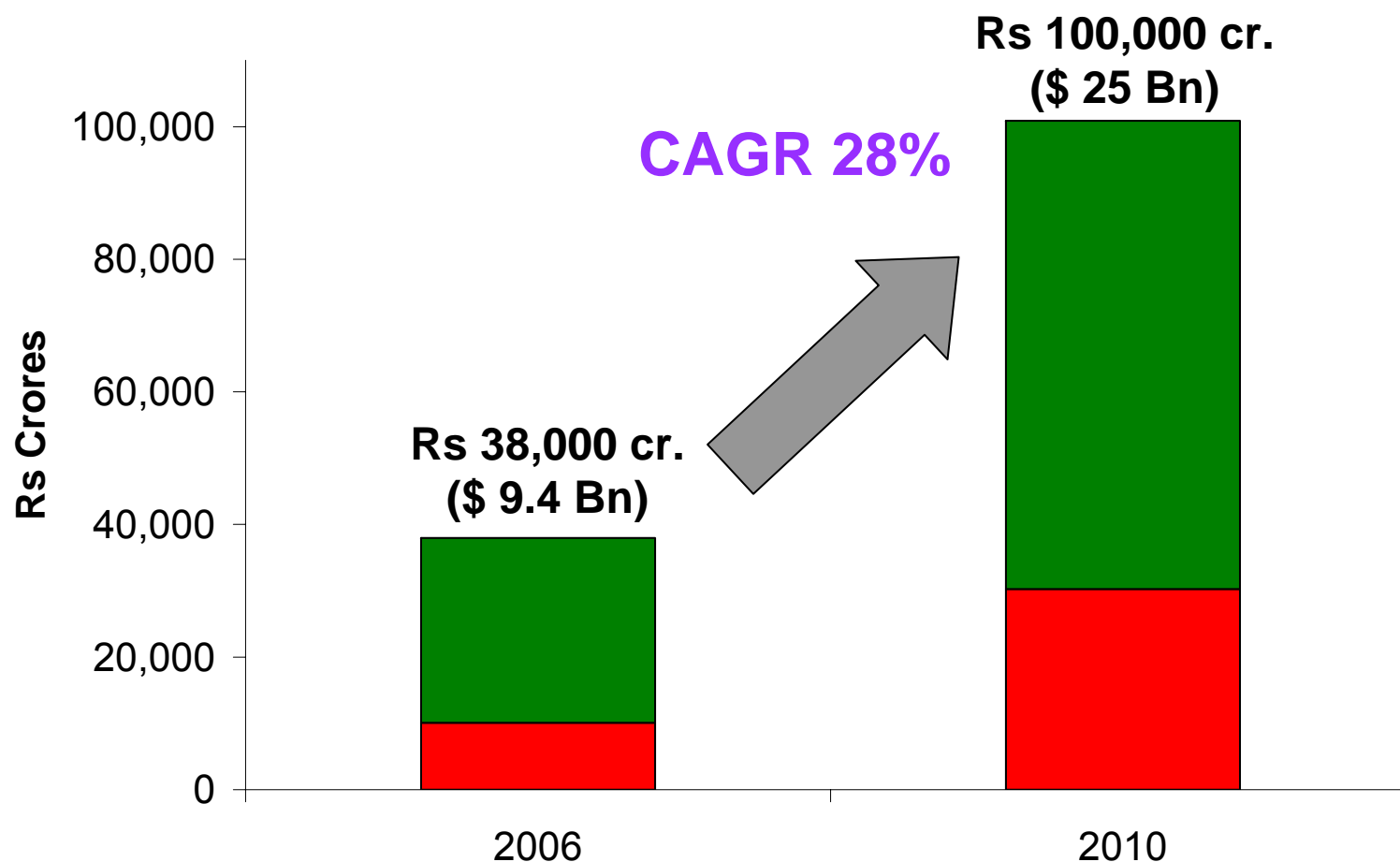


## Global Area Network



**Simple, Secure, Reliable, Scalable**

## Global Opportunity: Rs 100,000 cr. (\$ 25 Bn)



**Ethernet Increasing from 13% to 28% of Global Data Market**

## Yipes Patented Product Capability

- Application specific performance management



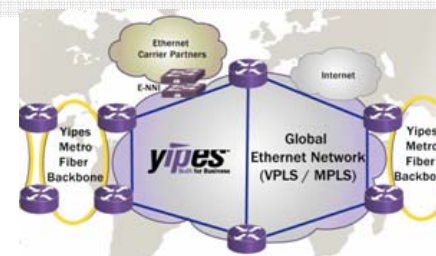
- Bandwidth On-Demand



- Operations and provisioning system for SLA management



- Multicast Wide Area Network



**Yipes is at Cutting Edge of Ethernet Technology**

## Yipes Patented Product Capability

*“Yipes has been the most prominent of the new generation of companies making Ethernet the core of its business.”*

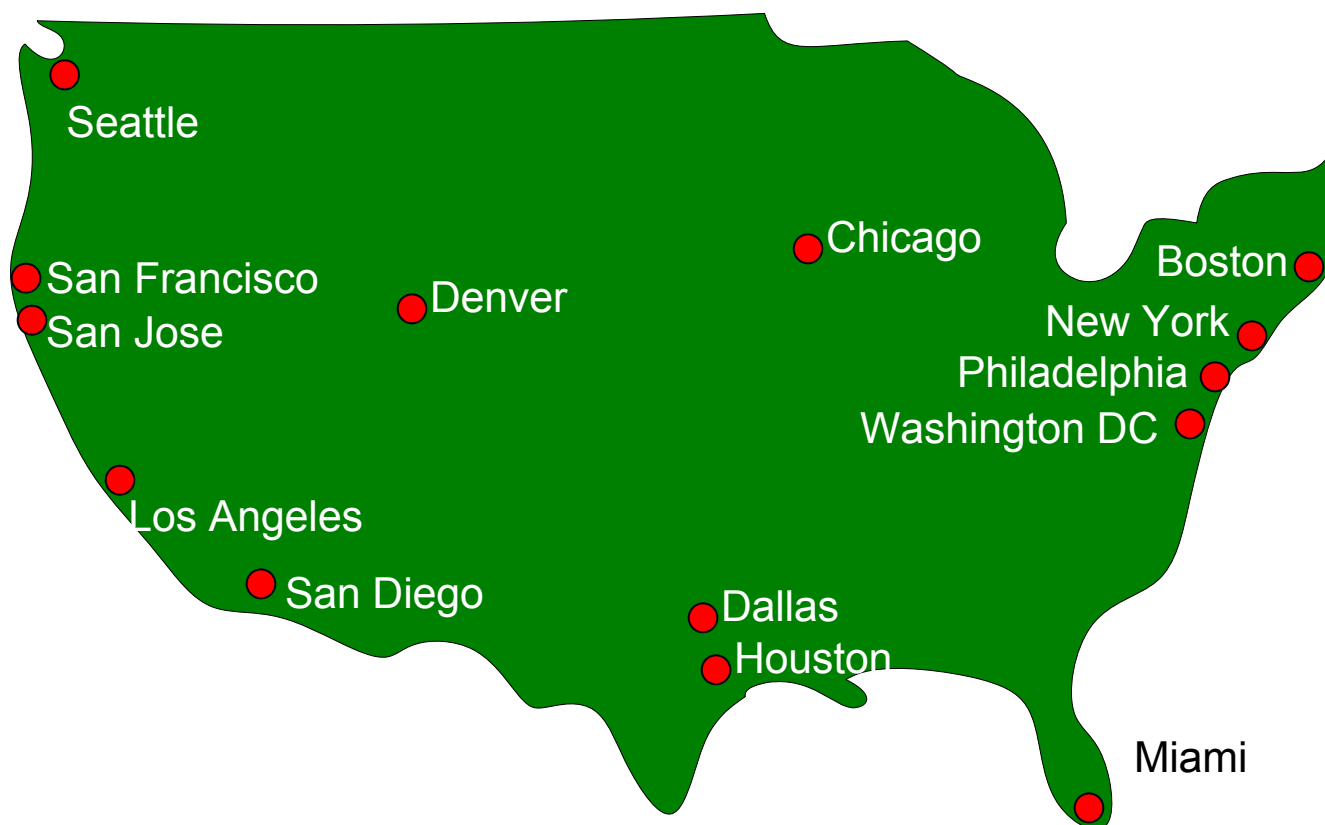
- IDC, “International Ethernet Services: An Overview”, April 2007

*“We think it will be two or more years before most providers begin to improve ... Yipes offer these types of SLAs today.”*

- Forrester Research, “Wading through the Quagmire of US Ethernet Service”, May 2007

**Yipes Technology is Two or More Years Ahead of its Peers**

## Yipes US Market Coverage



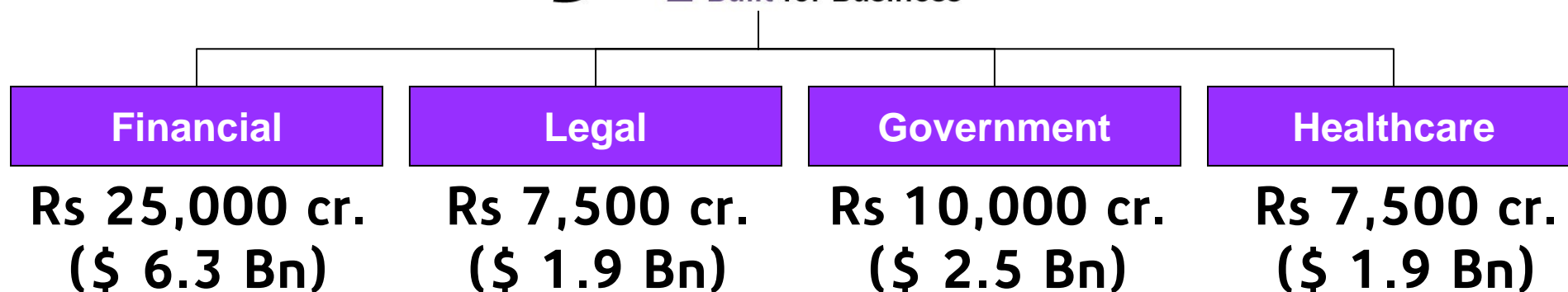
### Yipes Market Stats

- ✓ 22,000 Metro RKms
- ✓ GDP: US\$ 4.6 Trillion (~40% of total)
- ✓ Demand growth: 32%

**Yipes Connects 14 Most Advanced Metros in US**

# Yipes Industry Vertical Coverage

## Global Addressable Ethernet Market in 2010 by Vertical



**Yipes Verticals Account for 50% of Ethernet Market**



# Yipes Industry Vertical Coverage



**Nearly 1,000 Blue-chip Customers in US**

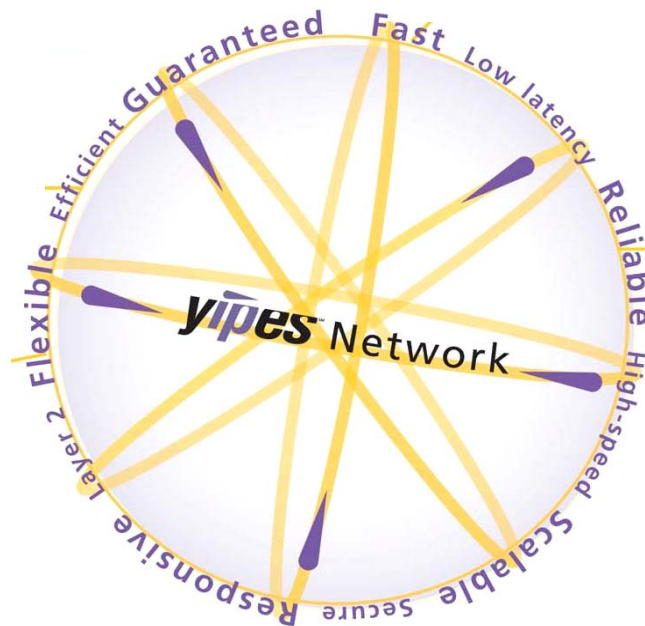
# Communications Platform for Entire Industry

## Exchanges

**NASDAQ**

**NYSE Euronext**

**cme**  
Chicago Mercantile Exchange



## Traders

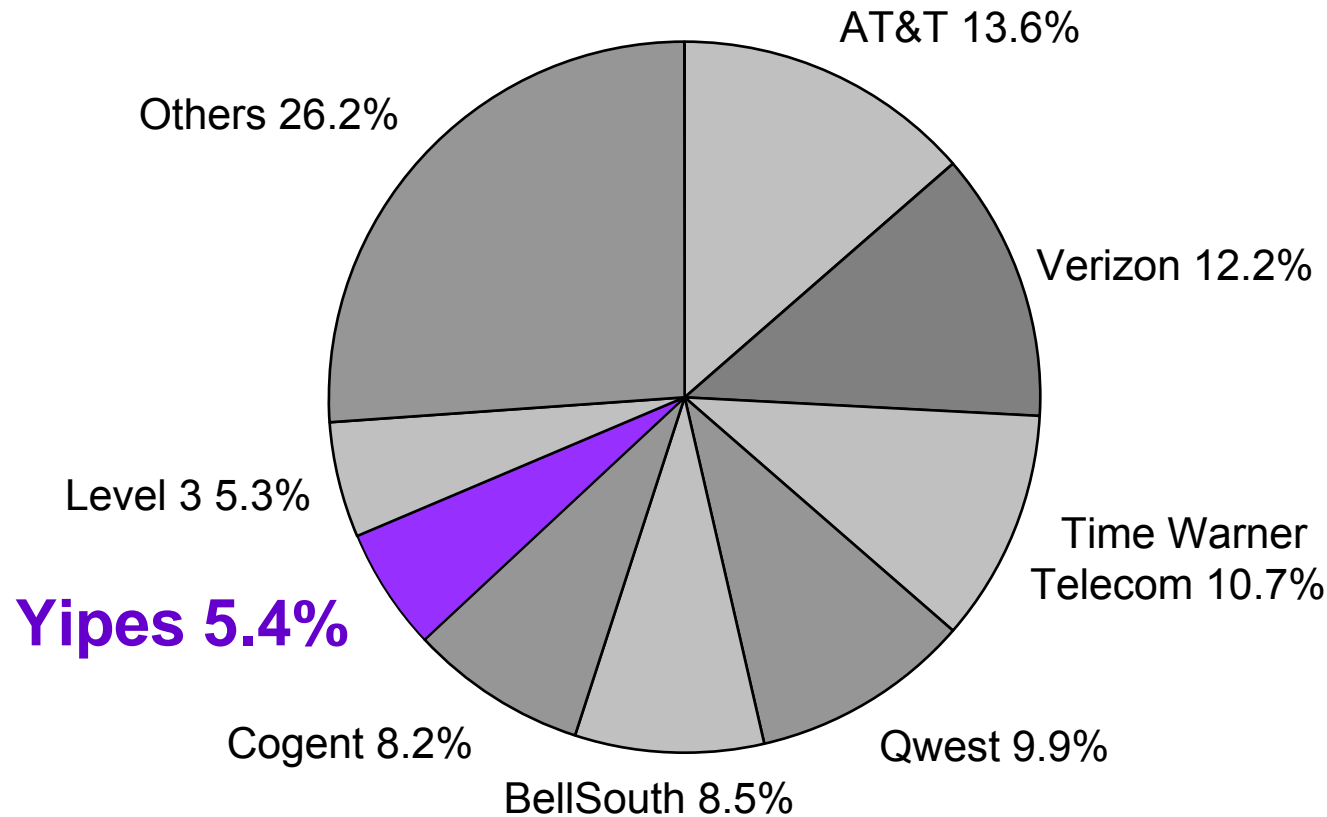
**Morgan Stanley**

**CREDIT SUISSE**

**BNP PARIBAS**

**Yipes is Leading Provider to World's Largest Exchanges**

## Market Share (US ports, end-2006)



**Yipes is the Largest Pure Play Ethernet Provider in the US**

## Financial Highlights

- ❑ **Stable revenue per customer**
- ❑ **Over 98% repeat revenue**
- ❑ **Revenue growing at over 40% per annum**
- ❑ **Gross operating margin exceeds 55%**
- ❑ **Cash flow positive**
- ❑ **Debt free**

**Revenue Growth Exceeds 40%, Gross Margin Exceeds 55%**

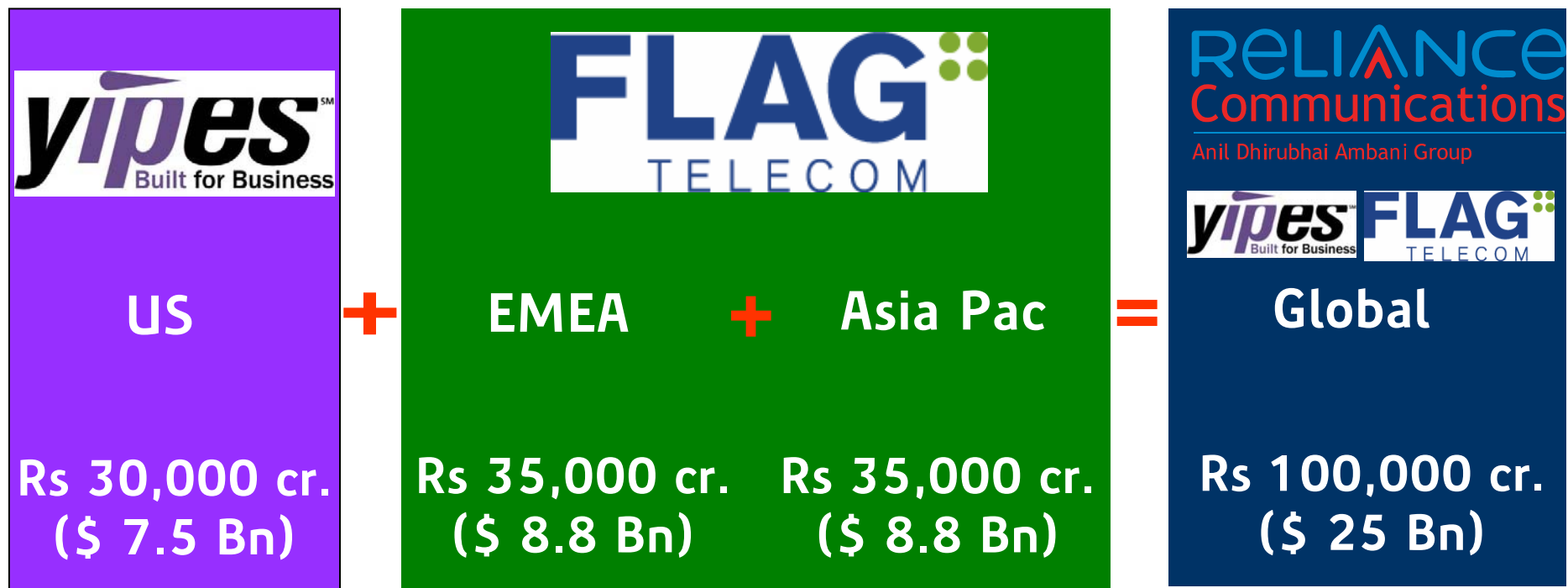
## Awards and Recognition



**Yipes Continues to Win Accolades**

## Yipes as part of Reliance Communications

### Global Ethernet Data Market by 2010



**Address Rs 70,000 cr. (\$ 18 Bn) Ethernet Market Outside US**



## Commitment of Key Management Team



**Kamran Sistanizadeh, CTO and Co-Founder**

- ▣ Network architect with 19+ years experience



**Susan Flood, VP, Customer Experience**

- ▣ With Yipes nearly since its inception in 1999, has 25+ years of experience



**Howard Warner, VP, Corporate Development**

- ▣ Technology services executive with 15+ years of business development, operations and legal experience



**Mike McGlone, VP, Sales**

- ▣ 25+ years of experience in telecommunications, sales management, engineering, and operations



**Keao Caindec, Chief Marketing Officer**

- ▣ Responsible for Yipes' marketing strategy and communications and programs



**Richard Cotton, VP, Operations**

- ▣ 20 years experience in telecommunications, technology, and law



**Scott Bauer, Chief Financial Officer**

- ▣ 13+ years in finance operations, business development and international operations



**Noubar Ghazarossian, Senior Director, IT**

- ▣ 25 years in senior management experience

**Existing Yipes Team is Committed to Grow the Business**

# Strategic Fit with Reliance Communications

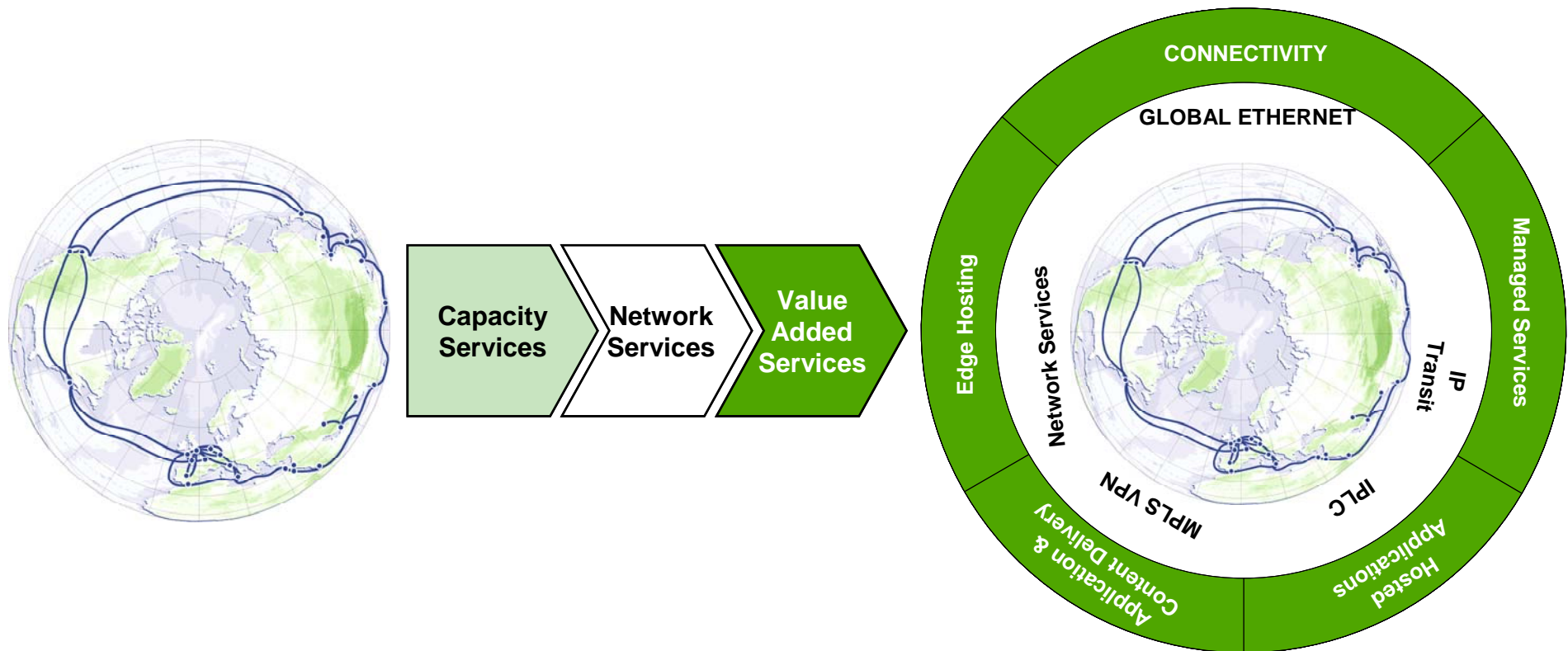


## Highlights of the Acquisition

- ❑ **Signed definitive agreement to acquire Yipes Holdings, Inc.**
- ❑ **100% buyout in all-cash deal for Rs 1,200 cr. (\$ 300 Mn)**
- ❑ **Yipes to be subsidiary of FLAG Telecom Group Ltd.**
- ❑ **Yipes is fast growing company**
- ❑ **Yipes management committed to grow the business globally**

**Largest Overseas Acquisition by Reliance Communications**

# Our Global Service Delivery Platform



**Transformation from “Fibre Loop Around the Globe”**

# Our Global Network Strategy

## - FLAG Global Network -



## - FALCON -



**Only Private System Connecting India, Middle East and Asia**

# Our Global Network Strategy



- Existing Reliance Global Network
- Planned Expansion

**Expanding Terabit IP Network Connecting 90% of World GDP**

# Our Global Product Strategy

Margin: 30% to 60%



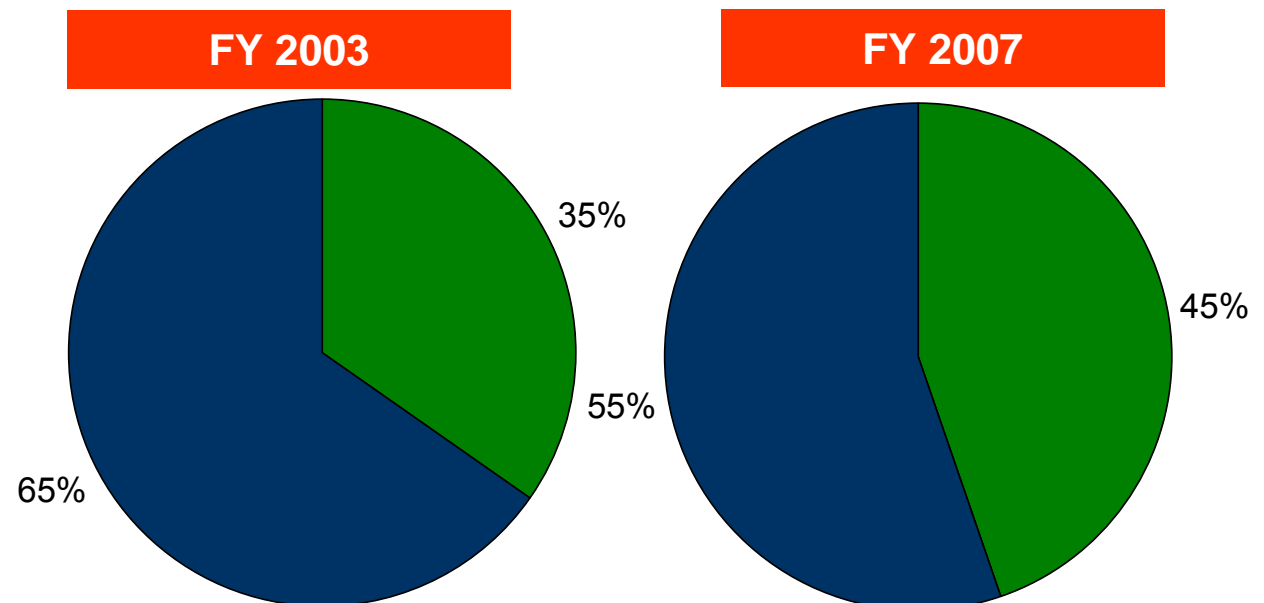
- ❑ Managed Network
- ❑ Contact Center
- ❑ Hosting
- ❑ IP VPN
- ❑ Ethernet VPN
- ❑ Global Ethernet
- ❑ IPLC

Margin: 15% to 30%



- ❑ IP Transit
- ❑ Capacity Services
- ❑ Wavelengths
- ❑ Right of Use

Value Added services

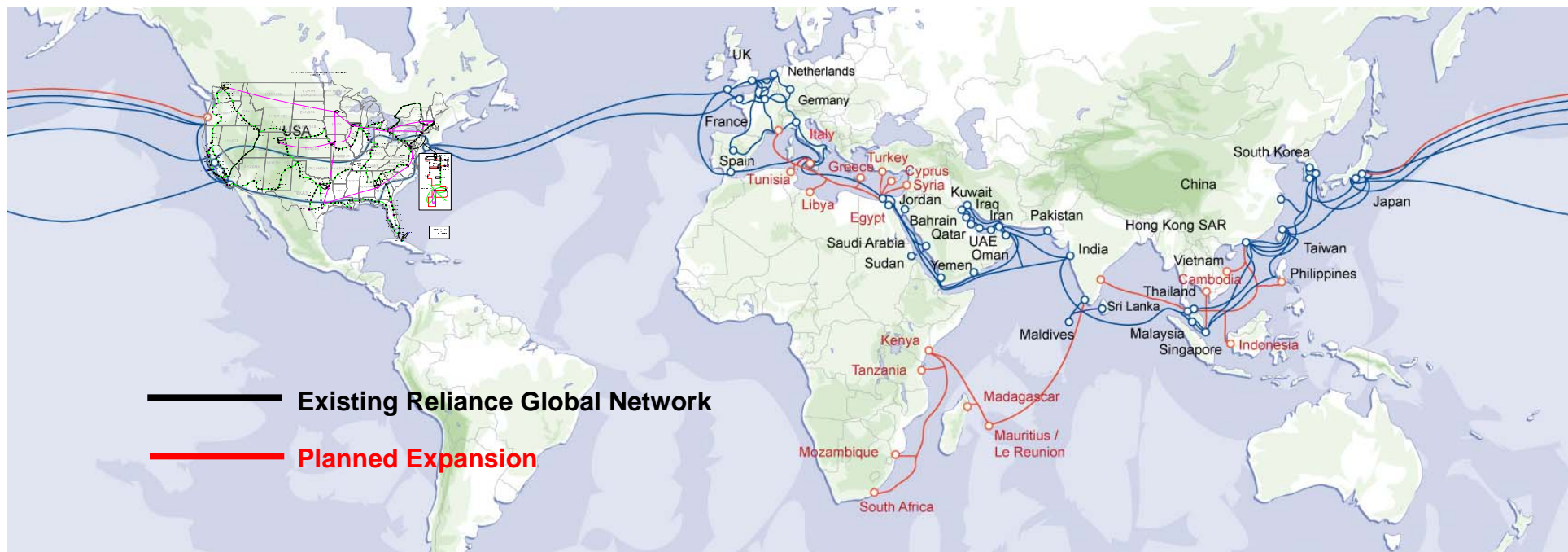


**Initiated Ramp Up of High Margin Network Services**



# Yipes + FLAG: Enormous Synergistic Opportunity

- ❑ Expand Yipes network in US
- ❑ Rollout Yipes products to Europe, Middle East, Asia and India on FLAG Global Network
- ❑ Double current customer base of Yipes



**10% Mkt. Share = Rs 10,000 cr. (\$ 2.5 Bn) Opportunity in 2010**

# Yipes + FLAG: Opportunity in Financial Connectivity

- ❑ Move up value chain and rollout products with margin of 55%+
- ❑ Exploit first mover advantage in emerging markets



**Existing Partner and Customers**

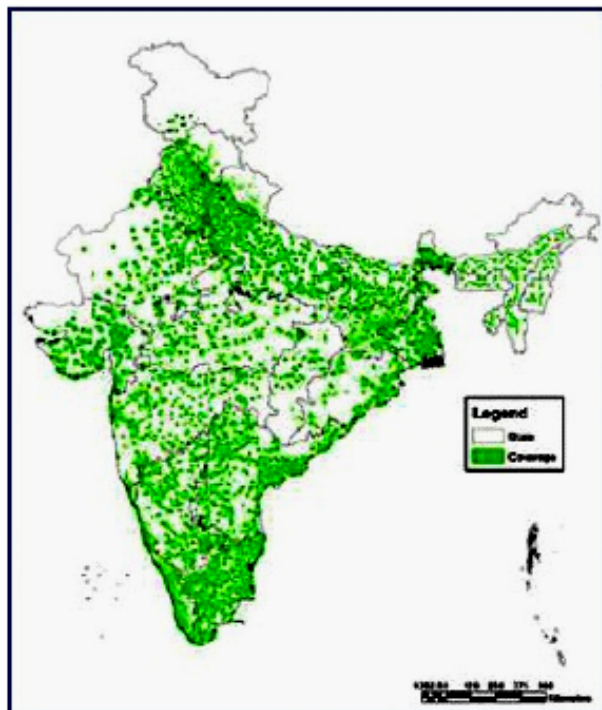


**Potential Partners and Customers**

**10% Mkt. Share = Rs 2,500 cr. (\$ 630 Mn) Opportunity in 2010**

# Opportunity in India for Ethernet services

- ❑ Provide high performance Ethernet to customers as they upgrade networks
- ❑ Customers can directly connect to US metros leveraging Yipes



- ▶ Largest metro + long-distance next generation OFC network in India
- ▶ Over 500,000 directly connected buildings
- ▶ Customer base: 80% of Top 1,000 corporates
- ▶ Leadership in new wave data services: IDC, VPN, Centrex

**Reliance has Rs 4,000 cr. (\$ 1 Bn) Opportunity in 2010**



## In Summary

- ❑ **Yipes Cutting Edge Ethernet Technology, High Margin Products and Valuable Customer Base Combined with...**
- ❑ **FLAG Global Network and Customer Relationships across nearly 40 Countries and Growing...**
- ❑ **Reliance Communications Leadership in India and Project Execution Skills will...**
- ❑ **...Create Global DataCom Powerhouse with Rs 100,000 crore (\$ 25 Bn) Market Opportunity by 2010!**

**Positioned to Create Exponential Value for Shareholders**

