



Focal Communications Corporation of Florida  
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ORIGINAL

Sent via facsimile (850-413-6541)  
& overnight mail

August 6, 2002

Roberta S. Bass, Chief  
Office of Market Monitoring & Strategic Analysis  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

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COMMISSION  
CLERK

*undocketed*

**RE: Year 2002 Local Competition Report Data Request**

Dear Ms. Bass:

Per Commission request, enclosed please find Focal's response to the Commission's inquiry concerning local competition in Florida.

Please be advised that Focal deems the provided line count and financial data to be privileged and confidential, hence the Company is requesting non-disclosure of such information. The Company requests that our response to the data request be exempt from FS 119.07(1), General State Policy on Public Records.

If you have any questions or concerns regarding this filing, please contact me via phone at 312-895-8315 or via e-mail at areinhart@focal.com.

Sincerely,

*Angel Reinhart*

Angel Reinhart  
Sr. Regulatory Analyst

This claim of confidentiality was filed by or on behalf of a "teleco" for Confidential DN 08327-02. The document is in locked storage pending advice on handling. To access the material, your name must be on the CASR. If undocketed, your division director must obtain written EXD/Tech permission before you can access it.

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FPSC-COMMISSION CLERK

## 2002 Alternative Local Exchange Carrier (ALEC) Data Request

**Legal company name:** Focal Communications Corporation of Florida

**D/B/A:** same

**FPSC company code (e.g. TX000):** TX186

**Contact name & title:** Angel Reinhart, Senior Regulatory Analyst

**Telephone number:** 312-895-8400

**E-mail address:** areinhart@focal.com

Florida Statute 364.02(2) defines basic local service as follows:

**“Basic local telecommunications service”** means voice-grade, flat-rate residential and flat-rate single line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency services such as “911”, all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange company, such terms shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

1. Are you currently providing residential or business service to customers in Florida that complies with the above definition of **basic local service**? If yes, continue with Question #1; if no, continue with Question #2.
  - a. To how many residential customers are you providing **basic local service** in Florida and what are your current rates? **0**
  - b. To how many business customers are you providing **basic local service** in Florida and what are your current rates? **Focal has a total of 31 business customers in Florida. The non-recurring charge for basic local service is \$500.00 and the monthly recurring charge is \$25.00.**
2. Are you currently providing types of local service (business and residential) in Florida that may not meet Florida’s statutory definition of **basic local service**? (Examples could include: multi-line business users; services with toll or usage restrictions; mandatory 900 blocking; limited amount of local calling included in the monthly charge; bundled service offerings; etc.) If yes, continue with question #2; if no, skip to Question #3.
  - a. Please describe each of the forms of local service you are providing to residential customers in Florida, where you are offering these services (e.g., in which cities or areas), and indicate your current rates. **N/A**
  - b. Please describe each of the forms of local service you are providing to business customers in Florida, where you are offering these services (e.g., in which cities or areas), and indicate your current standard rates.

Focal offers local service to business customers in certain BellSouth exchanges within LATA 460.

#### LINE CHARGES

- **ISDN PRI/Digital T1 Service – Single Exchange**

Including unlimited local usage:

T1: \$675 - \$775 monthly, depending on #circuits & contract length

PRI: \$700 - \$800 monthly, depending on #circuits & contract length

Excluding unlimited local usage (local measure usage plan applies):

T1: \$525 - \$700 monthly, depending on #circuits, mileage, & contract length

PRI: \$650 - \$825 monthly, depending on #circuits, mileage, & contract length

Local measured usage: \$0.0052 - \$0.0055 per min, depending on contract length

- **ISDN PRI/Digital T1 Service – Multiple Exchange**

Local measured usage plan applies

\$775 - \$1350 monthly, depending on #circuits, mileage, & contract length

Local measured usage: \$0.0052 - \$0.0055 per min, depending on contract length

#### USAGE CHARGES

- **Local – Flat Rate:** \$0.00
- **Local – Measured Rate:** \$0.0052 - \$0.0055 per min, depending on contract length
- **IntraLATA Toll:** \$0.0570 – 0.0600 per min, depending on contract length  
Focal offers LATA-wide service for an incremental MRC (see T1/PRI pricing above), and rates local/intraLATA toll at \$0.00 for the first 20K MOUs/circuit/month. After 20K MOUs, standard pricing applies
- **FocaLINC Local:** \$0.0048 - \$0.0050 per min, depending on contract length  
FocaLINC Local provides reduced rates to calls that originate and terminate on a FocalT1/PRI within the LATA.
- **Basic Long Distance:**
  - Intertstate:** \$0.0475 - \$0.0500 per min, depending on contract length (48 contiguous states only)
  - Intrastate:** \$0.0665 - \$0.0700 per min, depending on contract length
  - Alaska:** \$0.2400 per min; **Hawaii:** \$0.1300 per min
- **FocaLINC Long Distance:**
  - Off-Market Interstate:** \$0.0475 - \$0.0500 per min, depending on contract length (48 contiguous states only)
  - Off-Market Intrastate:** \$0.0665 - \$0.0700 per min, depending on contract length
  - On-Market Interstate:** \$0.0261 - \$0.0275 per min, depending on contract length
  - On-Network Interstate:** \$0.0119 - \$0.0125 per min, depending on contract length
  - Alaska:** \$0.2400 per min; **Hawaii:** \$0.1300 per min

3. Do you actively market your local services to Florida residential customers? **NO**
- a) If not, please explain why. **Focal offers voice and data services to communications-intensive users, principally targeting Fortune-1000 companies.**
  - b) If so, in what geographic areas? **N/A**
  - c) If so, what types of marketing do you use? **N/A**
  - d) If available, please provide marketing brochures or comparable materials. **N/A**

4. Does your company offer xDSL? If so, please indicate by exchange, the number of xDSL lines your company provides and explain how your company's various service offerings are priced. **As of 6/30/02, Focal had zero xDSL lines in service.**
5. Are you offering or providing voice over DSL (VoDSL) service? If so, in what exchanges and respective wire centers and at what price(s)? Is your service local, long distance, or both? **Focal does not offer VoDSL in Florida at this time.**
6. Please describe the method(s) you are using to provide telephone services (e.g., resale, interconnection, unbundled network elements, facility-based, etc.) **Focal is a facilities-based competitive local exchange carrier (CLEC).**
  - a. Please indicate, by exchange and respective wire center, the number of incumbent local exchange carrier (ILEC) access lines you are reselling to **residential** customers. **Zero (0).**
  - b. Please indicate, by exchange and respective wire center, the number of ILEC access lines you are reselling to **business** customers. **Zero (0).**
  - c. Please indicate, by exchange and respective wire center, the types of unbundled network elements, if any, you are obtaining from the incumbent ILEC. **Zero (0).**
  - d. Please indicate, by exchange and respective wire center, the number of unbundled local loops, by type, if any, you are obtaining from the incumbent ILEC. **Zero (0).**
  - e. Please indicate, by exchange and respective wire center, the number of access lines you are serving through UNE loop combinations, such as the UNE Platform. **Zero (0).**
  - f. Please indicate the types of facilities deployed by your company in Florida to provide local telephone services, and indicate where these facilities are deployed. **DS1s and DS3s are deployed at customer locations served by the wire centers listed below.**
  - g. If known, please indicate the number of access lines by exchange, separately for residential and business customers, provisioned solely over company-owned facilities.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- h. Please indicate, by exchange, the number of business access lines you serve that are provided to Internet Services Providers. [REDACTED]

- i. Please indicate, by exchange, the number of business access lines you serve that are provided to voicemail service providers. **None.**
- 7. Referring back to your responses to question #6, please provide by subpart (e.g., 6(g)), where applicable, the number of voice-grade equivalent lines that you are providing (e.g., 1 DS1 should be considered equivalent to 24 voice-grade lines). **Please see 6g.**
- 8.
  - a. Please indicate the number and location of switches you have located in Florida (if any) used to provide services to customers in Florida, identify whether they are circuit or packet switches, and identify the manufacturer. **Focal has one circuit switch located in Miami, FL. Focal utilizes the Nortel DMS-500 SuperNode digital central office switch.**
  - b. Please indicate the projected number and location of circuit and packet switches that you expect to locate in Florida within the next five years. **It is possible that Focal may add another circuit switch to the Miami market within the next five years.**
  - c. If applicable, please indicate if and where you have deployed transport facilities, and describe the technology(ies) deployed. **Focal has deployed a mix of technologies including SONET, ATM, and point-to-point transport.**
- 9.
  - a. For each exchange where you are providing any form of residential local telephone service, please identify by exchange and respective wire center, the number of residential access lines served as of June 30, 2002. **Zero (0).**
  - b. For each exchange where you are providing any form of business local telephone service, please identify by exchange and respective wire center, the number of business access lines served as of June 30, 2002.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10. For billing and accounting purposes, do you differentiate between residential and business customers? **NO.**
  
11. Have you experienced any significant barriers in entering Florida's local exchange markets? Please list and describe any obstacles or barriers encountered. **Focal has not experienced any significant barriers in entering Florida's local exchange market.**
  
12. Have you experienced any difficulties involving any agreements you may have with incumbent ILECs? If so, please describe any significant problems encountered. **Focal has not experienced any difficulties involving any agreements we have with BellSouth.**
  
13. Please describe your long-term (5 years) business strategy, including whether you intend to change your method of provisioning (e.g., from resale/mixed to all UNEs to facilities-based). **Focal has no plan to change from facilities-based to another method of provisioning. The company will continue to target communication-intensive customers in the largest metropolitan statistical areas (MSAs) nationwide.**
  
14. Have you been assigned your own NXX codes? If yes, how many codes have you been assigned? For each code that you have been assigned as of June 30, 2002, please indicate how many numbers have been assigned and how many of those numbers have active status. If you have been assigned NXX codes, please identify where they have been homed for rating and routing purposes. **Assigned NXX codes are located in Focal's switch and are homed from either the MIAMFLGR05T or WPBHFLGR02T access tandem. As of 6/30/02, Focal has been assigned 20 NXX codes, all of which are active.**
  
15.
  - a. At any time during the last 12 months have you provided local telephone services in Florida and then withdrawn a service? If yes, please identify the service(s), prices, and exchanges, and discuss the reasons for this decision. **Focal has not withdrawn any of its service offerings during the last 12 months.**
  
  - b. During the last 12 months have you expanded your service offerings in Florida? If so, please list the new offerings, if they are residence or business (or both), their prices and the exchanges where you have offered the services. **Since operations began in October 2001, Focal has added 64K Long Distance Service to its business service offerings. This service allows customers to use ISDN-PRI trunk connections for videoconferencing, and is available with Focal long distance service offerings, the rates for which are listed under question #2b.**

16. a. Please list your primary line of business (for example, entertainment, cable television, private line/special access service, interexchange service, local service, cellular service, paging service, electric service, municipality, etc.) **Focal Communications Corporation of Florida is engaged in the provisioning of telecommunications services including, but not limited to, local exchange, interexchange, and long distance end user services as well as carrier access services.**
- b. If you are involved in providing cable television in Florida, do you offer any package plans combining cable television and local telephone services? If so, please indicate where such packages are being offered, and whether they are provided through your company itself, or an affiliate, or a business partner. **Focal is not involved in providing cable television.**
16. c. If you or an affiliate provides long distance telephone services in Florida, do you offer any package plans combining long distance and local telephone services? If so, please describe any such plans, their terms and conditions, and when you began offering the plans. Is subscribing to both local and long distance a condition of providing service? **Focal Communications Corporation of Florida does not have any offerings that combine local and long distance telephone services.**
17. Please provide any additional comments or information you believe will assist staff in evaluating and reporting on the development of local exchange competition in Florida. In particular, we are seeking comment on any major obstacles that you believe may be impeding the growth of local competition in the state and any suggestions you may have on how to remove such obstacles. We are also seeking comment on alternative methods to evaluate the level of competition in Florida (e.g., use of the E911 databases, etc.) as well as comments or information on intermodal local competition (e.g., wireless, cable telephony).
18. If your company filed a Form 477 with the Federal Communications Commission in March 2002, please enclose a copy of the completed Form 477 with your response to this data request. **Focal did not meet the thresholds for filing the 3/1/02 FCC Form 477.**
19. Please provide a copy of the most up-to-date information that your company has provided to Wall Street analysts for the period July 1, 2001 through June 30, 2002 that discusses the number of access lines you provide as an ALEC in Florida. If the numbers differ from what you are reporting to the Florida Public Service Commission, please explain the differences. **Focal Communications Corporation of Florida is an indirect wholly-owned subsidiary of Focal Communications Corporation. Enclosed is the press release announcing the results of Focal Communications Corporation for the first quarter ended March 31, 2002. Focal Communications Corporation does not report revenue or line counts by market, hence the number of access lines provided in this FL PSC data request differs from what is reported in the press release. In the press release, the number of access lines Focal provides as an ALEC in Florida is reflected in the data listed for "new markets".**
20. For the year ending December 31, 2001, please identify your total revenue from local service, broken out by business and residence. **[REDACTED]**

21. As of December 31, 2001, how much money (in thousands of dollars) have you invested in your network? [REDACTED]
22. Has your company filed either Chapter 7 or Chapter 11 bankruptcy in the past, are you currently operating under Chapter 7 or Chapter 11 protection, or do you anticipate possibly filing for Chapter 7 or Chapter 11 bankruptcy? If so, please provide relevant dates and details about the filing, including which chapter. NO.



Documentation  
for Question 19

Focal Contacts:

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YR 2002 Local  
Competition Report  
Data Request

8/6/02

**FOR IMMEDIATE RELEASE**

**Focal Communications Reports Solid First Quarter Results with  
Enterprise Revenue Growth of 65 Percent**

*-- 18 of 22 Operational Markets EBITDA Positive --*

CHICAGO, May 1, 2002 – Focal Communications Corporation (Nasdaq: FCOM), a leading national communications provider of local phone and data services, today announced results for its first quarter ended March 31, 2002. Focal reported first quarter revenue of \$84.5 million, exceeding the previously announced Company estimate of \$80 to \$84 million. This revenue growth was attributed to an increase in the Company's enterprise business, significant customer wins, and an increase of 12%, or over one billion minutes of use (MOUs), from the prior quarter. The Company also benefited from an improved mix of traffic. The revenue increase was partially offset by a \$6.6 million decline in revenue resulting from an anticipated change in the Illinois reciprocal compensation rate.

The \$84.5 million in revenue compares with \$81.9 million in the first quarter 2001. Revenue for the first quarter of 2001 included approximately \$6.0 million in non-recurring revenue. EBITDA (earnings before interest, taxes, depreciation and amortization, restructuring costs and non-cash compensation) was in line with Company expectations at (\$3.8) million. Focal reported a net loss applicable to common shareholders for the first quarter of \$57.2 million, or a loss of \$11.61 per share. This compares to a net loss, excluding an extraordinary gain of \$158.9 million related to the early retirement of debt, of \$48.2 million, or a loss of \$12.04 per share, for the fourth quarter 2001.

“Our strategy is to continue to provide superior service, to grow existing markets, and to generate free cash flow. We believe the progress we made during the first quarter demonstrates the viability of that strategy, particularly given the challenging business environment and the effect of the change in the Illinois reciprocal compensation rate,” commented Robert Taylor, chairman and chief executive officer.

Taylor said, “We continue to focus our sales effort on high margin, capital efficient services. We had impressive growth of more than one billion MOUs and an increase of 45% in end user

billable MOUs during the quarter. Our enterprise business segment continues to grow, and now accounts for 60% of our overall revenue, compared to 37% a year ago. We anticipate these positive growth trends to carry on throughout the year.”

### **Recent Developments**

*Enterprise Business* – First quarter enterprise revenue was \$50.5 million, a 14% increase from the fourth quarter 2001 and a 65% increase year over year. Enterprise lines now comprise 65% of total installed lines, compared to 60% in the fourth quarter 2001 and 44% a year ago.

*Internet Service Provider Business* – Revenue from Internet Service Providers (ISPs) in the first quarter 2002 was approximately \$34.0 million, compared to \$38.8 million for the fourth quarter 2001 and \$51.3 million a year ago. Revenue in the ISP segment fell during the first quarter due to the significant amount of line churn that the Company experienced.

*Markets* – In the first quarter, 18 of Focal’s 22 operational markets were EBITDA positive on a pre-overhead basis. The combined pre-overhead EBITDA margin was approximately 19%, an increase from approximately 14% in the fourth quarter of 2001.

Focal recently announced receiving approval from the Connecticut Department of Public Utilities to begin serving customers in that state. The Company’s expansion into Connecticut is a direct result of customer requests for Focal service to their Connecticut locations. In addition, the many large universities and corporations located in Connecticut represent opportunities for new customer wins. Focal will leverage the investment it has already made in the tri-state area to provide service in Connecticut, utilizing existing network assets to meet customer demand quickly and with minimal incremental investment.

The Company also extended its market reach with the launch of a new Agent Sales Group during the first quarter. This new sales channel is targeted at agents in all of Focal’s markets, and will allow them to provide their clients with the full spectrum of leading-edge voice and data services offered by Focal. Also during the quarter, the Company announced the launch of Managed Internet Access service in Houston, Atlanta and Minneapolis/St. Paul.

*New Services* – Focal recently announced the launch of an integrated voice and data (IVAD) service. While traditional circuits are configured to carry either voice or data, IVAD allows for provisioning of both over a single circuit. The highly flexible nature of Focal’s IVAD service is what distinguishes it from similar products, offering enterprise customers the ability to order from 12 to 24 voice lines while maintaining the ability to scale up to 1.5 Mbps of data capacity. Utilizing ATM technology, Focal’s IVAD service also gives customers the ability to establish a secure connection to their private networks. The product is well-suited for branch offices of large corporations, as well as for medium-sized businesses.

### **Selected Operational Results and Statistics**

Focal provides market specific information to provide insight into the life-cycle performance of its markets. The following table presents the operating results for a group of Focal’s mature markets and its new markets for the three months ended March 31, 2002. Mature markets are

defined as markets in operation prior to January 1, 2000. The Company's mature markets are Chicago, New York, San Francisco, San Jose, Oakland, Philadelphia, Washington DC, Northern Virginia, Los Angeles, Orange County, Northern New Jersey, Boston, Detroit and Seattle.

### Summary Results for Mature Markets

For the three months ended March 31, 2002 (\$ in thousands)

	Revenue	EBITDA <sup>(1)</sup>	EBITDA Margin	Lines Installed (as of Mar. 31, 2002)
Mature Markets	\$72,792	\$16,609	22.8%	588,887
New Markets	\$11,684	(\$647)	(5.5%)	115,065
Total	\$84,476	\$15,962	18.9%	703,952

(1) Excludes corporate overhead expenses

### Selected Statistical Information:

	3/31/02	12/31/01	9/30/01	6/30/01	3/31/01
Lines Sold During the Quarter	88,828	93,482	104,452	119,710	89,383
Gross Lines Installed During Quarter	73,365	94,302	86,369	101,583	94,665
Lines Disconnected During Quarter	64,197	52,166	29,519	27,608	28,908
Cumulative Net Lines Installed to Date <sup>(1)</sup>	703,952	694,784	652,648	575,004	501,029
Estimated Enterprise Lines as % of Installed Lines	65%	60%	53%	50%	44%
ILEC Switches Interconnected	3,046	2,633	2,441	2,316	2,062
Quarterly Minutes of Use in Billions	10.3	9.2	8.3	8.0	7.5
Circuit Switches Operational	28	28	26	24	21
Capital Expenditures (\$mil)	\$11	\$27	\$28	\$45	\$22
Employees	1,278	1,377	1,242	1,368	1,228
Sales Force <sup>(2)</sup>	346	386	256	247	210

(1) Cumulative lines installed were increased by 20,794 during Q3 '01 for a database adjustment.

(2) Quota bearing sales professionals and sales management. Does not include sales management without direct quotas, engineers, or customer support personnel.

During the first quarter, Focal installed 59,644 gross enterprise lines and disconnected 21,227 enterprise lines, resulting in net enterprise line installs of 38,417. ISP gross lines installed during the quarter were 13,721, and ISP lines disconnected were 42,970, resulting in ISP net line installs of (29,249).

### Guidance

The Company reiterated that it expects 2002 revenue to be a minimum of \$350 million, 2002 EBITDA to be a minimum of \$5 million and 2002 associated capital expenditures of approximately \$40 million. Focal also confirmed that it expects to exceed all covenants contained in its senior secured credit agreement.

For the second quarter ending June 30, 2002, the Company expects revenue of \$85 to \$88 million, EBITDA of (\$2) million to break even, and capital expenditures of \$10 to \$15 million.

Focal will conduct an analyst conference call to discuss the first quarter 2002 results at 11:00 a.m. Eastern Daylight Time on Thursday, May 2. An audio simulcast will be offered on Focal's web site ([www.focal.com](http://www.focal.com)). To access the live streaming media event, go to the Investor Relations section of Focal's web site and click on the webcast event icon.

#### **About Focal**

Focal Communications Corporation ([www.focal.com](http://www.focal.com)) is a leading national communications provider. Focal offers a range of solutions, including local phone and data services, to communications-intensive customers. Nearly half of the Fortune 100 use Focal's services, in 23 top U.S. markets. Focal's common stock is traded on the Nasdaq National Market under the symbol FCOM.

Statements in this press release that are not strictly historical, including statements as to plans, intentions and future performance are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from the future results indicated, expressed or implied, in such forward-looking statements. Risks and uncertainties that could impact future events or results include macroeconomic developments (including, without limitation, consequences of the war on terrorism) affecting the global or national economy generally or the telecommunications industry in particular; the pace at which new competitors enter Focal's markets; the successful introduction and expansion of service offerings; competitive responses of other carriers; the execution and renewal of interconnection agreements with incumbent local exchange carriers on terms satisfactory to Focal; Focal's ability to enter into and maintain agreements for transport facilities and services, including Internet transit services; acceptance of Focal's services by new and existing customers; Focal's ability to attract and retain talented employees; the outcome of legal and regulatory proceedings regarding reciprocal compensation for Internet-related calls and the impact of changes in laws and regulations that govern reciprocal compensation; Focal's ability to obtain sufficient capital on acceptable terms and on a timely basis; Focal's ability to obtain and maintain any required governmental authorizations, franchises or permits, all in a timely manner, at reasonable costs and on satisfactory terms and conditions; regulatory, legislative, and judicial developments (including developments relating to reciprocal compensation) affecting the communications industry and our business; Focal's ability to collect its accounts receivable in a timely manner; and effective management of administrative, technical, operational, and financial issues presented by Focal's business plan. Investors are directed to examine Focal's SEC filings, which more fully describe the risks and uncertainties associated with Focal's business.

# Focal Communications Corporation

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except for per share data)

	Three Months Ended March 31,	
	2002	2001
	(Unaudited)	(Unaudited)
<b>REVENUE:</b>		
Enterprise Revenue	\$ 50,500	\$ 30,573
Internet Service Provider Revenue	33,976	51,278
Total Revenue	84,476	81,851
<b>EXPENSES:</b>		
Network Expenses	40,705	33,323
Selling, general and administrative	47,532	44,694
Depreciation and amortization	36,882	22,650
Non-cash compensation expense	1,920	1,724
Restructuring Costs	1,316	-
Total Operating Expenses	128,355	102,391
<b>OPERATING LOSS</b>	(43,879)	(20,540)
<b>OTHER INCOME (EXPENSE):</b>		
Interest income	733	1,802
Interest expense	(12,997)	(14,784)
Total Other Expense	(12,264)	(12,982)
<b>NET LOSS</b>	\$ (56,143)	\$ (33,522)
<b>ACCRETION OF PAYMENT-IN-KIND DIVIDENDS ON CONVERTIBLE PREFERRED STOCK</b>	(1,007)	-
<b>NET LOSS APPLICABLE TO COMMON SHAREHOLDERS</b>	\$ (57,150)	\$ (33,522)
<b>EBITDA</b>	\$ (3,761)	\$ 3,834
Basic and Diluted net loss per share of common stock	\$ (11.61)	\$ (19.24)
Basic weighted average number of shares of common stock outstanding	4,923,007	1,742,551

Note: EBITDA also excludes non-cash compensation expense and restructuring cost.

# Focal Communications Corporation

## CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	March 31, 2002	December 31, 2001
	(Unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash, cash equivalents, and short-term investments	\$ 69,947	\$ 129,299
Accounts receivable, net	103,541	89,481
Other current assets	18,368	24,409
Total Current Assets	191,856	243,189
<b>PROPERTY, PLANT and EQUIPMENT, at cost:</b>	654,962	644,954
Less: Accumulated depreciation and amortization	(216,137)	(181,259)
Property, Plant and Equipment, net	438,825	463,695
<b>OTHER NONCURRENT ASSETS</b>	21,283	21,514
<b>TOTAL ASSETS</b>	\$ 651,964	\$ 728,398
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 27,114	\$ 58,667
Accrued liabilities	22,647	23,976
Current maturities of long-term debt	10,897	10,635
Total current liabilities	60,658	93,278
<b>LONG-TERM DEBT, net of current maturities</b>	362,817	354,958
<b>OTHER NONCURRENT LIABILITIES</b>	9,915	9,488
<b>CONVERTIBLE NOTE</b>	103,490	101,447
<b>CLASS A REDEEMABLE CONVERTIBLE PREFERRED STOCK, NET</b>	47,538	46,346
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	49	49
Additional paid-in capital	289,101	288,419
Deferred compensation	(679)	(805)
Accumulated deficit	(220,925)	(164,782)
Total stockholders' equity	67,546	122,881
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 651,964	\$ 728,398