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HATTERAS NETWORKS RECEIVES RUS ACCEPTANCE FOR IOC AND UTILITIES DEPLOYMENT

Hatteras Networks' success-based deployment options for Mid-Band Ethernet services ideal for rural and small market service providers

RESEARCH TRIANGLE PARK – AUGUST 15, 2006 – Hatteras Networks™, the Mid-Band Ethernet™ services specialist, today announced that its market-leading HN4000 and HN400 Ethernet over copper service solutions, have earned technical acceptance from the Rural Utilities Service (RUS) division of the United States Department of Agriculture (USDA). The Technical Standards Committee "A" (Telecommunications) of the RUS has included the HN4000 and HN400 series in its "List of Materials." Hatteras Networks' complete suite of Mid-Band Ethernet solutions is now authorized for use in the telecommunications systems of RUS borrowers. RUS provides technical guidance and financial assistance to utilities wanting to deliver technological advances to rural communities.

“Hatteras Networks' Mid-Band Ethernet solutions provide a clear and competitive advantage to any carrier that wants to extend the Ethernet service edge of its network to all business customers,” said Kevin Sheehan, President and CEO for Hatteras Networks. “Our success-based deployment options enable our carrier customers to be successful with the first customer, and scale the deployment as demand dictates for a service-rich Ethernet alternative to the commodity T1s.”

Focused on initiatives in rural communities throughout the United States, RUS provides financing for construction, procurement of equipment, and enhancements to the networks of primarily Independent Operating Companies (IOCs) and Rural Local Exchange Carriers (RLECs). With RUS acceptance, Hatteras Networks' Mid-Band Ethernet solutions are available for these IOCs to

equip their networks and offer advanced broadband and telecommunications services to rural businesses and residences.

“Mid-band Ethernet is revolutionizing the way we serve our business and enterprise customers,” said Richard Haddock, Chief Engineer for Farmers Telephone Cooperative, Inc. (FTC). “With Hatteras Networks’ solutions, we are able to offer rural businesses the same broadband services that urban businesses already have access to, bringing our rural businesses literally and figuratively up to speed without the cost of pulling fiber.”

In addition to FTC, Atlantic Telephone Membership Cooperative (ATMC) and Home Telephone Company are using Hatteras Networks’ solutions to roll out Mid-band Ethernet services to rural communities in their regions.

With market-leading service management capabilities, Hatteras Networks gives carriers the ability to create and offer a rich portfolio of managed services to the end user community (e.g., Ethernet private line, Transparent LAN services, Voice-over-IP, Direct Internet Access, and virtual private networks). These services are delivered seamlessly over the existing last-mile copper infrastructure, effectively bridging the existing T1 – T3 service gap with a more resilient and cost-effective, service-enabling architecture.

About Hatteras Networks

Hatteras Networks, a privately held company headquartered in Research Triangle Park, N.C., offers carrier solutions to extend the Ethernet Service Edge for Mid-Band Ethernet services to businesses, mobile wireless cell sites and remote DSLAMs that are not served with fiber. For more information, visit www.hatterasnetworks.com.

Note to Editors: Hatteras Networks and Mid-Band Ethernet are trademarks of Hatteras Networks. All other trademarks are the property of their respective owners.

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Media Inquiries:

Richard M. Williams
Connect2 Communications
919-554-3532
rmwilliams@connect2comm.com