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**HATTERAS EXPANDS IN EUROPE AND WINS T-COM DEAL  
WITH SIEMENS**

JUNE 13, 2006:

Ethernet in the First Mile, EFM, technology vendor Hatteras Networks Inc is expanding into Europe, setting up an office and announcing a contract win and a new integration partnership with Siemens AG.

EFM technology, which is based on the IETF's 2BaseTL standard, uses bonded copper pairs to deliver higher bandwidths than are available with single T1/E1 connections. Since just 11% of businesses in North America and 9% in Europe have access to fiber from their premises, EFM technology, which is also referred to as enhanced SHDSL or eSHDSL, is emerging as a means of delivering Ethernet services beyond the footprint of a fiber backbone.

With 5.7Mbps of bandwidth deliverable over a distance of 3km, multiples of up to eight pairs are commonly available within a single binder, making it feasible to offer bandwidths of 45Mbps.

But Gary Bolton, VP of marketing and product development at the Research Triangle Park, North Carolina-based vendor, said the main market opportunity for such technology is, in Hatteras' opinion, in what it called the Mid-Band Ethernet, MBE, range of 2Mbps-20Mbps. Above that rate, he said it makes sense for the carrier to pull or acquire a fiber tail. "Over 20Mbps, the economies are there for fiber," he said.

The European contract win announced by Hatteras is with T-Com Hungary, the local fixed-line subsidiary of Germany's Deutsche Telekom AG, and it was that deal that brought about the relationship with Siemens, since the customer asked Hatteras to work

with the Munich-based equipment giant as its integrator. The European office, meanwhile, is located in Paris, a choice dictated, at least in part, by the fact that Hatteras has an OEM relationship with a major equipment vendor based in France. Hatteras has named Robert Benattar, an industry veteran with experience at Xylan (now part of Alcatel), Cisco, and 3Com, as VP of European sales.

EFM is currently a three-horse race in which Hatteras competes with Actelis and Zhone. It is still a very early-stage market in which each stresses its technology's unique features. In Hatteras' case, Bolton claims that the company is "the only company that has fully transparent Layer-2 [L2] service delivery with Rapid Spanning Tree identical to fiber, whereas the competition delivers 2BaseTL over copper, but they go to L3 for service delivery."

According to research from the Boston-based Vertical System Group quoted by Bolton, US carriers will invest some \$2.4bn over the next five years in Mid-Band Ethernet capabilities, while in Europe, where the statistic cited earlier for access to fiber-to-the-building is slightly lower, spending in the same period will be correspondingly higher, around \$2.8bn.

To date, he said, adoption has been primarily by competitive carriers such as Germany's number-two broadband operator, Vodafone subsidiary Arcor. Pan-European carrier Colt Telecom has similarly announced plans for an EFM deployment later this year (rumored to be with Actelis), while BT is said to be looking at the technology, though no details are available as to whether it is considering it for its home country and other geographies where it is, effectively, an alternative carrier.

### **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](http://www.hatterasnetworks.com).

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