



For Immediate Release
September 25, 2007

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M2Z's Free Nationwide WiMax Network A Core Element of FCC's Consideration on How to Use Fallow Spectrum

M2Z to use WiMax to provide Free Broadband for Consumers while Continuing to Fight Big Telcos' \$46 Million Washington Lobbying War Chest for Stopping New Entrants

Washington, DC (September 25, 2007) – Last Thursday, the Federal Communications Commission (FCC) began a long awaited rulemaking proceeding to determine the highest and best use of the fallow 2155 to 2175 MHz spectrum band. Significantly, the Commission also committed to conclude the rulemaking and publish final service rules for the spectrum within nine months.

This spectrum band, which M2Z Networks, Inc. (M2Z) has applied to use to provide a free and family-friendly nationwide wireless broadband Internet service, has been without any identified uses for four years. The determined advocacy of M2Z and the Coalition for Free Broadband Now has pushed the FCC to accelerate its decision as to the most valuable use of this spectrum band.

“We are pleased that the FCC has listened to the public about the immense value to American consumers of free nationwide broadband,” said John Muleta, co-founder and CEO of M2Z speaking in Chicago at WiMax World. Muleta stated that “Unrefuted economic research in the FCC public record shows that such a service will deliver up to \$32 billion in direct consumer benefit. These benefits nearly equal President Bush’s 2001 tax rebate, which included the \$600 family tax credit. According to the House Budget Committee, this plan put \$36 billion back into consumers’ pockets.” To review M2Z’s economic studies, please visit: www.M2ZNetworks.com/resource-center.

On August 31, the Commission denied M2Z's petition for forbearance, which called on the FCC to expedite its determination of the best use of the 2155 to 2175 MHz spectrum band. M2Z's plan was opposed by seven of the country's largest telecommunications companies and

their industry associations who urged that the decision be postponed to a further proceeding with no specified timetable. The FCC sided with these vested interests in initiating this rulemaking, but rejected the indefinite delay that the telcos preferred.

While acknowledging the new rulemaking as a positive step, Muleta also expressed regret at the delay so far. Muleta said, "The FCC could have initiated and completed a rulemaking in the 16 months that have already passed since M2Z proposed its plan for free and family-friendly nationwide broadband. This delay has only harmed American consumers. Our research shows that each year of delay in implementing M2Z's plan costs American consumers \$4.7 billion."

The success of M2Z and the Coalition (www.FreeBroadbandNow.org) in shaping and accelerating the FCC's consideration of the best use of this spectrum band comes despite the enormous Washington clout of the vested interests opposing free broadband. According to data from the Center for Responsive Politics, M2Z's opponents, including AT&T Inc., Verizon Communications, T-Mobile USA, Motorola, Inc., EchoStar Communications, MetroPCS Communications, Leap Wireless International, and the Cellular Telephone and Internet Association (CTIA), reported more than \$46 million last year in lobbying expenditures. This means that the big telecommunications companies and their trade associations who filed in opposition to M2Z's application to the FCC outspent the Silicon Valley-based startup nearly 74:1 on lobbying activities last year. In addition, these vested interests have held more than 1,000 meetings with the FCC in the last year alone based on notices filed with the Commission.

Despite these enormous odds, M2Z's plan has drawn the public's interest and support. The FCC has received bipartisan letters of support from hundreds of federal, state and local elected and appointed officials calling for a free and family-friendly nationwide broadband service to spur competition and economic development. Additionally, M2Z's plan has garnered letters of support from leading advocates on issues such as the digital divide, public safety, online child and family safety, economic development and national economic competitiveness from such organizations as the Rainbow PUSH Coalition, Public Knowledge, the Minority Media and Telecommunications Council, Media Access Project, ACORN, the International Association of Chiefs of Police, the Family Research Council, and the National PTA. To view these letters of support and others, please visit: <http://www.M2Znetworks.com/letters>. M2Z and the Coalition have also collected 50,000 petition signatures from across the United States in support of nationwide free and family-friendly broadband.

About M2Z Networks:

Silicon Valley-based M2Z Networks' goal is to boost the U.S. economy by building a free, fast and family-friendly broadband Internet network across the United States. Since May 2006, the FCC has been considering M2Z's license application for its network, to be constructed in the 2155-2175 MHz spectrum band. The FCC has recently extended its consideration of M2Z's proposal in a forthcoming rulemaking. If approved, the M2Z proposal would guarantee delivery of its broadband service to at least 95 percent of Americans within 10 years. The service will be supported by locally targeted search results and will include a network-level filter to shield families using the service from indecent content. M2Z will pay the U.S. Treasury 5 percent of annual gross revenues from its premium subscription services, which could total payments of up

to \$1 billion over 15 years. According to two uncontested economic studies, the introduction of M2Z's broadband service would generate \$18 to \$32 billion in direct consumer benefits over the next 15 years. M2Z is backed by Kleiner, Perkins, Caufield and Byers; Charles River Ventures; and Redpoint Ventures; three of the most successful venture capital firms in Silicon Valley with \$5 billion of capital under management. For more information, please visit www.M2ZNetworks.com and www.FreeBroadbandNow.org

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