



Neutral Tandem, Inc. Announces New Ethernet eXchange Service

CHICAGO, Feb 16, 2010 (GlobeNewswire via COMTEX News Network) -- Neutral Tandem, Inc. (Nasdaq:TNDM), a leading provider of tandem interconnection services, today announced that it is introducing a new Ethernet eXchange service offering designed to meet the needs of Ethernet service providers. Neutral Tandem's Ethernet eXchange platform combines next generation technology with its existing carrier customer interconnections to provide Ethernet service providers with a streamlined means to pass voice, data and video between one another in a neutral interexchange point. "Neutral Tandem's goal is to address the void in the Ethernet market by providing Ethernet service providers with a more efficient and simplified method of interconnecting on a one-to-many basis. Our new Ethernet eXchange platform will help these service providers accelerate revenue in the rapidly growing Ethernet market," said Rian Wren, CEO of Neutral Tandem.

Significant demand exists for Ethernet interconnection due to the limited number of on-net locations each Ethernet provider serves. Given this, Ethernet service providers engage in complex, one-off interconnects with multiple third party carriers in an effort to provide seamless service to their customers. These interconnection arrangements are characterized by complex translations of service characteristics between disparate networks and prohibitively slow provisioning intervals that often take several months, resulting in adverse impacts on service provider profitability. These challenges are further aggravated by the lack of available solutions for Ethernet service providers to easily extend their reach into secondary markets.

According to Vertical Systems Group, worldwide revenue for Business Ethernet services is projected to reach \$40.2 billion by 2014. The growth of Ethernet is being driven by a combination of factors which include the migration by enterprises of all sizes from traditional Frame Relay, ATM and TDM private line services to Ethernet connectivity services, as well as wireless carriers using Ethernet for mobile backhaul to address the six-fold increase in data traffic on mobile broadband networks. "Ethernet providers face several challenges when interconnecting, including incremental costs and controlling synchronization to ensure consistent service levels for customers. There is growing demand among Ethernet providers for solutions that effectively address these challenges, bolstered by the new ENNI standard just ratified by the MEF," said Rosemary Cochran, Principal at Vertical Systems Group.

"Up until now, much of the growth among Ethernet service providers has been largely confined within each provider's network. NT is changing the market dynamics with its neutral, Ethernet eXchange, which acts as a nexus for the Ethernet community by enabling providers to interconnect with one another in a centralized hub instead of having to negotiate and provision connections with multiple carriers one by one," said Surendra Saboo, COO of Neutral Tandem. Utilizing Neutral Tandem's Ethernet eXchange service solves the complex technical and business challenges traditionally tied to interconnecting to multiple service providers. In addition, Ethernet service providers can virtually connect to multiple access providers in out-of-footprint markets, through a single connection to the Ethernet eXchange. "By interconnecting our Ethernet eXchanges across the country over an MPLS network, Neutral Tandem provides a unique advantage by enabling service providers to connect at one Ethernet eXchange yet extend their reach into multiple markets," continued Saboo. This results in an increase in the number of providers that can address customer needs, thereby reducing costs, to help speed the adoption of Ethernet technology.

"Neutral Tandem's development of our Ethernet eXchange service is complementary to our core business in many ways. Many of our existing carrier customers who provide Ethernet services and are potential customers of our eXchange are already collocated at one or more of our switch sites. In addition, we believe that our proven experience in interconnecting carriers combined with our IP backbone network, technical resources and our footprint in dozens of major markets forms a winning combination," said Wren.

The initial 2010 market deployment schedule of the Ethernet eXchange offering is planned for the following markets: Atlanta, Boston, Chicago, Dallas, Denver, Detroit, Houston, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle and Washington, D.C. Additional market deployments, both domestic and international, are being planned and will be prioritized based on customer demand.

Cautions Concerning Forward Looking Statements

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical fact, included in this press release regarding Neutral Tandem's strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "expects," "estimates," "projects," "plans," "intends," "may," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Neutral Tandem may not actually achieve the plans, intentions or expectations disclosed in its forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements Neutral Tandem makes. Factors that might cause such differences include, but are not limited to:

risks associated with our ability to successfully develop and market Ethernet interconnection services, including but not limited to identifying, obtaining, operating and maintaining attractive network switch sites, equipment and software, cost estimation errors or overruns, interconnection delays, material delays or shortages, our inability to obtain necessary permits on a timely basis, if at all, and other factors, including the impact of regulation, many of which are beyond our control and all of which could delay our ability to offer or market this new service; and other important factors included in Neutral Tandem's reports filed with the Securities and Exchange Commission, particularly in the "Risk Factors" section of Neutral Tandem's Annual Report on Form 10-K for the period ended December 31, 2008 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2009, June 30, 2009 and September 30, 2009, as such Risk Factors may be updated from time to time in subsequent reports. Neutral Tandem does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

About Neutral Tandem, Inc.

Headquartered in Chicago, Neutral Tandem, Inc. is a leading provider of tandem interconnection services to wireless, wireline, cable and broadband telephony companies. Neutral Tandem's solutions build redundancy, security and operational efficiencies into the nation's telecommunications infrastructure. As of December 31, 2009, Neutral Tandem was capable of connecting approximately 480 million telephone numbers assigned to carriers. Telephone numbers assigned to a carrier may not necessarily be assigned to, and in use by, an end user. Please visit Neutral Tandem's website at: www.neutraltandem.com.

The Neutral Tandem Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3797>

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