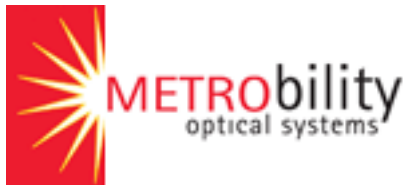


BY TELCO SYSTEMS, A BATM COMPANY MARKETING DIVISION

NEWS

- ▶▶ **Metrobility has been acquired** by Telco Systems, we welcome the Metrobility team that joins Telco north at Billerica, Massachusetts.



- ▶▶ **Time Warner Telecom** expands its network with Telco Systems' Purepacket access equipment.
- ▶▶ **Golden-Lines** launches Israel's largest VoIP service. CPEs devices deployed exclusively by Telco Systems after rigorous field trials with several competitors.
- ▶▶ **Telco Systems' T5 Compact** is the base for several IP metro rings with several carriers around the world. Among them are recent fully-operational installations: **Chang Bau Telecom** (Taiwan), **Rom Telecom** (Romania)
- ▶▶ **BATM CEO** hosted a dinner for **law enforcement leaders from US and Israel**

More details on Page 6 ▶▶▶



GILEE delegation

LETTER FROM THE CEO

Dear Employees and Customers!

BATM/Telco Systems had done well in 2005 - we grew 40% and plan a very positive future

- We have signed agreements with world-leading telecom equipment vendors
- We have won several international awards among them **Nokia Best Performing Supplier award**
- The most advanced and cost effective Carrier-Ethernet platform has been developed and is shipping - **T-Metro** nicknamed "**The dream machine**".


Many more platforms are expected to reach the market in 2006, among them the T-Marc, T-Metro 10G and more. Several carriers around the world understand now that carrier Ethernet is the way to.

- The **APAC branch was opened** by Leigh Wilson with several customers signed already
- A new **R&D branch was opened** in Aachen (Germany) lead by Markus Festinger - well known for his achievements in access development

Look new product advancements and wins in future editions from Telco Systems.



Dr. Zvi Marom
CEO

Regards,

Dr. Zvi Marom
CEO



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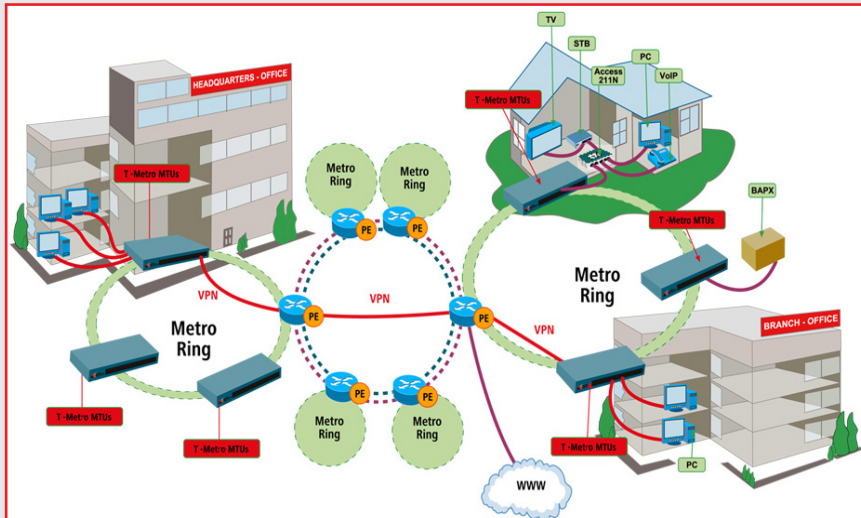
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More contacts on next Telco Global Editions... ▶▶▶

T-Metro - Line of Metro Ethernet Access Switches

What makes T-Metro unique?

- This line of metro Ethernet access routing switches provides the best cost/performance in the smallest footprint (1RU) available today.
- It is the best tool to deliver the most reliable and cost-effective carrier-grade IP ring.
- All family members offer full MPLS and HVPLS as well as pseudowire Circuit Emulation Services (CES).
- Capex and Opex are dramatically reduced compared with any other option.
- Extensive development roadmap guarantees staying at the leading edge of the technology.



T-Metro was designed to redefine the possibilities offered to telecoms that want to build carrier Ethernet based networks.

The T-Metro family delivers a wide range of managed Ethernet, Virtual Private Networks (VPN), and legacy TDM services based on Ethernet access rings.

All rings have sub 50mSec convergence time to customers' premises and are fully MPLS/VPLS/HVPLS controlled.

T-Metro 100 & 200 enable ILECs, CLECs, IXC, IOC, ISP, MSO cable providers, cellular and emerging carriers to deliver a wide range of managed metro Ethernet services at a price point that makes building IP networks more attractive.

T-Metro Main Feature Highlights:

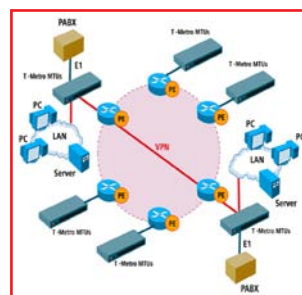
- Full Layer 2 & 3 Telecom grade metro routing access switch
- Modular, scalable architecture
 - Up to 8 T1/E1s CES
 - Up to 6 Packetized T1/E1s
 - Up to 6 Packetized T3/E3s
 - Up to 8 x 10/100BaseTXs
 - Up to 12 x 100BaseFXs
 - Up to 2 x 1000BaseX uplinks
- Full MPLS/HVPLS support
- Full MSTP/RSTP support (ring topology)
- T1/E1 CES support including 2G/3G cellular backhaul
- Enhanced security and protection mechanisms
- Field upgradeable, redundant, hot-swappable power supplies and optics
- Powered by telecom-grade multi-layers EMS BiNOS Software
- Interoperable with many vendors NMS/OSS



MPLS ring implementation on the edge of the network using the unified management domain for the entire network.

T-Metro 1001 and 2001 are coming soon. They deliver the same port count and functionality, but at gigabit speeds and with two additional 10 gigabit uplinks. Very high bandwidth throughput is achieved without compromising any services.

Why deploy them?



T-Metro allows carriers to successfully deploy IP-Ethernet access networks maintaining the qualities customers associate with Frame Relay, ATM and T1 with qualities such as QoS, a rich array of services, and reliable performance.

Extending for example MPLS to CPE allowing carriers to offer end-to-end QoS. CES enables a cost-effective smooth migration from legacy to IP networks.

T-Metro has been tested and certified to meet carriers' demands, among the latest certification tests is the MEF certification committee.



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Product to watch: T-Marc



T-Marc – Product Description

Telco Systems' T-Marc is a new product line of very cost-effective and compact intelligent Ethernet demarcation and CLE devices.

The line enables carriers to quickly deploy more feature-rich services from metro Ethernet networks, while reducing Capex and Opex.

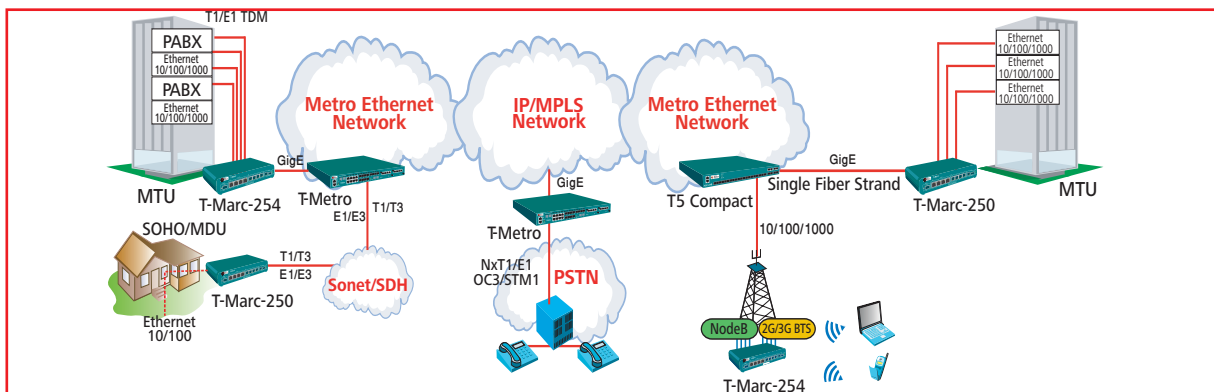
T-Marc offers: advanced switching, MEF Operations, Administration and Maintenance (OAM) functionality and T1/E1 CES. With T-Marc, service providers can mix and match legacy T1 and new Ethernet services onto a common infrastructure with remotely monitoring, testing and managing.

It also meets Telecoms and cable operators' requirements for multi-service, multi-application, multi-site and multi-carrier SLA enforcement while providing the lowest latency and high BER of any CES demarcation device

Another option offered by the T-Marc is extension of legacy T1 and new Ethernet services over a fixed wireless links such as WiMAX or other high-capacity broadband wireless networks.

Main Features Highlights:

- Full support for voice, video, and data services
- Demarcation point between service provider's network and enterprise LAN
- Control, monitoring, line testing and loopback capabilities for fault isolation
- Compact, cost-effective indoor solution with outdoor to follow
- Multi-layer Ethernet service delivery – Services extension node, VPNs, E-Line, E-LAN, Internet access, Ethernet VPN, Transparent LAN Service (TLS), remote alarms/provisioning and more...
- Extensive Layer 2 functionality non-blocking with wire-speed switching.
- Comprehensive OAM and management functionality
- T1/E1 structured/unstructured CES support for 2G/3G cellular backhaul
- Modular, scalable architecture
- Enhanced security and protection mechanisms
- Powered by Telecom-grade multi-layers EMS BiNOS Software and interoperable with many NMS systems



THE FACE BEHIND THE NAME



Dave Poisson - Director, Sales Engineering

Dave Poisson joined Telco Systems in 1999 and brought with him 20 years of networking experience. Dave has held various positions including Manager of Sales Engineering and Technical Assistance Center Engineer. Previous employers include MCI, Promptus Communications, Avanti Communications, and Data Resources (McGraw Hill). At Telco Systems Dave is responsible for the overall pre-sales support team of Engineers, Customer Training, as well as live product demonstrations at both trade shows and corporate customer visits.

TAC

Telco Systems **TAC** (Technical Assistance Center) has been providing our customers with the highest level of technical support for over thirty (30) years. Telco Systems won several awards for its service quality among the recent **Verizon 2003 Supplier Excellence Award**.



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FTTH - BROADWEAVE

The Market

Demand for higher bandwidth and new services dramatically affected growth in the Fiber-to-the-Home (FTTH) market. 800,000 to 1.4 million North American homes are expected to have fiber Access by the end of 2004 as the technology's acceptance continues an upward growth trend. (Source: Vanderslice & Associates, 2004)

Greenfield deployments in new neighborhoods represent 30% of the FTTH market, while the other 70% of the market is derived from overbuild projects where fiber replaces the copper infrastructure and access.

IDC (June, 2004) finds that Ethernet will be by far the dominant technology, not ATM-based passive optical networks (APON) or G.983. They also forecast that the revenue will increase from \$503 million in 2003 to \$2.4 billion by 2008 for a 37% compound annual growth rate (CAGR) over the period.

New analysis has forecast a significant increase in FTTH subscribers, with average subscriber take rates exceeding 40% overall and more than 75% in some communities.

Among the two potential technologies, PON and Active Ethernet, Telco Systems provides solutions that are Active Ethernet-all-the-way. Active Ethernet normally runs at either 100Mbps or gigabits rates. Telco Systems strongly believe that Active Ethernet using FTTH or mix of FTTH and VDSL2 is the way to go. It is in our opinion better and more sensible way to provide services to the customers at a much lower cost overall than any other system.

Broadweave case study using active Ethernet.

Who is Broadweave?

Broadweave builds fiber-to-the-subscriber (FTTS) networks in Greenfield planned communities and delivers over those networks its "Triple-Weave" (voice, video, data) services to homes and business. Broadweave's value proposition is simple: "Why build today's cities on yesterday's infrastructure?"

The first project that broadweave did is the Traverse Mountain, a multi-Billion dollar master-planned community with the largest development in Utah history: office, retail, residential (8,000 homes) with over 4.5 million square feet of office and retail state-of-the-art services

Which uses Fiber to the subscriber (residential & business) with IP-based services (voice, video, data) at speeds up to 1 Gbps.

Why Broadweave Selected Active Ethernet?

Broadweave initially considered a variety of PON solutions, but ultimately decided against PON because the potential problems posed too great a threat.

"A unified standard had not-and still has not-been developed for PON and this lack of standards means that

one vendor's products cannot interoperate with another vendor's products."

If a particular PON vendor went out of business or discontinued a product line "I would not be able to find an interoperable replacement and I would have to forklift upgrade my entire network."

Broadweave's networks are entirely based on standards and Broadweave has taken great measures to ensure interoperability between all elements within the network.

Steve Christenson, CEO Broadweave

Why Telco System' Solution?

Telco Systems was found to have the Active Ethernet solution that offers unique advantages that make it most efficient, reliable, and cost-effective solution available in the market.

Telco Systems' FTTH solution has successfully been deployed in the field for over 3 years with several thousands end-users in several counties in the U.S and in several countries outside of the U.S using it for voice, video, and data as the sole access method.

Telco Systems offers end-to-end solutions from the customer premises CPE (EdgeGate CPE -282 outdoor and indoor units and EdgeGate CPE 232), splitters, aggregation switches (T5 Compact or T5Pro), and up to core-switching in central offices (CO) providing up to 720-Gbps switching backplane (T6Pro).

Unbeatable price and value -typical networks that provide voice, video, and data will cost between \$800-\$1200 per customer. This takes into account CPE, aggregation, and core-switching devices in the CO.

Triple-Play Ready - Telco Systems' FTTH solution and its EdgeGate CPE family of products, support integrated VoIP as well as various mechanisms, which ensure the voice, video, and data quality of service (for example IGMP to support video).

Reliability and Availability - EdgeGate CPE is field proven. This CPE device offers the highest reliability in the market. Telco Systems' aggregation switches support ring topologies and SMTP that ensuring the shortest convergence time in the industry (less than 50mSec).

Integrated Voice - The EdgeGate CPE product line integrates VoIP connectivity, and supports all major VoIP protocols - H.323, SIP, and MGCP. EdgeGate CPE provides high-quality voice as it supports IEEE802.1p, voice priority, and TOS marking.

Flexibility - EdgeGate CPE solutions are very flexible in network design and in the services that can be offered with transport of either 100Mbps or 1Gbps for future expansion. The line supports three to eight LAN ports and two to four voice ports. Multi-mode and single-mode fiber interfaces are also supported to suit fiber types and distances.

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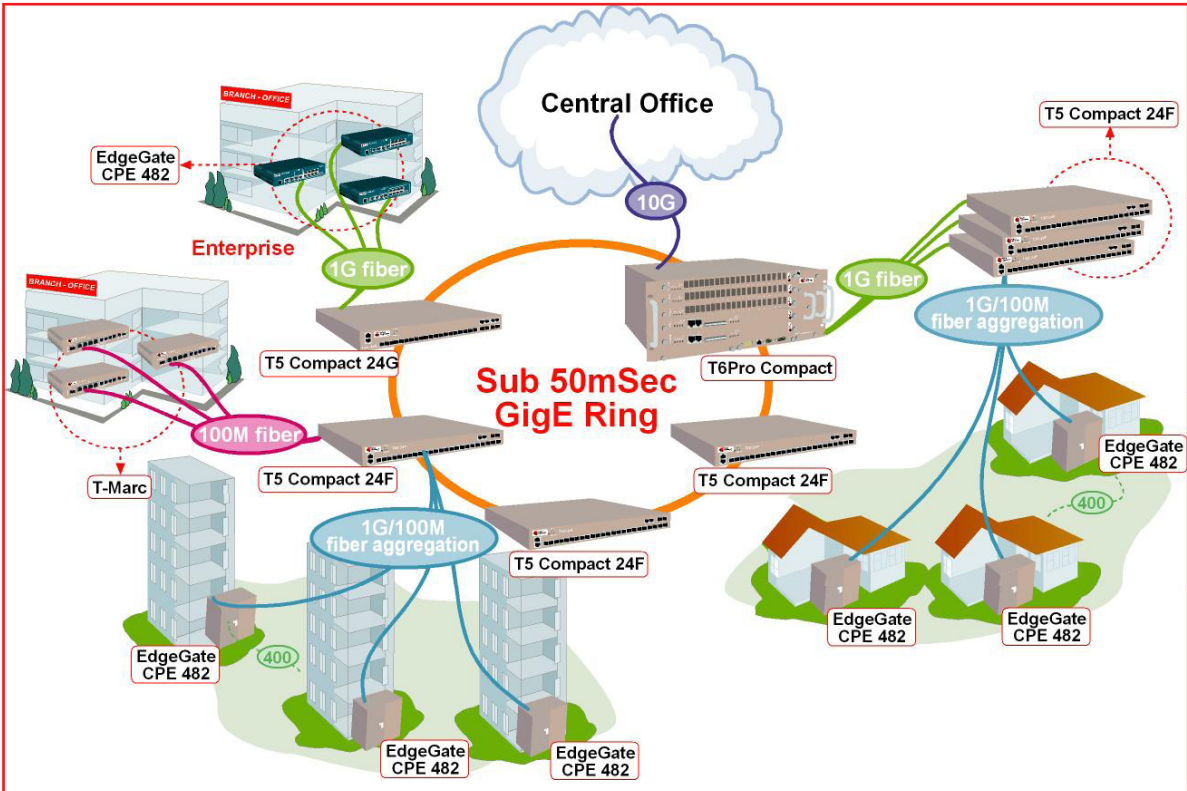
FTTH - BROADWEAVE

Indoor and Outdoor Solutions - EdgeGate CPE can be installed on the exterior of a building or in the controlled environment of residential and business subscribers.

The outdoor version comes equipped with battery backup and charger, isolated technician and user access, as well as easily interpreted alarms.

AMR Support – EdgeGate CPE supports Automatic Meter Reading, which is imperative for utility companies with involvement in FTTH projects.

FTTH ACTIVE ETHERNET SOLUTION [FIGURE NO.1]



SOME REAL-LIFE DEPLOYMENTS AT BROADWEAVE



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METRO ETHERNET TAIWAN - CHANG BAU/NCIC

Delivering profitable Ethernet services presents a significant revenue opportunity for service providers but a challenge as well. It requires building a robust network architecture capable of handling a suite of next generation services while supporting legacy services.

The following case study demonstrates the special needs required by NCIC (New Century InfoComm) a Taiwanese Telecom company from Telco Systems.

The case study describes the Metro Ethernet future proof solution provided to them.

Solution Description

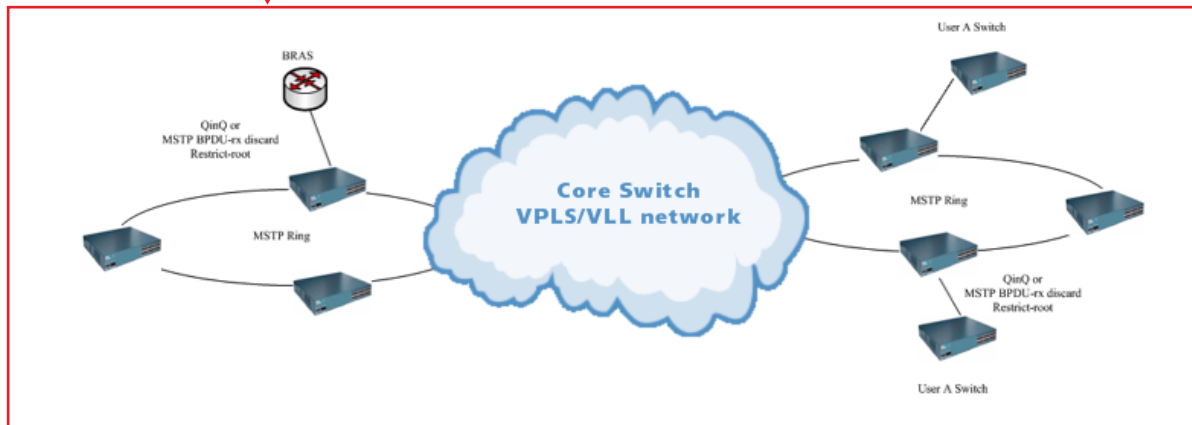
The solution was based on Layer 2 VPN and Internet access, comprehensive recovery mechanisms and quality of service (QoS) assurance.

The network was built from Telco Systems T5 Compact family of telecom grade access switches interconnected with Gigabit Ethernet interfaces. The switches are organized in a ring topology. The rings themselves are MSTP rings with recovery time less than 50mSec.

The switches were connected as a core switch to Alcatel 7450 edge access router. The whole network is managed by BiNOS EMS under Alcatel SAM NMS option.

VPN SOLUTION - POINT TO POINT OR POINT TO MULTI-POINT AND INTERNET ACCESS

[FIGURE NO. 1]



MORE NEWS...

◀◀◀ *Continue from page 1*

BATM CEO hosted a dinner for law enforcement leaders from US and Israel.

The delegation was led by Dr. Robbie Friedman from Georgia State University. The dinner marked the continuous support of BATM in the law enforcement exchange program.



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