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IDAHO PUBLIC
UTILITIES COMMISSION

Jean L. Kiddoo
Brett P. Ferenchak
Nguyen T. Vu
jean.kiddoo@bingham.com
brett.ferenchak@bingham.com
nguyen.vu@bingham.com

NEW CASE

October 19, 2011

NEN-T-11-01

Via Overnight Courier

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Application of New Edge Network, Inc. d/b/a EarthLink Business for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services

Dear Ms. Jewell:

On behalf of New Edge Network, Inc. d/b/a EarthLink Business ("New Edge"), enclosed for filing are an original and seven (7) copies of the above-referenced Application. A copy of New Edge's illustrative local exchange tariff is attached as Exhibit 6 and is also provided on the enclosed diskette in MS Word format.

Please date-stamp the enclosed extra copy of this filing and return it in the envelope provided. Should you have any questions, please do not hesitate to contact Brett Ferenchak at 202-373-6697.

Respectfully submitted,

Brett P Ferenchak

Jean L. Kiddoo
Brett P. Ferenchak
Nguyen T. Vu

Boston
Hartford
Hong Kong
London
Los Angeles
New York
Orange County
San Francisco
Santa Monica
Silicon Valley
Tokyo
Washington

Bingham McCutchen LLP
2020 K Street NW
Washington, DC
20006-1806

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F +1.202.373.6001
bingham.com

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

Application of **New Edge Network, Inc.** **d/b/a EarthLink Business** For a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services	Docket No. NEN-T-11-01

APPLICATION

New Edge Network, Inc. d/b/a EarthLink Business ("New Edge" or "Applicant"), by its undersigned counsel and pursuant to Idaho Code §§ 61-526-528, IDAPA 31.01.01.111, and Procedural Order No. 26665, hereby applies to the Idaho Public Utilities Commission ("Commission") for a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange telecommunications service in the State of Idaho.

In support of this Application, New Edge hereby provides the following information:

I. Proposed Services

Applicant seeks authority to provide resold and facilities-based local exchange services in Idaho.

Applicant proposes to provide wireline local telecommunications service – specifically, local exchange service (including, among other things, access to emergency services, access to operator services, alternative operator services, access to interexchange service, access to directory assistance, toll limitation for qualifying low-income consumers, and any other ancillary functionalities that New Edge must provide pursuant to applicable statutes and regulations) and exchange access service. While Applicant will primarily provide local exchange service through the resale of the services of other carriers, Applicant may also provide facilities-based services. Such facilities-based local exchange service may be provided via (1) facilities-based leased from other carriers, (2) New Edge's own facilities, or (3) a combination thereof.

New Edge is currently in the process of developing its marketing strategy for the State of Idaho. New Edge will utilize a professionally trained sales force to market its services and will comply with all Commission rules and regulations in marketing its services in the State of Idaho.

New Edge provides integrated voice, mobile and data services and related value-added services to businesses and communications carriers. New Edge is authorized to provide intrastate telecommunications services in: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

II. Form of Business

Applicant's legal name is New Edge Network, Inc. Applicant does not maintain a place of business in Idaho but may be reached at its principal place of business:

1375 Peachtree Street
Atlanta, Georgia 30309
Tel: (408) 815-0770
www.earthlinkbusiness.com

New Edge is a corporation organized under the laws of the State of Delaware. Copies of Applicant's Amended and Restated Certificate of Incorporation, Certificate of Authority to transact business as a foreign corporation in Idaho, and Certificate of Assumed Name are attached hereto as Exhibits 1, 2 and 3, respectively.

Applicant's registered agent in Idaho is:

National Registered Agents, Inc.
1423 Tyrell Lane
Boise, ID 83706

The principal officers and directors of Applicant are as follows:

Officers

Rolla P. Huff	Chief Executive Officer
Joseph M. Wetzel	President and Chief Operating Officer
Bradley A. Ferguson	Executive Vice President, Chief Financial Officer
James P. O'Brien	Executive Vice President, Network Services and Customer Operations
Cardi M. Prinzi	Executive Vice President, Sales and Marketing
Kevin F. Brand	Executive Vice President, Consumer Products and Support
Samuel R. DeSimone, Jr.	Executive Vice President, General Counsel and Secretary
Stacie S. Hagan	Executive Vice President, Chief People Officer
Barbara Dondiego	Senior Vice President, Chief Marketing Officer – EarthLink Business
Brian Fink	Senior Vice President, Strategic Planning and Program Delivery
Robert L. Scott	Chief Information Officer
Mark Droege	Senior Vice President, Treasurer
Richard Michael Thurston	Controller
Mike Harry	Senior Vice President
David Harwell	Senior Vice President
Sara Plunkett	Senior Vice President, Finance
Don Hellwege	Vice President, Assistant General Counsel and Assistant Secretary
Geraldine Williams	Vice President and Assistant Treasurer
Clay Robinson	Vice President of Tax and Assistant Treasurer
Alva (Trey) Huffman	Vice President, Finance
David Grady	Vice President and Assistant Treasurer
Tom Thomas	Vice President and Assistant Secretary
Elizabeth Cunningham	Assistant Treasurer
Adam Michael	Associate General Counsel and Assistant Secretary
Tiffani Abbott	Senior Counsel and Assistant Secretary
Mark Butterfield	Assistant Secretary

Sole Director

Rolla P. Huff

All Officers and the Sole Director may be contacted through the Applicant's principal offices listed above.

New Edge is a wholly-owned indirect subsidiary of EarthLink, Inc. ("EarthLink"). A chart of Applicant's corporate ownership structure, is provided as Exhibit 4. EarthLink is a publicly traded Delaware corporation (NASDAQ: ELNK) with a principal business office at 1375 Peachtree Street, Atlanta, Georgia 30309. EarthLink is a provider of Internet Protocol (IP) and telecommunications infrastructure and services to businesses, enterprise organizations and individual customers across the United States. EarthLink's Consumer Services segment is an Internet service provider, providing nationwide Internet access and related value-added services to individual and small business customers. EarthLink's Consumer Service offerings are narrowband and broadband (high speed) Internet access, search, advertising and VoIP services. EarthLink's Business Services segment provides integrated voice, mobile and data services and related value-added services to businesses and communications carriers. EarthLink operates its Business Services segment through its regulated operating companies, including New Edge. Additional information regarding EarthLink, including its most recent SEC Form 10-K, as filed with the Securities and Exchange Commission, is available at http://www.earthlink.net/about/investor/.

III. Contacts for Application

All correspondence and communications regarding this Application should be addressed to:

Jean L. Kiddoo
Brett P. Ferenchak
Bingham McCutchen LLP
2020 K Street, N.W.
Washington, DC 20006
Tel: (202) 373-6000
Fax: (202) 373-6001
Email: jean.kiddoo@bingham.com
brett.ferenchak@bingham.com

with a copy to:

Paula Foley
Regulatory Affairs Counsel
EarthLink Business
5 Wall Street
Burlington, MA 01803
Tel: 781-362-5713
Fax: 781-362-1313
pfoley@corp.earthlink.com

IV. Telecommunications Services

New Edge proposes to provide resold and facilities-based local exchange telecommunications services in Idaho upon grant of authority by the Commission. Applicant will begin offering local exchange service shortly after being authorized to do so by the Commission. Applicant does not currently plan to construct facilities, but seeks facilities-based authority so that it can provide services over its own facilities, facilities leased from other carrier or a combination thereof in the future as market condition permit. New Edge proposes to provide local exchange telecommunications services to business customers in the State of Idaho.

V. Service Territory

New Edge seeks to provide local exchange services in all areas currently or that become open to competition, including but not limited to those areas currently served by CenturyLink and Verizon. Applicant does not seek to remove any exemption granted to a small or rural carrier pursuant to § 251(f) of the Federal Act, and therefore, Applicant does not seek to provide telecommunications services to customers in those areas at this time. Initially, New Edge will compete directly with CenturyLink and Verizon for the provision of local exchange services. Applicant does not currently own any facilities or property in Idaho.

VI. Financial Information

New Edge is also well-qualified financially to operate within the State of Idaho. As outlined in more detail below, Applicant, through its parent company EarthLink, possesses the requisite financial resources to provide resold local exchange telecommunications service including the ability and willingness to cover any customer advances and deposits; and to pay intrastate access charges and interconnection charges on all intrastate telecommunications services. In demonstration of its financial qualifications, Applicant attaches hereto, a copy of EarthLink's most recent SEC Form 10-Q as Exhibit 5.

VII. "Illustrative" Tariff Filing

Applicant's proposed local exchange tariff, containing proposed rates, terms, and conditions of services, in attached hereto as Exhibit 6. Please note that, with respect to the proposed local exchange tariff, many details of Applicant's provision of the proposed services, including the rates to be charged to Applicant's customers, will be dependent upon the negotiation of interconnection agreements with the incumbent LECs. Upon certification of Applicant, and prior to commencing service, Applicant will file a local exchange tariff that complies with all Commission rules and regulations and lists the rates, terms and conditions of service.

VIII. Customer Contacts

New Edge's general email address and toll-free number for all informal customer complaints is:

customercare@corp.earthlink.com
1-800-962-2488
Commission informal complaints may be directed to:

Office of the Chief Executive Officer/Customer Affairs
Tel: 888-832-5802
Fax: 585-278-1702
OCEO@corp.earthlink.com

The individual responsible for responding to Commission inquires concerning rates and price lists or tariffs is:

Mary Whiting
Director of Regulatory Compliance
(616) 988-7028
mwhiting@corp.earthlink.com

Upon certification, general questions from the Commission regarding Applicant should be directed to:

Paula Foley
Regulatory Affairs Counsel
EarthLink Business
5 Wall Street
Burlington, MA 01803
Tel: 781-362-5713
Fax: 781-362-1313
pfoley@corp.earthlink.com

IX. Interconnection Agreements

New Edge has not yet initiated interconnection negotiations but intends to do so as necessary and upon being granted authority by the Commission. Once New Edge has conducted negotiations and reached agreements by negotiation or arbitration, New Edge will file copies of them with the Commission for its approval if necessary.

X. Compliance with Commission Rules

Attached hereto is a sworn verification executed by Applicant stating that the Applicant agrees to comply with all Idaho laws and Commission rules and regulations.

XI. Escrow Account or Security Bond

Should New Edge decide to require advance deposits from its customers, it will enter into an escrow agreement with a bonded escrow agent prior to offering telecommunications services in Idaho and will file such agreement with the Commission upon request. New Edge will comply with all applicable Idaho laws and Commission rules and regulations regarding advance customer deposits.

X. CONCLUSION

As demonstrated by this application and pursuant to Idaho Code §§61-526-528, IDAPA 31.01.01.111, and Procedural Order No. 26665, New Edge's expertise in the telecommunications sector will permit it to select the most economic and efficient services, thereby providing customers with an excellent combination of price, quality, and customer service. Accordingly, New Edge anticipates its proposed service will increase consumer choice of innovative, diversified, and reliable service offerings. The provision of more affordable and available local telecommunications services will promote the health, welfare and economic well-being of the citizens of Idaho. New Edge respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application for the authority to provide resold and facilities-based local telecommunications services.

WHEREFORE, New Edge Network, Inc., respectfully requests that the Idaho Public Utilities Commission issue a Certificate of Public Convenience and Necessity authorizing

EarthLink to provide resold and facilities-based local exchange telecommunications services within the State of Idaho.

Respectfully submitted,

By: Brett P Ferenchak

Jean L. Kiddoo
Brett P. Ferenchak
Nguyen T. Vu
Bingham McCutchen LLP
2020 K Street, N.W.
Washington, DC 20006
Tel: (202) 373-6000
Fax: (202) 373-6001
jean.kiddoo@bingham.com
brett.ferenchak@bingham.com
nguyen.vu@bingham.com

Counsel for New Edge Network, Inc.

Dated: October 19, 2011

LIST OF ATTACHMENTS AND EXHIBITS

Exhibit 1	Amended and Restated Certificate of Incorporation
Exhibit 2	Certificate of Authority to Transact Business
Exhibit 3	Certificate of Assumed Name
Exhibit 4	Corporate Ownership Structure Chart
Exhibit 5	Financial Statements of EarthLink, Inc.
Exhibit 6	Proposed Local Exchange Tariff
Verification	

EXHIBIT 1

Amended and Restated Certificate of Incorporation

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "NEW EDGE NETWORK, INC.", FILED IN THIS OFFICE ON THE FOURTEENTH DAY OF NOVEMBER, A.D. 2000, AT 9 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.

Edward J. Freel, Secretary of State

3049857 8100

001571362

AUTHENTICATION: 0791346

DATE: 11-14-00

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:00 AM 11/14/2000
001571362 – 3049857

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF NEW EDGE NETWORK, INC.

The undersigned, J. Howard Clowes, hereby certifies that:

ONE: He is the duly elected and acting Secretary of New Edge Network, Inc. (formerly know as Access 21 Corporation), a corporation organized and existing under the laws of the State of Delaware (the "Corporation").

TWO: The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on June 1, 1999.

THREE: All amendments to the Certificate of Incorporation of the Corporation reflected herein have been duly authorized and adopted by the Corporation's Board of Directors and stockholders in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law. The text of the Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I

The name of the corporation is New Edge Network, Inc.

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is 15 East North Street in the City of Dover, County of Kent. The name of its registered agent at such address is Incorporation Services, Ltd.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

A. Classes of Stock. The Corporation is authorized to issue one class of shares to be designated "Common Stock," a par value of $66.67. The total number of shares of Common Stock authorized is one thousand (1,000).

Effective upon filing this Amended and Restated Certificate of Incorporation, each outstanding share of the Corporation's common stock shall automatically and without any action on the part of the holder thereof be reconstituted and reclassified as and changed into one-one hundred thousand of a share of the Corporation's Common Stock.

B. Common Stock. The rights, preferences, privileges and restrictions granted to and imposed on the Common Stock are as set forth below in this Article IV(B).

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed to the holders of Common Stock.

3. Redemption. The Common Stock is not redeemable.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote for each such share, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law or as set forth in this Amended and Restated Certificate of Incorporation.

ARTICLE V

A. Limitation of Directors' and Officers' Liability. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exception from liability or limitation thereof is not permitted under the Delaware Corporation Law as the same exists or may hereafter be amended. Neither any amendment nor repeal of this Article, nor the adoption of any provisions of this Amended and Restated Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision. To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and other agents of the Corporation (and any other persons to which Delaware law permits the Corporation to provide indemnification), through Bylaw provisions, agreements with any such director, officer, employee or other agent or other person, vote of stockholders or disinterested directors, or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or nonstatutory), with respect to actions for breach of duty to a corporation, its stockholders and others.

B. Repeal or Modification. Any repeal or modification of the foregoing provisions of this Article V by the stockholders of the Corporation shall not adversely affect any right or protection of an agent of the Corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation, on this 9th day of November, 2000 and certifies under penalty of perjury that he has read the foregoing Amended and Restated Certificate of Incorporation and knows the contents thereof and that the statements therein are true.

Executed at San Francisco, California on November 9, 2000.

J. Howard Clowes, Secretary

Gray Cary\SF\3049809.1
2100702-900000

EXHIBIT 2

Certificate of Authority to Transact Business

State of Idaho

Office of the Secretary of State

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the corporation records of this State.

I FURTHER CERTIFY That the annexed is a full, true and complete duplicate of application for certificate of authority filed on July 7, 1999 for **NEW EDGE NETWORK, INC.**, a DELAWARE corporation, file number C 129592 , including all subsequent amendments thereto, as appears of record in this office as of this date.

Dated: September 1, 2011

Ben Ysursa

SECRETARY OF STATE

By

State of Idaho

Office of the Secretary of State

CERTIFICATE OF AUTHORITY

OF

ACCESS 21 CORPORATION

File Number **C 129592**

I PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that an Application for Certificate of Authority, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Authority to transact business in this State and attach hereto a duplicate of the Application for such Certificate.

Dated: July 7, 1999

GREAT SEAL OF THE STATE OF IDAHO

Pete T. Cenarrusa

SECRETARY OF STATE

By Natalie Lamb

APPLICATION FOR CERTIFICATE OF AUTHORITY (For Profit)

(Instructions on Back of Application)

JUL 7 1 10 PM '99

SECRETARY OF STATE
STATE OF IDAHO

To the Secretary of State of Idaho:
The undersigned Corporation applies for a Certificate of Authority and states as follows:

1. The name of the corporation is Access 21 Corporation
2. The name which it shall use in Idaho is Access 21 Corporation.
3. It is incorporated under the laws of Delaware.
4. Its date of incorporation is June 1, 1999.
5. The address of its principal office is 3000 Columbia House Blvd. Vancouver, WA 98661.
6. The address to which correspondence should be addressed, if different from item 5, is
7. The street address of its registered office in Idaho is c/o CT Corporation System 300 North 6th Street, Boise, Idaho 83702, and its registered agent in Idaho at that address is CT Corporation System.
8. The names and respective business addresses of its directors and officers are:

Name	Office	Address
See attached officers/directors rider		

Dated: 7-2-99

Access 21 Corporation
(Corporation name)

By [signature]

Its President & CEO
(specify capacity of signer)

Customer Acct IDAHO SECRETARY OF STATE
07/07/1999 09:00
CK: 1 ... 231998
1 @ 100.00 = 100.00 AUTH PRO # 3
1 @ 20.00 = 20.00 EXPEDITE C # 4

Revised 7/97

Access 21 Corporation

Corporate Officer

Daniel G. Moffat
President, Vice-President, Secretary, Treasurer
Access 21 Corporation
3000 Columbia House Blvd.
Vancouver, Washington 98661

Board of Directors

Roger Evans – General Partner
Greylock
755 Page Mill Road
Building A, Suite 100
Palo Alto, California 94304-1018

Jay Misra
31 River Court # 2603
Jersey City, New Jersey 07310

Daniel G. Moffat – President & CEO
Access 21 Corporation
3000 Columbia House Blvd.
Vancouver, Washington 98661

Rich Shapero – General Partner
Crosspoint Venture Partners
2925 Woodside Road
Woodside, California 94062

J. Peter Wagner – General Partner
Accel Partners
428 University Avenue
Palo Alto, California 94301

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "ACCESS 21 CORPORATION" IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRTIETH DAY OF JUNE, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

Edward J. Freel

Edward J. Freel, Secretary of State

3049857 8300

991267379

AUTHENTICATION: 9839718

DATE: 06-30-99

State of Idaho

Office of the Secretary of State

AMENDED CERTIFICATE OF AUTHORITY

OF

ACCESS 21 CORPORATION

File Number **C 129592**

I, PETE T. CENARRUSA, Secretary of the State of the State of Idaho , hereby certify that an Application for Amended Certificate of Authority to do business in this State, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Amended Certificate of Authority to reflect the name change from **ACCESS 21 CORPORATION** to **NEW EDGE NETWORK dba NEW EDGE NETWORK, INC.** and attach hereto a duplicate of the Application for such Amended Certificate.

Dated: August 13, 1999

Pete T. Cenarrusa

SECRETARY OF STATE

By Tonya Herold

214

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

(Instructions on back of application)

To the Secretary of State of the State of Idaho:

Pursuant to Section 30-1-1504, **Idaho Code**, the undersigned Corporation hereby applies for an amended certificate of authority to transact business in the State of Idaho and for that purpose submits the following statement. Complete only applicable items.

1. A Certificate of Authority was issued to the corporation by your office on June 25 1999, authorizing it to transact business in the State of Idaho under the name of Access 21 Corporation

2. Its corporate name has been changed to New Edge Network

3. The name which it shall use hereafter in the State of Idaho is New Edge Network, Inc.

4. It has changed its jurisdiction of incorporation, without a change of corporate identity to: No Change

Dated: 8/10/99

New Edge Network
(Corporation Name)

By Daniel G. Moffat
Daniel G. Moffat

Its President
(specify capacity of signer)

Customer Acct #:
(If using pre-paid account)

IDAHO SECRETARY OF STATE
Secretary of State use only
08/13/1999 09:00
CK: 118048232 CT: 69806 BH: 242064
1 @ 30.00 = 30.00 AMEND CERT # 2
1 @ 20.00 = 20.00 EXPEDITE C # 3

g:\corp\forms\AAC.pm5 Revised 7/97

(IDAHO -022 - 2/17/99) CT SYSTEM

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "ACCESS 21 CORPORATION", FILED A CERTIFICATE OF AMENDMENT, CHANGING ITS NAME TO "NEW EDGE NETWORK", THE THIRTEENTH DAY OF JULY, A.D. 1999, AT 9 O'CLOCK A.M.

Edward J. Freel, Secretary of State

3049857 8320

991333999

AUTHENTICATION: 9916519

DATE: 08-11-99

State of Idaho

Office of the Secretary of State

AMENDED CERTIFICATE OF AUTHORITY

OF

NEW EDGE NETWORK

dba NEW EDGE NETWORK, INC.

File Number **C 129592**

I, PETE T. CENARRUSA, Secretary of the State of the State of Idaho , hereby certify that an Application for Amended Certificate of Authority to do business in this State, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Amended Certificate of Authority to reflect the name change from **NEW EDGE NETWORK dba NEW EDGE NETWORK, INC.** to **NEW EDGE NETWORK, INC.** and attach hereto a duplicate of the Application for such Amended Certificate.

Dated: August 13, 1999

GREAT SEAL OF THE STATE OF IDAHO

Pete T Cenarrusa

SECRETARY OF STATE

By Tonya Herold

214

APPLICATION FOR AMENDED CERTIFICATE OF AUTHORITY

(Instructions on back of application)

Aug 13 11 36 AM

SECRETARY OF STATE
STATE OF IDAHO

To the Secretary of State of the State of Idaho:

Pursuant to Section 30-1-1504, **Idaho Code**, the undersigned Corporation hereby applies for an amended certificate of authority to transact business in the State of Idaho and for that purpose submits the following statement. Complete only applicable items.

1. A Certificate of Authority was issued to the corporation by your office on July 7 1999, authorizing it to transact business in the State of Idaho under the name of New Edge Network

2. Its corporate name has been changed to New Edge Network, Inc.

3. The name which it shall use hereafter in the State of Idaho is New Edge Network, Inc.

4. It has changed its jurisdiction of incorporation, without a change of corporate identity to: No Change

Dated: ____________

New Edge Network, Inc.
(Corporation Name)

By [signature]
Daniel G. Moffat

Its President
(specify capacity of signer)

Customer Acct #:
(if using pre-paid account)
Secretary of State use only

IDAHO SECRETARY OF STATE
08/13/1999 09:00
CK: [illegible] CT: [illegible] BH: 242063
1 @ 30.00 = 30.00 AMEND CERT # 2
1 @ 20.00 = 20.00 EXPEDITE C # 3

g:\corp\forms\AAC.pm6 Revised 7/97

(IDAHO -022 - 2/17/99) CT SYSTEM

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "NEW EDGE NETWORK", FILED A CERTIFICATE OF AMENDMENT, CHANGING ITS NAME TO "NEW EDGE NETWORK, INC.", THE FIFTH DAY OF AUGUST, A.D. 1999, AT 9 O'CLOCK A.M.

Edward J. Freel, Secretary of State

3049857 8320

991333999

AUTHENTICATION: 9916523

DATE: 08-11-99

EXHIBIT 3

Certificate of Assumed Name

227

CERTIFICATE OF ASSUMED BUSINESS NAME

Pursuant to Section 53-504, Idaho Code, the undersigned submits for filing a certificate of Assumed Business Name.

Please type or print legibly.
Instructions are included on back of application.

FILED EFFECTIVE

11 MAY 20 PM 1:42

SECRETARY OF STATE
STATE OF IDAHO

1. The assumed business name which the undersigned use(s) in the transaction of business is:

   EarthLink Business

2. The true name(s) and business address(es) of the entity or individual(s) doing business under the assumed business name:

Name	Complete Address
New Edge Network, Inc. (C129592)	3000 Columbia House Blvd. Suite 106, Vancouver WA 98661-2989

3. The general type of business transacted under the assumed business name is:

- [ ] Retail Trade
- [ ] Wholesale Trade
- [x] Services
- [ ] Manufacturing
- [ ] Finance, Insurance, and Real Estate
- [ ] Transportation and Public Utilities
- [ ] Construction
- [ ] Agriculture
- [ ] Mining

4. The name and address to which future correspondence should be addressed:

   Pamela Deane
   5 Wall Street, Burlington, MA 01803

5. Name and address for this acknowledgment copy is (if other than # 4 above):

   Bay State Corporate Services, Inc.
   6 Beacon Street, Ste 510
   Boston, MA 02108

Submit Certificate of Assumed Business Name and **$25.00** fee to:

Secretary of State
450 North 4th Street
PO Box 83720
Boise ID 83720-0080
208 334-2301

Signature: Mark Butterfield
Printed Name: Mark Butterfield
Capacity/Title: Assistant Secretary
Signature:
Printed Name:
Capacity/Title:

Secretary of State use only

abn pmd Rev 07/2010

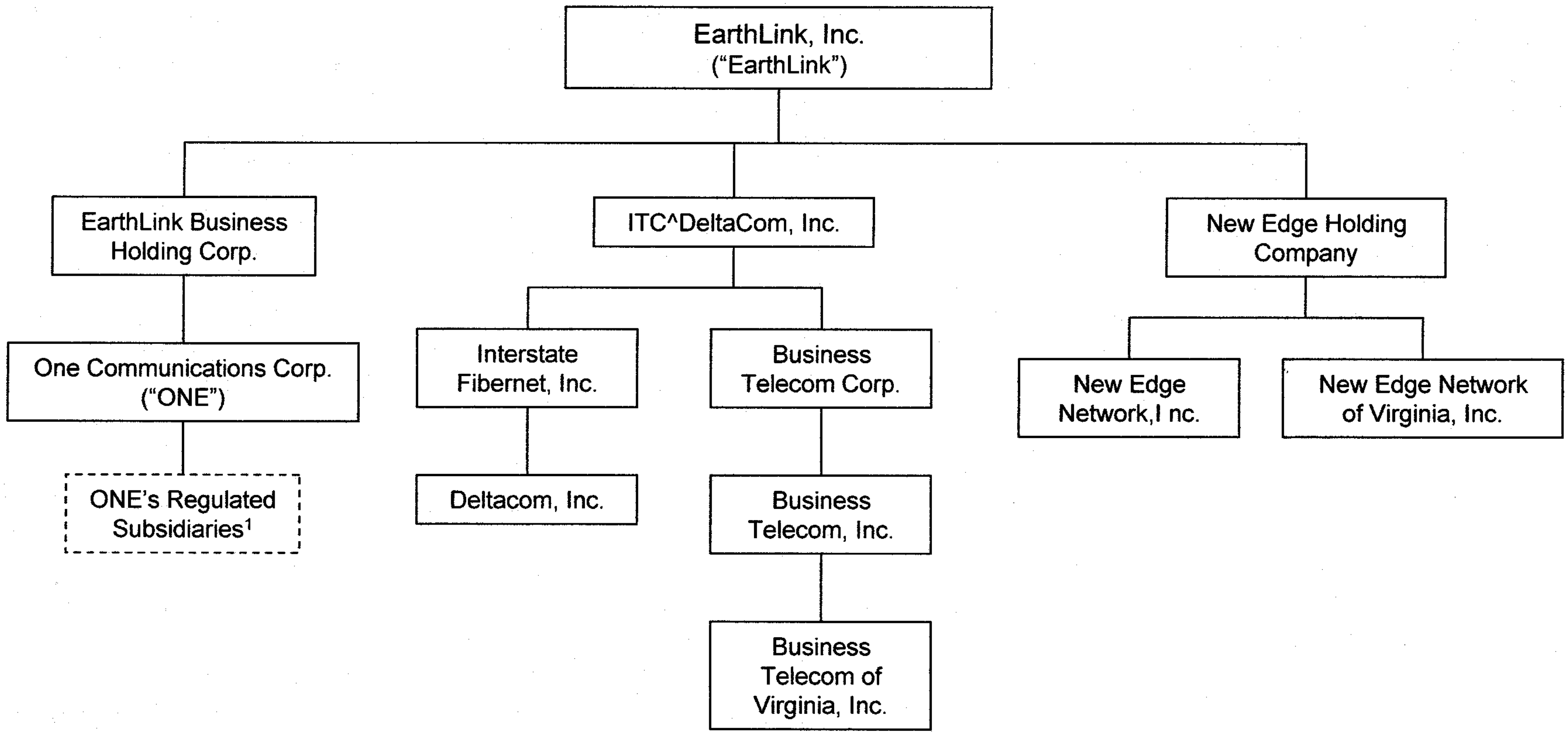
IDAHO SECRETARY OF STATE
05/20/2011 05:00
CK: 6138 CT: 221028 BH: 1274671
1 @ 25.00 = 25.00 ASSUN NAME # 5

D147772

EXHIBIT 4

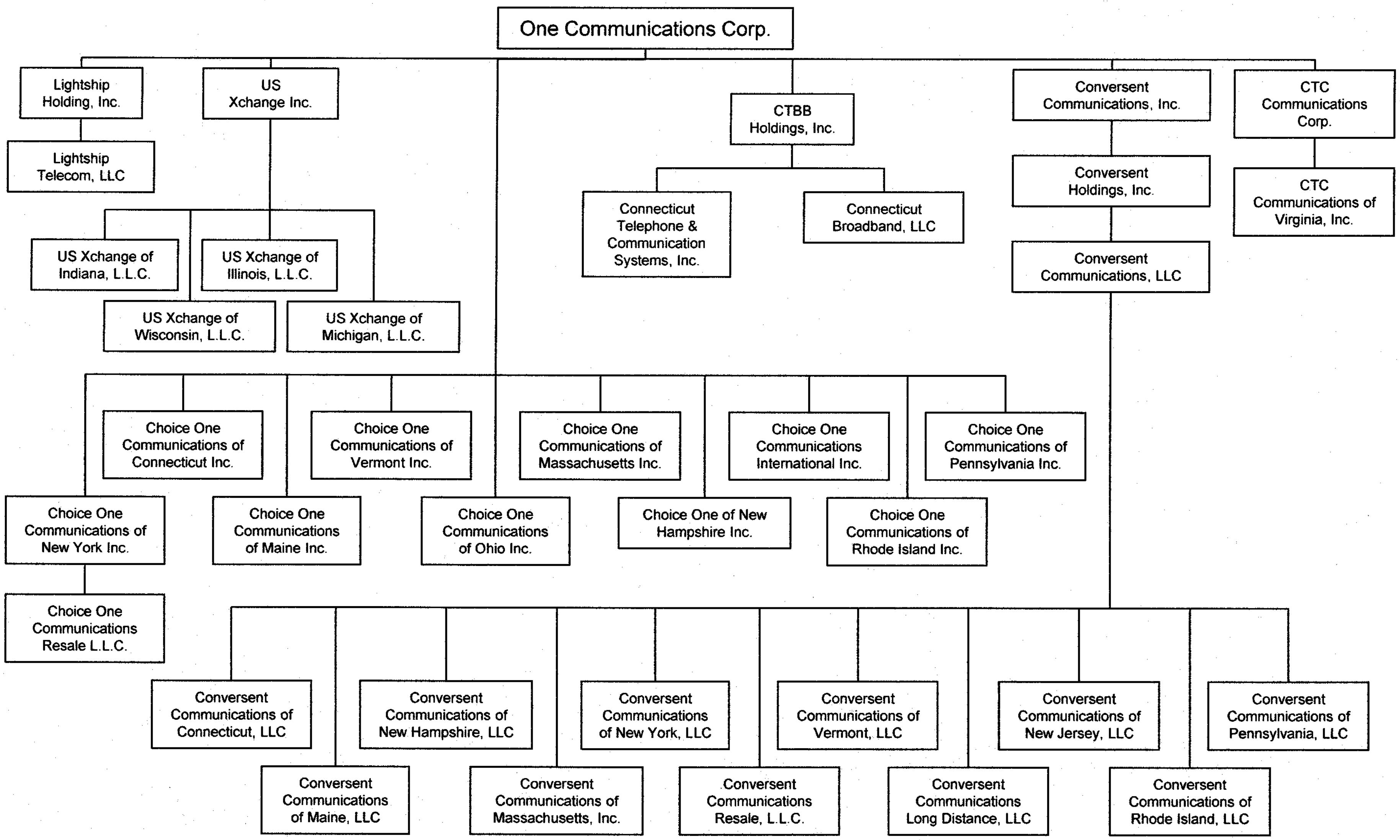
Corporate Structure Chart

New Edge Corporate Structure



[1] See the chart labeled "Corporate Structure of ONE's Regulated Subsidiaries".

Corporate Structure of ONE's Regulated Subsidiaries



<u>EXHIBIT 5</u>

Financial Statements of EarthLink, Inc.

EARTHLINK INC

FORM 10-Q
(Quarterly Report)

Filed 08/08/11 for the Period Ending 06/30/11

Address	1375 PEACHTREE STREET SUITE 400 ATLANTA, GA 30309
Telephone	4048150770
CIK	0001102541
Symbol	ELNK
SIC Code	7370 - Computer Programming, Data Processing, And
Industry	Computer Services
Sector	Technology
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission File Number: 001-15605

EARTHLINK, INC.

(Exact name of registrant as specified in its charter)

Delaware	**58-2511877**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1375 Peachtree St., Atlanta, Georgia 30309
(Address of principal executive offices) (Zip Code)

(404) 815-0770
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report date)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 29, 2011, 107,777,405 shares of common stock, $0.01 par value per share, were outstanding.

EARTHLINK, INC.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended June 30, 2011

TABLE OF CONTENTS

PART I

Item 1. Financial Statements.

EARTHLINK, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

ASSETS

	December 31, 2010	June 30, 2011 (unaudited)
Current assets:		
Cash and cash equivalents	$ 242,952	$ 490,484
Marketable securities	307,814	—
Restricted cash	2,270	1,068
Accounts receivable, net of allowance of $1,182 and $4,109 as of December 31, 2010 and June 30, 2011, respectively	60,216	105,226
Prepaid expenses	12,161	16,323
Deferred income taxes, net	45,661	63,432
Other current assets	14,802	19,632
Total current assets	685,876	696,165
Long-term marketable securities	12,304	—
Property and equipment, net	241,111	384,880
Deferred income taxes, net	189,037	100,644
Purchased intangible assets, net	135,364	313,416
Goodwill	259,046	422,426
Other long-term assets	1,240	26,785
Total assets	$ 1,523,978	$ 1,944,316

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2010	June 30, 2011 (unaudited)
Current liabilities:		
Accounts payable	$ 17,272	$ 20,800
Accrued payroll and related expenses	18,402	25,139
Accrued interest	8,622	15,312
Other accrued liabilities	67,007	118,040
Deferred revenue	40,921	55,831
Current portion of long-term debt and capital lease obligations	243,069	251,986
Total current liabilities	395,293	487,108
Long-term debt and capital lease obligations	351,251	656,009
Other long-term liabilities	19,566	40,313
Total liabilities	766,110	1,183,430
Stockholders' equity:		
Convertible preferred stock, $0.01 par value, 100,000 shares authorized, 0 shares issued and outstanding as of December 31, 2010 and June 30, 2011	—	—
Common stock, $0.01 par value, 300,000 shares authorized, 191,825 and 195,792 shares issued as of December 31, 2010 and June 30, 2011, respectively, and 108,382 and 107,731 shares outstanding as of December 31, 2010 and June 30, 2011, respectively	1,918	1,958
Additional paid-in capital	2,061,555	2,077,916
Accumulated deficit	(648,235)	(625,324)
Treasury stock, at cost, 83,443 and 88,061 shares as of December 31, 2010 and June 30, 2011, respectively	(657,611)	(693,664)
Accumulated other comprehensive income	241	—
Total stockholders' equity	757,868	760,886
Total liabilities and stockholders' equity	$ 1,523,978	$ 1,944,316

The accompanying notes are an integral part of these financial statements.

EARTHLINK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011
	(in thousands, except per share data) (unaudited)			
Revenues	$ 153,007	$ 363,559	$ 310,265	$ 606,577
Operating costs and expenses:				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	56,129	164,357	115,009	268,080
Selling, general and administrative (exclusive of depreciation and amortization shown separately below)	41,839	113,795	85,621	186,959
Depreciation and amortization	4,577	45,093	9,325	66,769
Restructuring and acquisition-related costs	(89)	11,046	1,346	15,551
Total operating costs and expenses	102,456	334,291	211,301	537,359
Income from operations	50,551	29,268	98,964	69,218
Gain on investments, net	154	—	572	—
Interest expense and other, net	(5,483)	(19,076)	(10,775)	(32,036)
Income before income taxes	45,222	10,192	88,761	37,182
Income tax provision	(17,182)	(3,644)	(33,974)	(14,271)
Net income	$ 28,040	$ 6,548	$ 54,787	$ 22,911
Net income per share				
Basic	$ 0.26	$ 0.06	$ 0.51	$ 0.21
Diluted	$ 0.26	$ 0.06	$ 0.50	$ 0.21
Weighted average common shares outstanding				
Basic	108,053	109,593	107,840	108,990
Diluted	108,888	110,490	108,685	110,051
Dividends declared per share	$ 0.16	$ 0.05	$ 0.30	$ 0.10

The accompanying notes are an integral part of these financial statements.

EARTHLINK, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011
	(in thousands) (unaudited)	
Cash flows from operating activities:		
Net income	$ 54,787	$ 22,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,325	66,769
Loss on disposals and impairments of fixed assets	362	831
Stock-based compensation	4,374	7,085
Non-cash income taxes	31,375	10,833
Amortization of debt discount, premium and issuance costs	7,160	6,157
Gain on investments, net	(572)	—
Gain on debt surrendered for conversion	(172)	—
Other	—	(490)
(Increase) decrease in accounts receivable, net	(5,577)	10,651
(Increase) decrease in prepaid expenses and other assets	(1,401)	(219)
Decrease in accounts payable and accrued and other liabilities	(20,934)	(81,883)
(Decrease) increase in deferred revenue	(1,295)	2,828
Net cash provided by operating activities	77,432	45,473
Cash flows from investing activities:		
Purchase of business, net of cash acquired	—	(36,533)
Purchases of property and equipment	(5,783)	(40,439)
Purchases of marketable securities	(214,179)	—
Sales and maturities of marketable securities	62,915	319,729
Change in restricted cash	—	1,202
Other investing activities	1,618	(3,346)
Net cash (used in) provided by investing activities	(155,429)	240,613
Cash flows from financing activities:		
Proceeds from issuance of debt, net of issue costs	—	279,212
Proceeds from exercises of stock options	1,901	439
Repurchases of common stock	(851)	(36,053)
Payment of dividends	(32,714)	(11,782)
Repayment for debt and capital lease obligations	(2,785)	(270,392)
Other financing activities	—	22
Net cash used in financing activities	(34,449)	(38,554)
Net (decrease) increase in cash and cash equivalents	(112,446)	247,532
Cash and cash equivalents, beginning of period	610,995	242,952
Cash and cash equivalents, end of period	$ 498,549	$ 490,484

The accompanying notes are an integral part of these financial statements.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

1. Organization

EarthLink, Inc. ("EarthLink" or the "Company"), together with its consolidated subsidiaries, provides a comprehensive suite of communications services to business and individual customers. The Company operates two reportable segments, Business Services and Consumer Services. The Company's Business Services segment provides integrated communications and related value-added services to businesses, enterprise organizations and communications carriers. These services include data services, including managed IP-based network services and broadband Internet access services; voice services, including local exchange, long-distance and conference calling; mobile data and voice services; and web hosting. The Company's Business Services segment also sells transmission capacity to other communications providers on a wholesale basis. The Company's Consumer Services segment provides nationwide Internet access and related value-added services to individual customers. These services include dial-up and high-speed Internet access services, ancillary services sold as add-on features to our Internet access services, search and advertising. The Company provides its Business Services primarily through a nationwide network utilizing a 27-state fiber optic network, Multi-Protocol Label Switching ("MPLS") and other technologies. The Company provides its Consumer Services primarily through third-party telecommunications service providers. For further information concerning the Company's business segments, see Note 14, "Segment Information."

2. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements of EarthLink, which include the accounts of its wholly-owned subsidiaries, for the three and six months ended June 30, 2010 and 2011 and the related footnote information are unaudited and have been prepared on a basis consistent with the Company's audited consolidated financial statements as of December 31, 2010 contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "Annual Report"). All significant intercompany transactions have been eliminated.

These financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto contained in the Company's Annual Report. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of normal recurring adjustments), which management considers necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods presented. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the results anticipated for the entire year ending December 31, 2011.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. The Company combined sales and marketing, operations and customer support and general and administrative expenses into selling, general and administrative expenses. In addition, the Company reclassified depreciation expense from cost of revenues and selling, general and administrative expenses to depreciation and amortization. Approximately $1.9 million of depreciation expense was reclassified from cost of revenues and $1.4 million of depreciation expense was reclassified from selling, general and administrative expenses to depreciation and amortization during the three months ended June 30, 2010, and approximately $3.8 million of depreciation expense was reclassified from cost of revenues and $3.0 million of depreciation expense was reclassified from selling, general and administrative expenses to depreciation and amortization during the six months ended June 30, 2010.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

3. Earnings per Share

The Company presents a dual presentation of basic and diluted earnings per share. Basic earnings per share represents net income divided by the weighted average number of common shares outstanding during the reported period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, including stock options, restricted stock units and convertible debt (collectively "Common Stock Equivalents"), were exercised or converted into common stock. The dilutive effect of outstanding stock options, restricted stock units and convertible debt is reflected in diluted earnings per share by application of the treasury stock method. In applying the treasury stock method for stock-based compensation arrangements, the assumed proceeds are computed as the sum of the amount the employee must pay upon exercise, the amount of compensation cost attributed to future services and not yet recognized and the amount of excess tax benefits, if any, that would be credited to additional paid-in capital assuming exercise of the awards.

The following table sets forth the computation for basic and diluted net income per share for the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands, except per share data)			
Numerator				
Net income	$ 28,040	$ 6,548	$ 54,787	$ 22,911
Denominator				
Basic weighted average common shares outstanding	108,053	109,593	107,840	108,990
Dilutive effect of Common Stock Equivalents	835	897	845	1,061
Diluted weighted average common shares outstanding	108,888	110,490	108,685	110,051
Basic net income per share	$ 0.26	$ 0.06	$ 0.51	$ 0.21
Diluted net income per share	$ 0.26	$ 0.06	$ 0.50	$ 0.21

During the three months ended June 30, 2010 and 2011, approximately 2.7 million and 1.6 million, respectively, of stock options and restricted stock units were excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive. During the six months ended June 30, 2010 and 2011, approximately 3.0 million and 1.9 million, respectively, of stock options and restricted stock units were excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive. The shares that underlie the Company's convertible senior notes were also excluded from the calculation of diluted earnings per share during the three and six months ended June 30, 2010 and during the three months ended June 30, 2011 because their effect would have been anti-dilutive. Anti-dilutive securities could be dilutive in future periods.

4. Acquisitions

ITC^DeltaCom

On December 8, 2010, EarthLink acquired ITC^DeltaCom, Inc. ("ITC^DeltaCom"), a provider of integrated communications services to customers in the southeastern U.S., at a price of $3.00 per share. EarthLink acquired 100% of ITC^DeltaCom in a merger transaction with ITC^DeltaCom surviving as a wholly-owned subsidiary of EarthLink. The primary reason for the acquisition was to enable the Company to become

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

an IP infrastructure and managed services provider by combining its existing business services with ITC^DeltaCom's integrated communications business. EarthLink has included the financial results of ITC^DeltaCom in its consolidated financial statements from the date of the acquisition.

The fair value of consideration transferred was $253.8 million, which consisted of $251.4 million in cash paid to acquire the outstanding common stock of ITC^DeltaCom and $2.3 million for the fair value of restricted stock units assumed and converted. In allocating the consideration transferred based on estimated fair values, EarthLink recorded $170.0 million of goodwill, $131.2 million of identifiable intangible assets, $200.5 million of property and equipment, $351.2 million of long-term debt and $103.3 million of other net assets. The Company allocated the consideration transferred to the tangible assets, liabilities and intangible assets acquired based on their estimated fair values. The excess of the consideration transferred over those fair values was recorded as goodwill.

During the six months ended June 30, 2011, the Company finalized certain provisional amounts recognized at the acquisition date related to deferred taxes. The Company retrospectively adjusted the provisional amounts recorded at the acquisition date to reflect the new information obtained. As a result, the carrying amount of deferred tax assets was increased by $18.8 million as of December 31, 2010, with a corresponding decrease to goodwill. The Condensed Consolidated Balance Sheet as of December 31, 2010 and the allocation of consideration transferred noted above have been reflected for this adjustment. The primary areas of the purchase price allocation that are not yet finalized relate to income and non-income based taxes and residual goodwill.

One Communications

On April 1, 2011, EarthLink completed its acquisition of One Communications Corp. ("One Communications"), a privately-held, multi-regional integrated telecommunications solutions provider serving customers in the Northeast, Mid-Atlantic and Upper Midwest. EarthLink acquired 100% of One Communications in a merger transaction with One Communications surviving as a wholly-owned subsidiary of EarthLink. One Communications stockholders had the right to elect to receive the net merger consideration in the form of cash or EarthLink common stock. The primary reason for the acquisition was to further transform the Company into an IP infrastructure and managed services provider by expanding its IP network footprint. EarthLink also believes the acquisition will provide strategic benefits because One Communications has a large established customer base that generates cash. EarthLink has included the financial results of One Communications in its consolidated financial statements from the date of the acquisition. EarthLink's Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2011 included $121.5 million of One Communications' revenue and $6.5 million of One Communications' net loss.

Pursuant to the terms of the merger agreement, the aggregate merger consideration for One Communications was $370.0 million, which included repayment of debt and other liabilities and certain working capital and other adjustments. Included in the aggregate merger consideration was $13.5 million (combination of cash and approximately 0.8 million shares of common stock) deposited into an escrow account to secure potential post-closing adjustments to the aggregate consideration relating to working capital and other similar adjustments and indemnification obligations. In addition, EarthLink deposited $7.5 million (combination of cash and approximately 0.5 million shares of common stock) into an escrow account to fund certain post-closing employment-related obligations of the Company on the terms provided in the escrow agreement. This was accounted for separately from the purchase price allocation. EarthLink issued a total of 3.0 million shares in connection with the One Communications acquisition, which consisted of the 1.3 million shares deposited in escrow and 1.7 million shares issued to One Communications shareholders. In June 2011, $1.9 million (including 0.1 million shares) that was used to fund certain post-closing employment-related obligations was returned from escrow.

The resulting preliminary fair value of consideration transferred was $39.9 million, which consisted of $20.0 million in cash paid to acquire the outstanding common stock of One Communications and $19.9 million for the issuance of EarthLink common stock. The assets acquired and liabilities assumed of One Communications were recognized at their acquisition date fair values. The purchase price allocation is subject

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

to change as the Company obtains additional information during the measurement period about the facts and circumstances that existed as of the acquisition date. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to working capital adjustments, indefeasible rights-to-use agreements, income and non-income based taxes and residual goodwill.

The following is a preliminary allocation of the consideration transferred based on currently available information (dollars in thousands):

Acquired Assets:		
Cash and cash equivalents	$	11,304
Property and equipment		146,495
Goodwill		138,129
Intangible assets		182,800
Other assets		79,528
Total assets		558,256
Assumed Liabilities:		
Debt		(266,275)
Deferred revenue		(11,379)
Deferred tax liability, net		(52,840)
Other liabilities		(187,835)
Total liabilities		(518,329)
Total consideration	$	39,927

Goodwill arising from the acquisition is attributable to the assembled workforce and expected synergies and economies of scale from combining the operations of EarthLink and One Communications. All of the goodwill will be assigned to the Company's Business Services segment. The goodwill is not expected to be deductible for income tax purposes.

Included in other assets is accounts receivable with a preliminary estimate of fair value of $54.9 million and a gross contractual value of $64.2 million. The difference represents the Company's best estimate of the contractual cash flows that will not be collected.

The following table summarizes the preliminary components of intangible assets acquired in connection with the One Communications acquisition (in thousands):

		Fair Value	Useful Life
Customer relationships	$	166,900	5 Years
Developed technology		12,000	3 Years
Trade name		3,900	3 Years
Total intangible assets	$	182,800	

Saturn Telecommunication Services Inc.

On March 2, 2011, EarthLink acquired Saturn Telecommunication Services Inc. and affiliates ("STS Telecom"), a privately-held provider of IP communication and information technology services to small and medium-sized businesses primarily in Florida. STS Telecom operates a sophisticated VoIP platform.

The total consideration transferred was $22.9 million, which consisted of cash paid to acquire the outstanding equity interests of STS Telecom. In allocating the purchase price based on estimated fair values, EarthLink recorded approximately $21.5 million of goodwill, $17.9 million of identifiable intangible assets, $2.8 million of tangible assets and $19.3 million of net liabilities assumed. The allocation of the consideration

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

transferred was based upon a preliminary valuation and the Company's estimates and assumptions are subject to change. The primary areas of the purchase price allocation that are not yet finalized relate to income and non-income based taxes and residual goodwill. EarthLink has included the financial results of STS Telecom in its consolidated financial statements from the date of acquisition. Pro forma financial information for STS Telecom has not been presented, as the effects were not material to the Company's consolidated financial statements.

Other

On May 16, 2011, EarthLink acquired Logical Solutions.net, Inc. ("Logical Solutions"), a privately-held company that provides a suite of cloud computing and hosted network and security services. The purchase price for the acquisition was $5.1 million in cash and EarthLink recorded approximately $3.9 million of goodwill. EarthLink also repaid $0.5 million of acquired debt. The transaction was accounted for as an acquisition using the acquisition method of accounting. The allocation of the consideration transferred was based upon a preliminary valuation and the Company's estimates and assumptions are subject to change. Pro forma financial information for Logical Solutions has not been presented, as the effects were not material to the Company's consolidated financial statements.

In July 2011, EarthLink acquired Business Vitals, LLC, a privately-held company that provides national managed IT security and professional services.

Pro Forma Financial Information

The following unaudited pro forma revenue and earnings assumes the acquisitions of ITC^DeltaCom and One Communications occurred on January 1, 2010:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Total revenues	$ 409,803	$ 363,559	$ 828,583	$ 739,353
Net income	22,697	13,620	41,756	30,336

5. Restructuring and Acquisition-Related Costs

Restructuring and acquisition-related costs consisted of the following during the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Facility exit and restructuring costs	$ (89)	$ (547)	$ 1,346	$ 463
Acquisition-related costs	—	11,593	—	15,088
Restructuring and acquisition-related costs	$ (89)	$ 11,046	$ 1,346	$ 15,551

Facility Exit and Restructuring Costs

In August 2007, EarthLink adopted a restructuring plan (the "2007 Plan") to reduce costs and improve the efficiency of the Company's operations. The 2007 Plan was the result of a comprehensive review of operations within and across the Company's functions and businesses. Under the 2007 Plan, the Company reduced its workforce by approximately 900 employees, closed office facilities in Orlando, Florida; Knoxville,

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Tennessee; Harrisburg, Pennsylvania and San Francisco, California and consolidated its office facilities in Atlanta, Georgia and Pasadena, California. The 2007 Plan was primarily implemented during the latter half of 2007 and during the year ended December 31, 2008. However, there have been and may continue to be changes in estimates to amounts previously recorded.

The following table summarizes facility exit and restructuring costs during the six months ended June 30, 2010 and 2011 and the cumulative costs incurred to date as a result of the 2007 Plan. Facility exit and restructuring costs during the six months ended June 30, 2010 and 2011 were primarily the result of changes to sublease estimates in the Company's exited facilities and additional costs for lease terminations. Such costs have been classified as restructuring and acquisition-related costs in the Condensed Consolidated Statements of Operations.

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011	Cumulative Costs Incurred To Date
	(in thousands)		
Severance and personnel-related costs	$ —	$ —	$ 30,764
Lease termination and facilities-related costs	1,237	463	24,196
Non-cash asset impairments	109	—	24,901
Other associated costs	—	—	1,131
	$ 1,346	$ 463	$ 80,992

The following table summarizes activity for the liability balances associated with the 2007 Plan for the six months ended June 30, 2011, including changes during the period attributable to costs incurred and charged to expense and costs paid or otherwise settled:

	Facilities
	(in thousands)
Balance as of December 31, 2010	$ 13,613
Accruals	463
Payments	(4,324)
Balance as of June 30, 2011	$ 9,752

Facility exit and restructuring liabilities due within one year of the balance sheet date are classified as other accrued liabilities and facility exit and restructuring liabilities due after one year are classified as other long-term liabilities in the Condensed Consolidated Balance Sheets. Of the unpaid balance as of December 31, 2010 and June 30, 2011, approximately $4.7 million and $5.0 million, respectively, was classified as other accrued liabilities and approximately $8.9 million and $4.8 million, respectively, was classified as other long-term liabilities.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Acquisition-Related Costs

Acquisition-related costs consist of external costs directly related to EarthLink's acquisitions, such as advisory, legal, accounting, valuation and other professional fees; employee severance and retention costs; and integration-related costs, such as system conversion, employee travel and relocation and rebranding costs. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received and are included in restructuring and acquisition-related costs in the Condensed Consolidated Statement of Operations. Acquisition-related costs consisted of the following during the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Transaction related costs	$ —	$ 2,802	$ —	$ 4,542
Severance and retention costs	—	8,133	—	9,825
Integration related costs	—	658	—	721
Total acquisition-related costs	$ —	$ 11,593	$ —	$ 15,088

6. Investments

Marketable Securities

The Company's marketable securities consisted of the following as of December 31, 2010 and June 30, 2011:

	As of December 31, 2010	As of June 30, 2011
	(in thousands)	
Government and agency securities	$ 284,441	$ —
Commercial paper	14,666	—
Corporate debt securities	21,011	—
Total marketable securities	320,118	—
Less: classified as current	(307,814)	—
Total long-term marketable securities	$ 12,304	$ —

During the six months ended June 30, 2011, the Company sold its investments in marketable securities and recognized a realized gain of $0.4 million, which was included in interest expense and other, net, in the Condensed Consolidated Statement of Operations. As a result, the Company had no short- or long-term marketable securities as of June 30, 2011. Marketable securities consist of investments with original maturities greater than three months at the date of acquisition. Marketable securities with maturities less than one year from the balance sheet date are classified as short-term marketable securities. Marketable securities with maturities greater than one year from the balance sheet date are classified as long-term marketable securities. These investments primarily consisted of government and agency notes, which include U.S. treasury securities and government-sponsored debt securities, commercial paper and corporate debt securities. These securities were classified as available for sale. Available-for-sale securities are carried at fair value, with any unrealized gains and losses, net of tax, included in accumulated other comprehensive income as a separate component of stockholders' equity and in total comprehensive income. Amounts reclassified out of accumulated other comprehensive income into earnings are determined on a specific identification basis. Realized gains and losses

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

on marketable securities are determined on a specific identification basis and included in interest expense and other, net, in the Condensed Consolidated Statement of Operations.

The following tables summarize gross unrealized gains and losses as of December 31, 2010 on the Company's marketable securities designated as available-for-sale:

	As of December 31, 2010			
	Amortized Cost	Gross Unrealized Losses	Gross Unrealized Gains	Estimated Fair Value
		(in thousands)		
Government and agency notes	$ 284,087	$ (1)	$ 355	$ 284,441
Commercial paper	14,658	—	8	14,666
Corporate debt securities	20,980	(7)	38	21,011
	$ 319,725	$ (8)	$ 401	$ 320,118

Gain on investments, net

During the six months ended June 30, 2010, the Company sold certain of its investments in other companies that were classified as available for sale for proceeds of $1.6 million and recognized a realized gain on investments of $0.6 million.

7. Purchased Intangible Assets and Goodwill

Goodwill

The changes in the carrying amount of goodwill by operating segment during the six months ended June 30, 2011 were as follows:

	Consumer Services Segment	Business Services Segment	Total
		(in thousands)	
Balance as of December 31, 2010			
Goodwill	$ 88,920	$ 258,004	$ 346,924
Accumulated impairment loss	—	(87,878)	(87,878)
	88,920	170,126	259,046
Goodwill acquired during year		163,537	163,537
Goodwill adjustments	—	(157)	(157)
Balance as of June 30, 2011			
Goodwill	88,920	421,384	510,304
Accumulated impairment loss	—	(87,878)	(87,878)
	$ 88,920	$ 333,506	$ 422,426

Goodwill acquired during the period resulted from EarthLink's acquisitions of One Communications,STS Telecom and Logical Solutions, which are more fully described in Note 4, "Acquisitions."

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Purchased Intangible Assets

The following table presents the components of the Company's acquired identifiable intangible assets included in the accompanying Condensed Consolidated Balance Sheets as of December 31, 2010 and June 30, 2011:

	As of December 31, 2010			As of June 30, 2011		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
			(in thousands)			
Subscriber bases and customer relationships	$ 192,414	$ (71,067)	$ 121,347	$ 376,449	$ (91,848)	$ 284,601
Developed technology and software	10,611	(821)	9,790	24,311	(2,918)	21,393
Trade names	5,221	(994)	4,227	9,121	(2,089)	7,032
Other	—	—	—	450	(60)	390
	$ 208,246	$ (72,882)	$ 135,364	$ 410,331	$ (96,915)	$ 313,416

The Company's identifiable intangible assets primarily consist of subscriber bases and customer relationships, developed technology and software, trade names and other assets acquired in conjunction with the purchases of businesses and subscriber bases from other companies that are not deemed to have indefinite lives. The gross carrying value of identifiable intangible assets as of June 30, 2011 includes $166.9 million of customer relationships, $12.0 million of developed technology and $3.9 million of trade name assets resulting from the One Communications acquisition and includes $15.7 million of customer relationships, $1.7 million of developed technology and $0.5 million of other intangible assets resulting from the STS Telecom acquisition. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives. The Company's customer relationships are being amortized using the straight-line method to match the estimated cash flow generated by such assets, and the developed technology and trade names are being amortized using the straight-line method because a pattern to which the expected benefits will be consumed or otherwise used up could not be reliably determined. As of June 30, 2011, the weighted average amortization periods were 5.2 years for subscriber base assets and customer relationships, 4.2 years for developed technology and software, 3.3 years for trade names and 2.5 years for other identifiable intangible assets.

Amortization of definite-lived intangible assets was $1.2 million and $17.3 million for the three months ended June 30, 2010 and 2011, respectively, and $2.5 million and $24.1 million for the six months ended June 30, 2010 and 2011, respectively, and is included in depreciation and amortization in the Condensed Consolidated Statements of Operations. Based on the current amount of definite-lived intangible assets, the Company expects to record amortization expense of approximately $34.0 million during the remaining six months in the year ending December 31, 2011 and $67.0 million, $66.2 million, $60.3 million, $58.0 million, $27.5 million and $0.4 million during the years ending December 31, 2012, 2013, 2014, 2015, and 2016 and thereafter, respectively. Actual amortization expense to be reported in future periods could differ materially from these estimates as a result of acquisitions, changes in useful lives and other relevant factors.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

8. Debt

The Company's debt consisted of the following as of December 31, 2010 and June 30, 2011:

	As of December 31, 2010	As of June 30, 2011
	(in thousands)	
ITC^DeltaCom senior secured notes due April 2016	$ 325,000	$ 324,800
Unamortized premium on ITC^DeltaCom senior secured notes due April 2016	26,251	24,189
EarthLink senior notes due May 2019	—	300,000
Unamortized discount on EarthLink senior notes due May 2019	—	(10,226)
EarthLink convertible senior notes due November 2026	255,791	255,791
Unamortized discount on EarthLink convertible senior notes due November 2026	(12,722)	(5,490)
Capital lease obligations	—	18,931
Carrying value of debt and capital lease obligations	594,320	907,995
Less current portion of debt and capital lease obligations	(243,069)	(251,986)
Long-term debt and capital lease obligations	$ 351,251	$ 656,009

ITC^DeltaCom Senior Secured Notes due April 2016

In connection with the acquisition of ITC^DeltaCom, EarthLink assumed ITC^DeltaCom's outstanding $325.0 million aggregate principal amount of 10.5% senior secured notes due on April 1, 2016 (the "ITC^DeltaCom Notes"). The ITC^DeltaCom Notes were not repaid or guaranteed by EarthLink. The ITC^DeltaCom Notes were recorded at acquisition date fair value, which was based on publicly-quoted market prices. The resulting debt premium of $26.3 million is being amortized over the remaining life of the ITC^DeltaCom Notes. Under the indenture for the ITC^DeltaCom Notes, following the consummation of the acquisition, ITC^DeltaCom was required to offer to repurchase any or all of the ITC^DeltaCom Notes at 101% of their principal amount. The tender window was open from December 20, 2010 through January 18, 2011. As a result, approximately $0.2 million outstanding principal amount of the ITC^DeltaCom Notes was repurchased in January 2011. The remaining ITC^DeltaCom Notes remain outstanding as obligations of ITC^DeltaCom and its subsidiaries.

The ITC^DeltaCom Notes accrue interest at a rate of 10.5% per year. Interest on the ITC^DeltaCom Notes is payable semi-annually in cash in arrears on April 1 and October 1 of each year. The ITC^DeltaCom Notes will mature on April 1, 2016.

ITC^DeltaCom may redeem some or all of the ITC^DeltaCom Notes, at any time before April 1, 2013, at a redemption price equal to 100% of their principal amount plus a "make-whole" premium. ITC^DeltaCom may redeem some or all of the ITC^DeltaCom Notes at any time on or after April 1, 2013, at specified redemption prices declining from 105.250% to 100% of their principal amount. In addition, before April 1, 2013, ITC^DeltaCom may redeem up to 35% of the aggregate principal amount of the ITC^DeltaCom Notes at a redemption price equal to 110.5% of their principal amount with the net proceeds of certain equity offerings. During any 12-month period before April 1, 2013, ITC^DeltaCom may redeem up to 10% of the aggregate principal amount of the ITC^DeltaCom Notes at a redemption price equal to 103% of their principal amount. If (1) ITC^DeltaCom sells certain of its assets and does not either (a) apply the net sale proceeds to repay indebtedness under the ITC^DeltaCom Notes, or other indebtedness secured on a first-priority basis or (b) reinvest the net sale proceeds in its business, or (2) ITC^DeltaCom experiences a change of control, ITC^DeltaCom may be required to offer to purchase ITC^DeltaCom Notes from holders at 100% of their principal amount, in the case of a sale of assets, or 101% of their principal amount, in the case of a change of control. ITC^DeltaCom would be required to pay accrued and unpaid interest, if any, on the ITC^DeltaCom Notes redeemed or purchased in each of the foregoing events of redemption or purchase.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

The ITC^DeltaCom Notes are ITC^DeltaCom's general senior obligations and rank equally in right of payment with any future senior indebtedness. The ITC^DeltaCom Notes are secured on a first-priority basis, along with any future pari passu secured obligations, subject to specified exceptions and permitted liens, by substantially all of the assets of ITC^DeltaCom and its subsidiaries that are deemed to be restricted subsidiaries under the indenture governing the ITC^DeltaCom Notes. Currently all of ITC^DeltaCom's subsidiaries are deemed to be restricted subsidiaries under the indenture. The ITC^DeltaCom Notes are guaranteed on a senior secured basis by each of ITC^DeltaCom's restricted subsidiaries on the initial issue date of the ITC^DeltaCom Notes and will be guaranteed on a senior secured basis by each future domestic restricted subsidiary, other than certain excluded subsidiaries, and by any foreign restricted subsidiary that guarantees any indebtedness of ITC^DeltaCom or any domestic restricted subsidiary. The guarantees are the subsidiary guarantors' general senior obligations and rank equally in right of payment with all of the subsidiary guarantors' existing and future senior indebtedness.

The indenture governing the ITC^DeltaCom Notes contains covenants that, among other things, limit ITC^DeltaCom's ability, and the ability of ITC^DeltaCom's restricted subsidiaries, to incur additional indebtedness, create liens, pay dividends on, redeem or repurchase ITC^DeltaCom's capital stock, make investments or repay subordinated indebtedness, engage in sale-leaseback transactions, enter into transactions with affiliates, sell assets, create restrictions on dividends and other payments to ITC^DeltaCom from its subsidiaries, issue or sell stock of subsidiaries, and engage in mergers and consolidations. All of the covenants are subject to a number of important qualifications and exceptions under the indenture. As of December 31, 2010 and June 30, 2011, ITC^DeltaCom was in compliance with all of its financial covenants.

As of December 31, 2010 and June 30, 2011, the fair value of the ITC^DeltaCom Notes was approximately $352.6 million and $346.1 million, respectively, based on quoted market prices.

EarthLink Senior Notes due May 2019

In May 2011, the Company completed a private placement of $300.0 million aggregate principal amount of 8-7/8% Senior Notes due 2019 (the "Senior Notes"). The Senior Notes were issued at 96.555% of their principal amount, resulting in gross proceeds of approximately $289.7 million and net proceeds of $281.0 million after deducting transaction fees of $8.7 million.

The Senior Notes and the related guarantees of certain of the Company's wholly-owned subsidiaries (the "Guarantors") are the Company's and the Guarantors' unsecured senior obligations and rank equally with all of the Company's and the Guarantors' other senior indebtedness. The Senior Notes accrue interest at a rate of 8-7/8% per year, payable on May 15 and November 15 of each year, commencing on November 15, 2011. The Senior Notes will mature on May 15, 2019.

The Company may redeem the Senior Notes, in whole or in part, (i) from May 15, 2015 until May 15, 2016 at a price equal to 104.438% of the principal amount of the Senior Notes redeemed; (ii) from May 15, 2016 until May 15, 2017 at a price equal to 102.219% of the principal amount of the Senior Notes redeemed; and (iii) from May 15, 2017 at a price equal to 100% of the principal amount of the Senior Notes redeemed, in each case plus accrued and unpaid interest. Prior to May 15, 2015, the Company may also redeem the Senior Notes, in whole or in part, at a price equal to 100% of the aggregate principal amount of the Senior Notes to be redeemed plus a make-whole premium and accrued and unpaid interest. In addition, prior to May 15, 2014, the Company may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings at a price equal to 108.875% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest.

The indenture governing the Senior Notes includes covenants which, subject to certain exceptions, limit the ability of the Company and its Restricted Subsidiaries (as defined in the indenture) to, among other things, incur additional indebtedness, make certain types of restricted payments, incur liens on assets of the Company or the Restricted Subsidiaries, engage in asset sales and enter into transactions with affiliates. Upon a change of control (as defined in the indenture), the Company may be required to make an offer to

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

repurchase the Notes at 101% of their principal amount, plus accrued and unpaid interest. The indenture governing the Senior Notes also contains customary events of default.

In connection with the issuance of the Senior Notes, the Company and the Guarantors entered into a Registration Rights Agreement, dated as of May 17, 2011 (the "Registration Rights Agreement"). The Registration Rights Agreement requires the Company to register with the Securities and Exchange Commission new 8-7/8% Senior Notes due 2019 (the "Exchange Notes") having substantially identical terms to the Senior Notes and to complete an exchange of the privately placed Senior Notes for the publicly registered Exchange Notes (the "Exchange") or, if the Exchange cannot be effected, to file and keep effective a shelf registration statement for resale of the Senior Notes. Failure of the Company to comply with the registration and exchange requirements set forth in the Registration Rights Agreement within the time periods specified therein would require the Company to pay additional interest on the Senior Notes until any such failure to comply is cured.

The Company filed a Registration Statement on Form S-4 with the Securities and Exchange Commission on June 17, 2011 to effect the Exchange. The Registration Statement on Form S-4 has not yet been declared effective by the Securities and Exchange Commission.

EarthLink Convertible Senior Notes due November 2026

In November 2006, EarthLink issued $258.8 million aggregate principal amount of convertible senior notes due November 15, 2026 (the "Convertible Notes") in a registered offering. The Convertible Notes bear interest at 3.25% per year on the principal amount of the Convertible Notes until November 15, 2011, and 3.50% interest per year on the principal amount of the Convertible Notes thereafter, payable semi-annually in May and November of each year. The Convertible Notes rank as senior unsecured obligations of the Company.

The Convertible Notes are payable with cash and, if applicable, are convertible into shares of the Company's common stock. The initial conversion rate was 109.6491 shares per $1,000 principal amount of Convertible Notes (which represented an initial conversion price of approximately $9.12 per share). As a result of the Company's cash dividend payments, the conversion rate has been adjusted and was 123.5033 shares per $1,000 principal amount of Convertible Notes as of June 30, 2011 (which represents a conversion price of approximately $8.10 per share), subject to further adjustment. Upon conversion, a holder will receive cash up to the principal amount of the Convertible Notes and, at the Company's option, cash, shares of the Company's common stock or a combination of cash and shares of common stock for the remainder, if any, of the conversion obligation. The conversion obligation is based on the sum of the "daily settlement amounts" for the 20 consecutive trading days that begin on, and include, the second trading day after the day the Convertible Notes are surrendered for conversion. The Convertible Notes will be convertible only in the following circumstances: (1) during any calendar quarter after the calendar quarter ending December 31, 2006 (and only during such calendar quarter), if the closing sale price of the Company's common stock for each of 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price in effect on the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any five consecutive trading day period in which the average trading price per $1,000 principal amount of Convertible Notes was equal to or less than 98% of the average conversion value of the Convertible Notes during the note measurement period; (3) upon the occurrence of specified corporate transactions, including the payment of dividends in certain circumstances; (4) if the Company has called the Convertible Notes for redemption; and (5) at any time from, and including, October 15, 2011 to, and including, November 15, 2011 and at any time on or after November 15, 2024. The Company has the option to redeem the Convertible Notes, in whole or in part, for cash, on or after November 15, 2011, provided that the Company has made at least ten semi-annual interest payments. In addition, the holders may require the Company to purchase all or a portion of their Convertible Notes on each of November 15, 2011, November 15, 2016 and November 15, 2021.

As of December 31, 2010 and June 30, 2011, the fair value of the Convertible Notes was approximately $300.3 million and $265.5 million, respectively, based on quoted market prices.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Under the terms of the indenture governing the Convertible Notes, the Company's payment of cash dividends while the Convertible Notes are outstanding requires an adjustment to the conversion rate for the Convertible Notes. In addition, as a result of the adjustment, the Convertible Notes may be surrendered for conversion for a period of time between the declaration date and the record date, as defined in the indenture, for the consideration provided for in the indenture. During the six months ended June 30, 2010, $3.0 million principal amount of Convertible Notes were surrendered for conversion for cash payment of $2.8 million, resulting in a gain on conversion of debt of $0.2 million. Such gain is included in interest expense and other, net, in the Condensed Consolidated Statement of Operations.

The Company accounts for the liability and equity components of the Convertible Notes separately. The Company is accreting the debt discount related to the equity component to non-cash interest expense over the estimated five-year life of the Convertible Notes, which represents the first redemption date of November 2011. As of June 30, 2011, the remaining amortization period for the discount was four months.

The principal amount, unamortized discount and net carrying amount of the debt and equity components as of December 31, 2010 and June 30, 2011 are presented below:

	As of December 31, 2010	As of June 30, 2011
	(in thousands)	
Principal amount	$ 255,791	$ 255,791
Unamortized discount	(12,722)	(5,490)
Net carrying amount	$ 243,069	$ 250,301
Carrying amount of the equity component	$ 61,847	$ 61,847

The following table presents the associated interest cost related to the Convertible Notes during the three and six months ended June 30, 2010 and 2011, which consists of both the contractual interest coupon and amortization of the discount on the equity component:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Contractual interest recognized	$ 2,220	$ 2,220	$ 4,426	$ 4,441
Discount amortization	3,328	3,659	6,579	7,232
Effective interest rate	9.5%	9.5%	9.5%	9.5%

Revolving Credit Facility

On May 20, 2011, the Company entered into a credit agreement (the "Credit Agreement") providing for a senior secured revolving credit facility with aggregate revolving commitments of $150.0 million. Also on May 20, 2011, EarthLink terminated its $30.0 million revolving credit facility entered into on March 18, 2011. The senior secured revolving credit facility terminates on May 20, 2015, and all amounts outstanding thereunder shall be due and payable in full. The Company may prepay the senior secured revolving credit facility in whole or in part at any time without premium or penalty, subject to reimbursement of the lenders' breakage and redeployment costs in the case of prepayment of LIBOR borrowings. The Company may irrevocably reduce or terminate the unutilized portion of the senior secured revolving credit facility at any time without penalty. No amounts were outstanding under the senior secured revolving credit facility as of

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

June 30, 2011. The Company paid $1.8 million of transaction fees related to the new senior secured revolving credit facility, which are being amortized to interest expense over the life of the credit facility.

The Credit Agreement contains representations and warranties, covenants, and events of default with respect to the Company and its subsidiaries that are customarily applicable to senior secured credit facilities. Notwithstanding the foregoing, such covenants will not apply to ITC^DeltaCom and its subsidiaries until the earlier of (i) the repayment or refinancing in full of the ITC^DeltaCom Notes or (ii) the date ITC^DeltaCom and its U.S. subsidiaries become guarantors of the senior secured revolving credit facility. ITC^DeltaCom is not currently a guarantor under the senior secured revolving credit facility. The negative covenants contained in the Credit Agreement include restrictions on the ability of the Company and its subsidiaries to, among other things, incur additional indebtedness, incur liens on assets, engage in certain mergers, acquisitions or divestitures, pay dividends or make other distributions, voluntarily prepay certain other indebtedness (including certain prepayments of the Company's existing notes and the ITC^DeltaCom Notes), enter into transactions with affiliates, make investments, and change the nature of their businesses, and amend the terms of certain other indebtedness (including the Company's existing notes and the ITC^DeltaCom Notes), in each case subject to certain exceptions set forth in the Credit Agreement.

Additionally, the Credit Agreement requires the Company to maintain a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio (as defined in the Credit Agreement). The Company was in compliance with these financial covenants as of June 30, 2011.

Classification

On November 15, 2011, holders of the Convertible Notes have the right under the governing indenture to require the Company to repurchase the Convertible Notes. As a result, the Company classified the Convertible Notes as a current liability in the Consolidated Balance Sheets as of December 31, 2010 and June 30, 2011.

Capital Lease Obligations

The Company maintains capital leases relating to indefeasible right-to-use agreements, vehicles and equipment. Substantially all of these capital leases were assumed by the Company through its acquisition of One Communications. Depreciation expense related to assets under capital leases is included in depreciation and amortization expense in the Condensed Consolidated Statements of Operations. The future minimum payments due under the leases are as follows (in thousands):

Year Ending December 31,		
2011 (remaining six months)	$	1,947
2012		3,560
2013		3,337
2014		3,149
2015		3,177
Thereafter		17,775
Total minimum lease payments	$	32,945
Less amounts representing interest		(14,014)
Total capital lease obligations	$	18,931

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

9. Stockholders' Equity

Comprehensive Income

Comprehensive income includes unrealized gains and losses on certain investments classified as available-for-sale, net of tax, which are excluded from the Condensed Consolidated Statements of Operations. Comprehensive income for the three and six months ended June 30, 2010 and 2011 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Net income	$ 28,040	$ 6,548	$ 54,787	$ 22,911
Unrealized holding gains on certain investments, net of tax	54	—	72	—
Total comprehensive income	$ 28,094	$ 6,548	$ 54,859	$ 22,911

Share Repurchases

Since the inception of the Company's share repurchase program, the Board of Directors has authorized a total of $750.0 million for the repurchase of EarthLink's common stock. As of June 30, 2011, the Company had $110.8 million available under the current authorizations. The Company may repurchase its common stock from time to time in compliance with the Securities and Exchange Commission's regulations and other legal requirements, including through the use of derivative transactions, and subject to market conditions and other factors. The share repurchase program does not require the Company to acquire any specific number of shares and may be terminated by the Board of Directors at any time.

The Company repurchased 0.1 million shares of its common stock for $0.9 million during the six months ended June 30, 2010 and repurchased 4.5 million shares of its common stock for $35.1 million during the six months ended June 30, 2011 pursuant to its share repurchase program. In addition, 0.1 million shares valued at $0.9 million were returned from the One Communications escrow fund and recorded as treasury stock.

Dividends

During the three months ended June 30, 2010 and 2011, cash dividends declared were $0.16 and $0.05 per common share, respectively, and total dividend payments were $17.3 million and $5.6 million, respectively. During the six months ended June 30, 2010 and 2011, cash dividends declared were $0.30 and $0.10 per common share, respectively, and total dividend payments were $32.7 million and $11.8 million, respectively. The Company currently intends to pay regular quarterly dividends on its common stock. Any decision to declare future dividends will be made at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, financial condition, cash requirements, investment opportunities and other factors the Board of Directors may deem relevant.

10. Stock-Based Compensation

The Company measures compensation cost for all stock awards at fair value on the date of grant and recognizes compensation expense over the requisite service period for awards expected to vest. The Company estimates the fair value of stock options using the Black-Scholes valuation model, and determines the fair value of restricted stock units based on the number of shares granted and the quoted price of EarthLink's common stock on the date of grant. Such value is recognized as expense over the requisite service period, net of estimated forfeitures, using the straight-line attribution method. For performance-based awards, the Company recognizes expense over the requisite service period, net of estimated forfeitures, using the accelerated attribution method when it is probable that the performance measure will be achieved. The estimate of awards that will ultimately vest requires significant judgment, and to the extent actual results or updated estimates differ from the

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Company's current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. The Company considers many factors when estimating expected forfeitures, including types of awards, employee class and historical employee attrition rates. Actual results, and future changes in estimates, may differ substantially from the Company's current estimates.

Stock-based compensation expense was $1.7 million and $3.5 million during the three months ended June 30, 2010 and 2011, respectively, and $4.4 million and $7.1 million during the six months ended June 30, 2010 and 2011, respectively. The Company has classified stock-based compensation expense within selling, general and administrative expense, the same operating expense line item as cash compensation paid to employees.

Stock Incentive Plans

The Company has granted options to employees and non-employee directors to purchase the Company's common stock under various stock incentive plans. The Company has also granted restricted stock units to employees and non-employee directors under various stock incentive plans. Under the plans, employees and non-employee directors are eligible to receive awards of various forms of equity-based incentive compensation, including stock options, restricted stock, restricted stock units and performance awards, among others. The plans are administered by the Board of Directors or the Leadership and Compensation Committee of the Board of Directors, which determine the terms of the awards granted. Stock options are generally granted with an exercise price equal to the market value of EarthLink common stock on the date of grant, have a term of ten years or less, and vest over terms of four years from the date of grant. Restricted stock units are granted with various vesting terms that range from one to four years from the date of grant.

Options Outstanding

The following table summarizes stock option activity as of and for the six months ended June 30, 2011:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(shares and dollars in thousands)			
Outstanding as of December 31, 2010	2,436	$ 9.40		
Granted	—	—		
Exercised	(61)	7.27		
Forfeited and expired	(195)	10.27		
Outstanding as of June 30, 2011	2,180	9.38	3.6	$ 395
Vested and expected to vest as of June 30, 2011	2,071	$ 9.38	3.6	$ 375
Exercisable as of June 30, 2011	2,149	$ 9.41	3.6	$ 378

The aggregate intrinsic value amounts in the table above represent the closing price of the Company's common stock on June 30, 2011 in excess of the exercise price, multiplied by the number of stock options outstanding or exercisable, when the closing price is greater than the exercise price. This represents the amount that would have been received by the stock option holders if they had all exercised their stock options on June 30, 2011. The total intrinsic value of options exercised during the six months ended June 30, 2010 and 2011 was $0.7 million and $0.1 million, respectively. The intrinsic value of stock options exercised represents the difference between the market value of Company's common stock at the time of exercise and the exercise price, multiplied by the number of stock options exercised. To the extent the forfeiture rate is different than what the Company has anticipated, stock-based compensation related to these awards will be different from the Company's expectations. As of June 30, 2011, there was $0.1 million of total unrecognized compensation cost related to stock options. That cost is expected to be recognized over a weighted-average period of 0.5 years.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

The following table summarizes the status of the Company's stock options as of June 30, 2011:

Range of Exercise Prices				Stock Options Outstanding: Number Outstanding (in thousands)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Stock Options Exercisable: Number Exercisable (in thousands)	Weighted Average Exercise Price	
$	5.10	to	$ 6.90	184	3.9	$	6.41	174	$	6.39
	6.91	to	7.31	339	5.9		7.25	324		7.26
	7.32	to	8.90	141	4.1		8.01	138		8.02
	8.96	to	9.01	294	3.1		9.01	294		9.01
	9.02	to	9.51	331	4.4		9.47	328		9.47
	9.64	to	9.89	229	0.7		9.65	229		9.65
	10.36	to	10.36	355	4.0		10.36	355		10.36
	10.51	to	16.82	307	2.0		13.03	307		13.03
$	5.10	to	$ 16.82	2,180	3.6	$	9.38	2,149	$	9.41

Restricted Stock Units

The following table summarizes restricted stock unit activity as of and for the six months ended June 30, 2011:

	Restricted Stock Units (in thousands)		Weighted Average Grant Date Fair Value
Outstanding as of December 31, 2010	2,357	$	8.01
Granted	2,269		8.31
Vested	(1,343)		7.76
Forfeited	(46)		8.50
Outstanding as of June 30, 2011	3,237	$	8.32

The fair value of restricted stock units is determined based on the closing trading price of EarthLink's common stock on the grant date. The weighted-average grant date fair value of restricted stock units granted during the six months ended June 30, 2010 and 2011 was $8.21 and $8.31, respectively. As of June 30, 2011, there was $18.4 million of total unrecognized compensation cost related to nonvested restricted stock units. That cost is expected to be recognized over a weighted-average period of 2.8 years. The total fair value of shares vested during the six months ended June 30, 2010 and 2011 was $8.8 million and $11.1 million, respectively, which represents the closing price of the Company's common stock on the vesting date multiplied by the number of restricted stock units that vested.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

11. Income Taxes

EarthLink recorded an income tax provision of $17.2 million and $3.6 million during the three months ended June 30, 2010 and 2011, respectively, and $34.0 million and $14.3 million during the six months ended June 30, 2010 and 2011, respectively. The income tax provision for the six months ended June 30, 2011 represents an effective rate of 38.35%, including a benefit for discrete items of 1.58%.

The income tax provision of $34.0 million during the six months ended June 30, 2010 consisted of $2.6 million state income and federal and state alternative minimum tax ("AMT") amounts payable due to the net operating loss carryforward limitations associated with the AMT calculation and $31.4 million for non-cash deferred tax provisions associated with the utilization of net operating loss carryforwards. The income tax provision of $14.3 million during the six months ended June 30, 2011 consisted of $3.5 million state income and federal and state AMT amounts payable due to the net operating loss carryforward limitations associated with the AMT calculation and $10.8 million for non-cash deferred tax provisions due primarily to the utilization of net operating loss carryforwards.

The Company has a valuation allowance of $40.0 million against certain deferred tax assets. Of this amount, approximately $31.6 million relates to net operating losses generated by the tax benefits of stock-based compensation. The valuation allowance will be removed upon utilization of these net operating losses by the Company as an adjustment to additional paid-in-capital. Approximately $8.0 million relates to net operating losses in certain jurisdictions where the Company believes it is not "more likely than not" to be realized in future periods. In addition, valuation allowance of $0.4 million was established in 2010 relating to stock compensation deferred tax assets.

To the extent the Company reports income in future periods, the Company intends to use its net operating loss carryforwards to the extent available to offset taxable income and reduce cash outflows for income taxes. The Company's ability to use its federal and state net operating loss carryforwards and federal and state tax credit carryforwards may be subject to restrictions attributable to equity transactions in the future resulting from changes in ownership as defined under the Internal Revenue Code.

As a result of the acquisitions of One Communications, STS Telecom and Logical Solutions during the six months ended June 30, 2011, EarthLink recorded net deferred tax liabilities of $52.8 million, $6.6 million and $0.7 million, respectively. Included in these amounts are $16.6 million of deferred tax assets relating to federal and state net operating losses acquired from One Communications. These amounts were recorded under acquisition accounting.

The Company has identified its federal tax return and its state tax returns in California, Florida, Georgia, Illinois, New York and Pennsylvania as material tax jurisdictions, for purposes of calculating its uncertain tax positions. Periods extending back to 1994 are still subject to examination for all material jurisdictions. The Company believes that its income tax filing positions and deductions through the period ended June 30, 2011 will not result in a material adverse effect on the Company's financial condition, results of operations or cash flow. The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense.

A reconciliation of changes in the amount of unrecognized tax benefits for the six months ended June 30, 2011 is as follows:

	Six Months Ended June 30, 2011 (in thousands)
Balance as of December 31, 2010	$ 18,367
Adjustment to tax positions under acquisition accounting	4,374
Decreases for tax positions of prior years	(23)
Balance as of June 30, 2011	$ 22,718

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

12. Commitments and Contingencies

Leases

The Company leases certain of its facilities under various non-cancelable operating leases. The facility leases generally require the Company to pay operating costs, including property taxes, insurance and maintenance, and generally contain annual escalation provisions as well as renewal options. Minimum lease commitments (including estimated operating expenses) under non-cancelable leases, including commitments associated with facilities exited as part of the Company's restructuring plans, as of June 30, 2011 are as follows:

Year Ending December 31,	Operating Leases (in thousands)
2011 (remaining six months)	$ 22,366
2012	39,983
2013	36,349
2014	28,773
2015	17,921
Thereafter	80,363
Total minimum lease payments, including estimated operating expenses	225,755
Less aggregate contracted sublease income	(5,969)
	$ 219,786

Purchase commitments

The Company has entered into agreements with vendors to purchase certain telecommunications services and equipment under non-cancelable agreements. The Company also has minimum commitments under network access agreements with several carriers and obligations for certain advertising spending under non-cancelable agreements. The following table summarizes commitments under these agreements as of June 30, 2011 (in thousands):

Year Ending December 31,	
2011 (remaining six months)	$ 38,375
2012	52,157
2013	41,635
2014	13,120
2015	5,965
Thereafter	10,655
Total	$ 161,907

Legal and other contingencies

The Company is periodically involved in disputes related to its billings to other carriers for access to its network. The Company does not recognize revenue related to such matters until the period that it is reliably assured of the collection of these claims. In the event that a claim is made related to revenues previously recognized, the Company assesses the validity of the claim and adjusts the amount of revenue being recognized to the extent that the claim adjustment is considered probable and estimable.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

The Company periodically disputes network access charges that it is assessed by other companies with which the Company interconnects. The Company maintains adequate reserves for anticipated exposure associated with these billing disputes. The reserves are reviewed on a monthly basis, but are subject to changes in estimates and management judgment as new information becomes available. In view of the length of time historically required to resolve these disputes, they may be resolved or require adjustment in future periods and relate to costs invoiced, accrued or paid in prior periods.

The Company is involved in other disputes, including customer billing disputes, and legal and tax proceedings arising from normal business activities. The result of any current or future disputes, litigation or other legal proceedings is inherently unpredictable. The Company's management, however, believes that there are no disputes, litigation or other legal proceedings asserted or pending against the Company that could have, individually or in the aggregate, a material adverse effect on its financial position, results of operations or cash flows, and believes that adequate provision for any probable and estimable losses has been made in the Company's condensed consolidated financial statements.

Regulation

The Company's services are subject to varying degrees of federal, state and local regulation. These regulations are subject to ongoing proceedings at federal and state administrative agencies or within state and federal judicial systems. Results of these proceedings could change, in varying degrees, the manner in which the Company operates. The Company cannot predict the outcome of these proceedings or their effect on the Company's industry generally or upon the Company specifically.

13. Fair Value Measurements

As of December 31, 2010 and June 30, 2011, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included the Company's cash equivalents and marketable securities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following tables present the Company's assets that are measured at fair value on a recurring basis as of December 31, 2010 and June 30, 2011:

			Fair Value Measurements as of December 31, 2010 Using		
Description	**Carrying Value**	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
			(in thousands)		
Cash equivalents	$ 184,054	$ 184,054	$ 184,054	$ —	$ —
Government and agency securities	284,441	284,441	284,441	—	—
Commercial paper	14,666	14,666	14,666	—	—
Corporate debt securities	21,011	21,011	21,011	—	—
Total	$ 504,172	$ 504,172	$ 504,172	$ —	$ —

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Description	Carrying Value	Fair Value	Fair Value Measurements as of June 30, 2011 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			(in thousands)		
Cash equivalents	$ 409,912	$ 409,912	$ 409,912	$ —	$ —
Total	$ 409,912	$ 409,912	$ 409,912	$ —	$ —

Cash equivalents and marketable securities as of December 31, 2010 and June 30, 2011 were valued using quoted market prices and are classified within Level 1.

14. Segment Information

The Company reports segment information along the same lines that its chief executive officer reviews its operating results in assessing performance and allocating resources. The Company operates two reportable segments, Business Services and Consumer Services. The Company's Business Services segment provides integrated communications services and related value-added services to businesses, enterprise organizations and communications carriers. These services include data services, which include managed IP-based network services and Internet access; voice services, which include local exchange, long-distance and conference calling; mobile data and voice services; and web hosting. The results of ITC^DeltaCom, One Communications and STS Telecom are included in the Company's Business Services segment. The Company's Consumer Services segment provides nationwide Internet access and related value-added services to individual customers. These services include dial-up and broadband Internet access services, ancillary services sold as add-on features to the Company's Internet access services, search and advertising.

The Company evaluates performance of its segments based on segment income from operations. Segment income from operations includes revenues from external customers, related cost of revenues and operating expenses directly attributable to the segment, which include costs over which segment managers have direct discretionary control, such as advertising and marketing programs, customer support expenses, operations expenses, product development expenses, certain technology and facilities expenses, billing operations and provisions for doubtful accounts. Segment income from operations excludes other income and expense items and certain expenses over which segment managers do not have discretionary control. Costs excluded from segment income from operations include various corporate expenses (consisting of certain costs such as corporate management, human resources, finance and legal), depreciation and amortization, impairment of goodwill and intangible assets, restructuring and acquisition-related costs, and stock-based compensation expense, as they are not considered in the measurement of segment performance.

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Information on reportable segments and a reconciliation to consolidated income from operations for the three and six months ended June 30, 2010 and 2011 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Business Services				
Revenues	$ 32,702	$ 267,613	$ 66,396	$ 409,986
Cost of revenues	19,579	134,150	38,988	206,607
Gross margin	13,123	133,463	27,408	203,379
Direct segment operating expenses	10,244	87,586	19,961	132,330
Segment operating income	$ 2,879	$ 45,877	$ 7,447	$ 71,049
Consumer Services				
Revenues	$ 120,305	$ 95,946	$ 243,869	$ 196,591
Cost of revenues	36,550	30,207	76,021	61,473
Gross margin	83,755	65,739	167,848	135,118
Direct segment operating expenses	22,159	17,207	45,034	36,521
Segment operating income	$ 61,596	$ 48,532	$ 122,814	$ 98,597
Consolidated				
Revenues	$ 153,007	$ 363,559	$ 310,265	$ 606,577
Cost of revenues	56,129	164,357	115,009	268,080
Gross margin	96,878	199,202	195,256	338,497
Direct segment operating expenses	32,403	104,793	64,995	168,851
Segment operating income	64,475	94,409	130,261	169,646
Stock-based compensation expense	1,707	3,514	4,374	7,085
Depreciation and amortization	4,577	45,093	9,325	66,769
Restructuring and acquisition-related costs	(89)	11,046	1,346	15,551
Other operating expenses	7,729	5,488	16,252	11,023
Income from operations	$ 50,551	$ 29,268	$ 98,964	$ 69,218

Information on revenues by groups of similar services and by segment for the three and six months ended June 30, 2010 and 2011 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Business Services				
Retail services	$ 16,433	$ 219,008	$ 32,758	$ 325,328
Wholesale services	8,080	37,585	16,815	62,380
Other	8,189	11,020	16,823	22,278
Total revenues	32,702	267,613	66,396	409,986
Consumer Services				
Access services	105,552	83,403	213,750	170,860
Value-added services	14,753	12,543	30,119	25,731
Total revenues	120,305	95,946	243,869	196,591
Total Revenues	$ 153,007	$ 363,559	$ 310,265	$ 606,577

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

The Company's Business Services segment earns revenue by providing high-speed or broadband data communications services, voice services and mobile voice and data services to businesses and enterprise organizations. These revenues are classified as retail services revenues. The Company's Business Services segment also earns revenue from the sale of transmission capacity to other telecommunications carriers. These revenues are classified as wholesale services revenues. Other revenues consist of web hosting and the sale of customer premises equipment. Revenues from the Company's Business Services generally consist of recurring monthly charges for such services; usage fees; installation fees; equipment fees and termination fees.

The Company's Consumer Services segment earns revenue by providing narrowband access services (including traditional, fully-featured narrowband access and value-priced narrowband access) and broadband access services (including high-speed access via DSL and cable and VoIP). Revenues from access services generally consist of recurring monthly charges for such services; usage fees; installation fees; termination fees; and fees for equipment. The Company's Consumer Services segment also earns revenues from value-added services, which include revenues from ancillary services sold as add-on features to EarthLink's Internet access services, such as security products, premium email only, home networking, email storage and Internet call waiting; search revenues; and advertising revenues.

The Company manages its working capital on a consolidated basis and does not allocate long-lived assets to segments. In addition, segment assets are not reported to, or used by, the chief operating decision maker and therefore, total segment assets have not been disclosed.

The Company has not provided information about geographic segments because substantially all of the Company's revenues, results of operations and identifiable assets are in the United States.

15. Condensed Consolidating Financial Information

In May 2011, the Company completed a private placement of $300.0 million aggregate principal amount of 8-7/8% Senior Notes Due 2019 (the "Original Senior Notes"). The Original Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of the Company's existing and future domestic subsidiaries, other than (i) ITC^DeltaCom, Inc. and its subsidiaries and (ii) certain other excluded subsidiaries (the "Guarantor Subsidiaries"). ITC^DeltaCom, Inc. and its subsidiaries are not guarantors of the Original Senior Notes (the "Non-Guarantor Subsidiaries"). All of the Guarantor Subsidiaries are 100% owned by the Company.

Pursuant to the Registration Rights Agreement, the Company is required to register an identical series of notes (the "Exchange Senior Notes") with the Securities and Exchange Commission and to offer to exchange those registered Exchange Senior Notes for the Original Senior Notes. The Exchange Senior Notes will also be guaranteed by the Guarantor Subsidiaries. In connection with the registration of the Exchange Senior Notes and related guarantees, the Company will be required to provide the financial information set forth under Rule 3-10 of Regulation S-X, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered" ("Rule 3-10"). The accompanying condensed consolidating financial information has been prepared and presented pursuant to Rule 3-10. The column labeled Parent Company represents EarthLink's stand-alone results and its investment in all of its subsidiaries accounted for using the equity method. The Guarantor Subsidiaries and the Non-Guarantor Subsidiaries are presented in separate columns and represent all the applicable subsidiaries on a combined basis. Intercompany eliminations are shown in a separate column.

The operating activities of the separate legal entities included in the Company's consolidated financial statements are interdependent. The accompanying condensed consolidating financial information presents the results of operations, financial position and cash flows of each legal entity and, on an aggregate basis, the other non-guarantor subsidiaries based on amounts incurred by such entities, and is not intended to present the operating results of those legal entities on a stand-alone basis.

The condensed consolidating financial information is presented in the following tables (in thousands):

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Balance Sheet
As of June 30, 2011

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 432,166	$ 14,603	$ 43,715	$ —	$ 490,484
Restricted cash	—	—	1,068	—	1,068
Accounts receivable, net	13,642	48,717	42,867	—	105,226
Prepaid expenses	2,501	4,458	9,364	—	16,323
Deferred income taxes, net	50,439	11,968	1,025	—	63,432
Due from affiliates	179,886	44,253	437	(224,576)	—
Other current assets	4,180	11,323	4,129	—	19,632
Total current assets	682,814	135,322	102,605	(224,576)	696,165
Property and equipment, net	19,764	157,034	208,082	—	384,880
Deferred income taxes, net	16,886	(3,273)	87,031	—	100,644
Purchased intangible assets, net	571	178,173	134,672	—	313,416
Goodwill	88,920	142,058	191,448	—	422,426
Investment in subsidiaries	789,311	—	—	(789,311)	—
Other long-term assets	10,690	15,917	178	—	26,785
Total assets	$ 1,608,956	$ 625,231	$ 724,016	$ (1,013,887)	$ 1,944,316
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	$ 4,898	$ 10,272	$ 5,630	$ —	$ 20,800
Accrued payroll and related expenses	8,242	8,254	8,643	—	25,139
Accrued interest	6,675	2	8,635	—	15,312
Other accrued liabilities	18,598	60,886	38,556	—	118,040
Deferred revenue	17,892	13,563	24,376	—	55,831
Due to affiliates	44,690	179,886	—	(224,576)	—
Current portion of long-term debt and capital lease obligations	250,340	1,047	599	—	251,986
Total current liabilities	351,335	273,910	86,439	(224,576)	487,108
Long-term debt and capital lease obligations	289,773	16,440	349,796	—	656,009
Other long-term liabilities	6,478	26,376	7,459	—	40,313
Total liabilities	647,586	316,726	443,694	(224,576)	1,183,430
Stockholders' equity:					
Common stock	1,958	—	—	—	1,958
Additional paid-in capital	2,077,916	495,676	293,635	(789,311)	2,077,916
Accumulated deficit	(424,840)	(187,171)	(13,313)	—	(625,324)
Treasury stock, at cost	(693,664)	—	—	—	(693,664)
Total stockholders' equity	961,370	308,505	280,322	(789,311)	760,886
Total liabilities and stockholders' equity	$ 1,608,956	$ 625,231	$ 724,016	$ (1,013,887)	$ 1,944,316

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Balance Sheet
As of December 31, 2010

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 197,615	$ 1,752	$ 43,585	$ —	$ 242,952
Marketable securities	307,814	—	—	—	307,814
Restricted cash	—	—	2,270	—	2,270
Accounts receivable, net	15,012	4,962	40,242	—	60,216
Prepaid expenses	2,341	1,326	8,494	—	12,161
Deferred income taxes, net	44,270	1,345	46	—	45,661
Due from affiliates	163,036	35,754	1,292	(200,082)	—
Other current assets	6,610	3,962	4,230	—	14,802
Total current assets	736,698	49,101	100,159	(200,082)	685,876
Long-term marketable securities	12,304	—	—	—	12,304
Property and equipment, net	21,244	12,879	206,988	—	241,111
Deferred income taxes, net	39,425	60,152	89,460	—	189,037
Purchased intangible assets, net	960	4,754	129,650	—	135,364
Goodwill	88,920	—	170,126	—	259,046
Investment in subsidiaries	391,650	—	—	(391,650)	—
Other long-term assets	1,070		170	—	1,240
Total assets	$ 1,292,271	$ 126,886	$ 696,553	$ (591,732)	$ 1,523,978
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current liabilities:					
Accounts payable	$ 4,959	$ 579	$ 11,734	$ —	$ 17,272
Accrued payroll and related expenses	13,109	1,240	4,053	—	18,402
Accrued interest	—	—	8,622	—	8,622
Other accrued liabilities	24,627	4,535	37,845	—	67,007
Deferred revenue	19,704	1,373	19,844	—	40,921
Due to affiliates	37,046	163,036	—	(200,082)	—
Current portion of debt and capital lease obligations	243,069	—	—	—	243,069
Total current liabilities	342,514	170,763	82,098	(200,082)	395,293
Long-term debt and capital lease obligations	—	—	351,251	—	351,251
Other long-term liabilities	10,839	793	7,934	—	19,566
Total liabilities	353,353	171,556	441,283	(200,082)	766,110
Stockholders' equity (deficit):					
Common stock	1,918	—	—	—	1,918
Additional paid-in capital	2,061,555	130,161	261,489	(391,650)	2,061,555
Accumulated deficit	(467,185)	(174,831)	(6,219)	—	(648,235)
Treasury stock, at cost	(657,611)	—	—	—	(657,611)
Accumulated other comprehensive income	241	—	—	—	241
Total stockholders' equity (deficit)	938,918	(44,670)	255,270	(391,650)	757,868
Total liabilities and stockholders' equity (deficit)	$ 1,292,271	$ 126,886	$ 696,553	$ (591,732)	$ 1,523,978

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2011

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ 102,732	$ 147,385	$ 113,779	$ (337)	$ 363,559
Operating costs and expenses:					
Cost of revenues (exclusive of depreciation and amortization shown separately below)	31,719	77,429	55,546	(337)	164,357
Selling, general and administrative (exclusive of depreciation and amortization shown separately below)	25,496	50,997	37,302	—	113,795
Depreciation and amortization	2,692	24,171	18,230	—	45,093
Restructuring and acquisition-related costs	2,566	7,423	1,057	—	11,046
Total operating costs and expenses	62,473	160,020	112,135	(337)	334,291
Income (loss) from operations	40,259	(12,635)	1,644	—	29,268
Interest expense and other, net	(8,949)	(1,990)	(8,137)	—	(19,076)
Income (loss) before income taxes	31,310	(14,625)	(6,493)	—	10,192
Income tax (provision) benefit	(20,296)	6,339	10,313	—	(3,644)
Net income (loss)	$ 11,014	$ (8,286)	$ 3,820	$ —	$ 6,548

Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2010

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ 128,780	$ 24,317	$ —	$ (90)	$ 153,007
Operating costs and expenses:					
Cost of revenues (exclusive of depreciation and amortization shown separately below)	38,530	17,689	—	(90)	56,129
Selling, general and administrative (exclusive of depreciation and amortization shown separately below)	32,077	9,762	—	—	41,839
Depreciation and amortization	2,942	1,635	—	—	4,577
Restructuring and acquisition-related costs	(89)	—	—	—	(89)
Total operating costs and expenses	73,460	29,086	—	(90)	102,456
Income (loss) from operations	55,320	(4,769)	—	—	50,551
Gain on investments, net	154	—	—	—	154
Interest expense and other, net	(4,494)	(989)	—	—	(5,483)
Income (loss) before income taxes	50,980	(5,758)	—	—	45,222
Income tax (provision) benefit	(19,321)	2,139	—	—	(17,182)
Net income (loss)	$ 31,659	$ (3,619)	$ —	$ —	$ 28,040

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2011

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ 210,540	$ 172,902	$ 223,595	$ (460)	$ 606,577
Operating costs and expenses:					
Cost of revenues (exclusive of depreciation and amortization shown separately below)	64,403	94,213	109,924	(460)	268,080
Selling, general and administrative (exclusive of depreciation and amortization shown separately below)	53,257	60,696	73,006	—	186,959
Depreciation and amortization	5,333	26,540	34,896	—	66,769
Restructuring and acquisition-related costs	5,467	8,202	1,882	—	15,551
Total operating costs and expenses	128,460	189,651	219,708	(460)	537,359
Income (loss) from operations	82,080	(16,749)	3,887	—	69,218
Interest expense and other, net	(13,286)	(3,059)	(15,691)	—	(32,036)
Income (loss) before income taxes	68,794	(19,808)	(11,804)	—	37,182
Income tax (provision) benefit	(26,449)	7,468	4,710	—	(14,271)
Net income (loss)	$ 42,345	$ (12,340)	$ (7,094)	$ —	$ 22,911

Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2010

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ 261,239	$ 49,212	$ —	$ (186)	$ 310,265
Operating costs and expenses:					
Cost of revenues (exclusive of depreciation and amortization shown separately below)	80,130	35,065	—	(186)	115,009
Selling, general and administrative (exclusive of depreciation and amortization shown separately below)	66,737	18,884	—	—	85,621
Depreciation and amortization	6,023	3,302	—	—	9,325
Restructuring and acquisition-related costs	1,346	—	—	—	1,346
Total operating costs and expenses	154,236	57,251	—	(186)	211,301
Income (loss) from operations	107,003	(8,039)	—	—	98,964
Gain on investments, net	572	—	—	—	572
Interest expense and other, net	(8,857)	(1,918)	—	—	(10,775)
Income (loss) before income taxes	98,718	(9,957)	—	—	88,761
Income tax (provision) benefit	(37,685)	3,711	—	—	(33,974)
Net income (loss)	$ 61,033	$ (6,246)	$ —	$ —	$ 54,787

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2011

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	$ 53,372	$ (25,323)	$ 17,424	$ —	$ 45,473
Cash flows from investing activities:					
Purchase of business, net of cash acquired	(25,174)	11,400	(22,759)	—	(36,533)
Purchases of property and equipment	(3,510)	(14,472)	(22,457)	—	(40,439)
Sales and maturities of investments in marketable securities	319,729	—	—	—	319,729
Payment for investment in subsidiary	(342,341)	—	—	342,341	—
Change in restricted cash	—	—	1,202	—	1,202
Other	—	(3,425)	79	—	(3,346)
Net cash (used in) provided by investing activities	(51,296)	(6,497)	(43,935)	342,341	240,613
Cash flows from financing activities:					
Proceeds from issuance of debt, net of issuance costs	279,212	—	—	—	279,212
Proceeds from exercises of stock options	439	—	—	—	439
Repurchases of common stock	(36,053)	—	—	—	(36,053)
Payment of dividends	(11,782)	—	—	—	(11,782)
Repayment of debt and capital lease obligations	(501)	(266,510)	(3,381)	—	(270,392)
Proceeds from parent	—	312,341	30,000	(342,341)	—
Change in due to/from affiliates, net	1,160	(1,160)	—	—	—
Other	—	—	22	—	22
Net cash provided by financing activities	232,475	44,671	26,641	(342,341)	(38,554)
Net increase in cash and cash equivalents	234,551	12,851	130	—	247,532
Cash and cash equivalents, beginning of period	197,615	1,752	43,585	—	242,952
Cash and cash equivalents, end of period	$ 432,166	$ 14,603	$ 43,715	$ —	$ 490,484

EARTHLINK, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED - (Continued)

Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2010

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	$ 66,493	$ 10,939	$ —	$ —	$ 77,432
Cash flows from investing activities:					
Purchases of property and equipment	(2,863)	(2,920)	—	—	(5,783)
Purchases of investments in marketable securities	(214,179)	—	—	—	(214,179)
Sales and maturities of investments in marketable securities	62,915	—	—	—	62,915
Other	1,618	—	—	—	1,618
Net cash used in investing activities	(152,509)	(2,920)	—	—	(155,429)
Cash flows from financing activities:					
Proceeds from exercises of stock options	1,901	—	—	—	1,901
Repurchases of common stock	(851)	—	—	—	(851)
Payment of dividends	(32,714)	—	—	—	(32,714)
Repayment for debt and capital lease obligations	(2,785)	—	—	—	(2,785)
Change in due to/from affiliates, net	8,231	(8,231)	—	—	—
Net cash used in financing activities	(26,218)	(8,231)	—	—	(34,449)
Net decrease in cash and cash equivalents	(112,234)	(212)	—	—	(112,446)
Cash and cash equivalents, beginning of period	609,752	1,243	—	—	610,995
Cash and cash equivalents, end of period	$ 497,518	$ 1,031	$ —	$ —	$ 498,549

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. The words "estimate," "plan," "intend," "expect," "anticipate," "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are found at various places throughout this report. EarthLink disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Although EarthLink believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ from estimates or projections contained in the forward-looking statements are described under "Safe Harbor Statement" in this Item 2.

The following discussion should be read in conjunction with the accompanying unaudited Condensed Consolidated Financial Statements and related Notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited Consolidated Financial Statements and the Notes thereto contained in the Annual Report on Form 10-K for the year ended December 31, 2010.

Overview

EarthLink, Inc., together with its consolidated subsidiaries, provides a comprehensive suite of communications services to businesses and individual customers. We operate two reportable segments, Business Services and Consumer Services. Our Business Services segment provides integrated communications and related value-added services to businesses, enterprise organizations and communications carriers. These services include data services, including managed IP-based network services and broadband Internet access services; voice services, including local exchange, long-distance and conference calling; mobile data and voice services; and web hosting. Our Business Services segment also sells transmission capacity to other communications providers on a wholesale basis. Our Consumer Services segment provides nationwide Internet access and related value-added services to individual customers. These services include dial-up and high-speed Internet access services, ancillary services sold as add-on features to our Internet access services, search and advertising. We provide our business services primarily through a nationwide network utilizing a 27-state fiber optic network, Multi-Protocol Label Switching ("MPLS") and other technologies. We provide our consumer services primarily through third-party telecommunications service providers.

During late 2010 and early 2011, we entered into two transactions that transformed our business from being primarily an Internet services provider ("ISP") to an IP infrastructure and managed services provider. We now offer a robust suite of business services, and have more scale in the markets we serve. In December 2010, we completed the acquisition of ITC^DeltaCom, Inc. ("ITC^DeltaCom"), a provider of integrated communications services to customers in the southeastern U.S. In April 2011, we completed the acquisition of One Communications Corp. ("One Communications"), a privately-held integrated telecommunications solutions provider serving customers in the Northeast, Mid-Atlantic and Upper Midwest. ITC^DeltaCom and One Communications are included in our Business Services segment.

We have also entered into other strategic transactions we believe will complement our business services. In March 2011, we acquired Saturn Telecommunication Services Inc. and affiliates ("STS Telecom"), a privately-held company that operates a sophisticated Voice-over-Internet Protocol ("VoIP") platform that we plan to leverage on a nationwide basis as part of our Business Services offerings. In May 2011, we acquired Logical Solutions.net, Inc. ("Logical Solutions"), a privately-held company that provides a suite of cloud computing and hosted network and security services. In July 2011, we acquired Business Vitals, LLC., a privately-held company that provides national managed IT security and professional services. We believe these transactions will further establish EarthLink as a secure national managed services provider.

Business Strategy

Successfully integrate acquisitions. We have recently completed several acquisitions, including ITC^DeltaCom and One Communications, which have increased the size and complexity of our business. We are focused on successfully integrating our recent acquisitions with our existing operations in order to realize synergies, cost benefits and increase the scale and scope of our product offerings. This includes the integration of sales forces and product offerings, as well as the integration of operating support systems. We believe that our competitive positioning will be strengthened by our ability to continue to successfully integrate these and other potential acquisitions.

Enhance our position as a leading IP infrastructure and managed services provider. As a result of our recent transactions, we now offer a comprehensive suite of business services under a new brand, EarthLink Business. We plan to leverage our existing customer relationships, favorable brand image and experience in providing IP communication and managed services, in order to position EarthLink as a national Managed Service Provider. We believe that our combined sales force and service offerings will be attractive to multi-location business customers and helpful in promoting brand awareness and achieving operating synergies and revenue growth. We are fully integrating and aligning our sales organization and are focused on creating a new customer-focused organization model that will create a consistent nationwide approach to offering and supporting EarthLink products and services. We believe that to continue to enhance our ability to offer these services supports our long-term strategic direction and will further our objectives of strengthening our competitive position, expanding our customer base, providing greater scale to accelerate innovation and increasing stockholder value.

Optimize our Consumer Services segment operations. We remain focused on retaining our customers and building long-term customer relationships based on customized service offerings and superior customer service. We believe focusing on the customer relationship increases loyalty and reduces churn. We continue to focus on offering our services with high-quality customer service and technical support. We also intend to continue to use cash generated from our Consumer Services segment operations to fund growth under our acquisition strategy in our Business Services segment. We also continue to seek to add consumer customers that generate an acceptable rate of return, including through alliances, partnerships and acquisitions from other ISPs.

Maintain focus on operational efficiency. Our operating framework includes a disciplined focus on operational efficiency. In our Business Services segment, we intend to use this disciplined focus on operational efficiency to create synergies from our recent and potential future acquisitions. In our Consumer Services segment, we intend to continue to improve the cost structure of our business, without impacting the quality of services we provide. We also plan to continue to implement cost reduction initiatives and to manage our business more efficiently.

Selectively pursue potential strategic acquisitions. In addition to our recent acquisitions, we will continue to selectively evaluate and consider other potential strategic transactions that we believe will complement and grow our business. Our acquisition strategy may include investment in additional network depth in geographic areas that further expand our recently acquired fiber network, investment in new product and services capabilities and the acquisition of business customers within our network to create more scale. The nationwide reach and depth of our network will allow us to leverage any newly acquired product and service capabilities to all of our customers with lower incremental cost.

The primary challenges we face in executing our business strategy for our Business Services segment are continuing to develop managed services offerings that will be attractive to multi-location customers, successfully integrating our acquisitions to achieve expected synergies and cost savings, responding to competitive and economic pressures in the communications industry and adapting to regulatory changes and initiatives. The primary challenges we face in executing our Consumer Services segment are managing the rate of decline in our consumer revenues, implementing outsourcing and other cost-saving initiatives, and operating our network cost-effectively, including network services purchased from third-party telecommunications service providers. The factors we believe are instrumental to the achievement of our business strategy may be subject to competitive, regulatory and other events and circumstances that are beyond our control. Further, we can provide no assurance that we will be successful in achieving any or all of the strategies identified above, that the achievement or existence of such strategies will favorably impact profitability, or that other factors will not arise that would adversely affect future profitability.

Revenue Sources

Business Services . Our Business Services segment earns revenue by providing high-speed or broadband data communications services, which include managed IP-based networks and Internet access; voice services, which include local exchange services, long distance, conference calling services and operator and directory assistance services; mobile voice and data services; and the sale of transmission capacity to other telecommunications carriers. Revenues from these services generally consist of recurring monthly charges for such services; usage fees; installation fees; fees for equipment and termination fees. Our Business Services segment also earns revenue by providing web hosting services. Web hosting revenues consist of fees charged for leasing server space and providing web services to enable customers to build and maintain an effective online presence. Our Business Services segment was 74% of our total revenues during the three months ended June 30, 2011, compared to 21% during the three months ended June 30, 2010.

Consumer Services . Our Consumer Services segment earns revenue from narrowband access services (including traditional, fully-featured narrowband access and value-priced narrowband access) and broadband access services (including high-speed access via DSL and cable and VoIP). Our Consumer Services segment also earns revenues from value-added services, which include revenues from ancillary services sold as add-on features to our Internet access services, such as security products, premium email only, home networking, email storage and Internet call waiting; search revenues; and advertising revenues. Revenues from access services generally consist of recurring monthly charges for such services; usage fees; installation fees; termination fees; and fees for equipment. Value-added services revenues consist of fees charged for ancillary services; fees generated through revenue sharing arrangements with online partners whose products and services can be accessed through our web properties, such as the Google ™ search engine; and fees charged for advertising on our various web properties. Our Consumer Services segment was 26% of our total revenues during the three months ended June 30, 2011, compared to 79% during the three months ended June 30, 2010.

Trends in our Business

Business Services. We operate in the communications industry. The communications industry is highly competitive, and we expect this competition to intensify. These markets are rapidly changing due to industry consolidation, an evolving regulatory environment and the emergence of new technologies. We sell our services to end user business customers and to wholesale customers. Our end users range from large enterprises with many locations, to small and medium-sized multi-site businesses to business customers with one site. Our wholesale customers consist primarily of telecommunications carriers and network resellers. Our business has become more focused on end users as a result of consolidation in the telecommunications industry. In addition, merger and acquisition transactions have created more significant competitors for us and have reduced the number of vendors from which we may purchase network elements we leverage to operate our business.

Our business customers are particularly exposed to a weak economy. We believe that the financial and economic pressures faced by our business customers in this environment of diminished consumer spending, corporate downsizing and tightened credit have had, and may continue to have, an adverse effect on billable minutes of use and on customer attrition rates, and have resulted in and may continue to result in increased customer demands for price reductions in connection with contract renewals. We have experienced pressure on revenue and operating expenses for our business services as a result of current economic conditions, including increased subscriber acquisition and retention costs necessary to attract and retain subscribers.

Consumer Services . We operate in the Internet access services market, which is characterized by intense competition, changing technology, changes in customer needs and new service and product introductions. Consumers continue to migrate from dial-up to broadband access service due to the faster connection and download speeds provided by broadband access, the ability to free up their phone lines and the more reliable and "always on" connection. The pricing for broadband services has been declining, making it a more viable option for consumers who continue to rely on dial-up connections for Internet access. In addition, advanced applications such as online gaming, music downloads, videos and social networking require greater bandwidth for optimal performance, which adds to the demand for broadband access. Most of the largest providers of broadband services, such as cable and telecommunications companies, control their own networks and their ability to bundle services puts us at a competitive disadvantage. Changes in technology, such as an increasing number of computer manufacturers not pre-loading dial-up modems and cable upgrades which allow cable and telecommunications companies to provide broadband capable of peak download speeds in excess of 50 Mbps, also may affect our consumer access services. Our narrowband subscriber base and revenues have been declining and are expected to continue to decline due to the continued maturation of the market for narrowband access. Additionally, our consumer access services are discretionary and dependent upon levels of consumer spending. Unfavorable economic conditions could cause customers to slow spending in the future, which could adversely affect our revenues and churn.

Consistent with trends in the Internet access industry, the mix of our consumer access subscriber base has been shifting from narrowband access to broadband access customers. Consumer broadband access revenues have lower gross margins than narrowband revenues due to the costs associated with delivering broadband services. This change in mix has negatively affected our profitability and we expect this trend to continue as broadband subscribers continue to become a greater proportion of our consumer access subscriber base. However, we expect to realize benefits from a subscriber base that continues to be longer tenured, such as reduced support costs and lower bad debt expense.

In light of the continued maturation of the market for Internet access, we continue to engage in limited sales and marketing efforts and to focus instead on retention of customers and on marketing channels that we believe will produce an acceptable rate of return. While this strategy has resulted in a decline in our revenues, our rate of revenue decline has decreased as our subscriber base becomes more tenured and churn rates decline. Our monthly consumer subscriber churn rate improved from 3.0% and 3.1% during the three and six months ended June 30, 2010, respectively, to 2.6% during the three and six months ended June 30, 2011.

Second Quarter 2011 Highlights

The statement of operations data for the second quarter of 2011 is affected by our acquisition of ITC^DeltaCom on December 8, 2010 and our acquisition of One Communications on April 1, 2011. The results of these acquisitions are included in our operating results beginning on the respective acquisition dates. Total revenues increased $210.6 million from the three months ended June 30, 2010 to the three months ended June 30, 2011. The increase was the result of the inclusion of $113.8 million of ITC^DeltaCom's revenues and $121.5 million of One Communications revenues for the quarter. This was partially offset by a $24.4 million decrease in our Consumer Services revenues due to a decline in our average consumer subscriber base, from approximately 1.9 million during the three months ended June 30, 2010 to approximately 1.5 million during the three months ended June 30, 2011, attributable to continued competitive pressures and continued maturation of the narrowband Internet access market. Total operating costs and expenses increased $231.8 million from the three months ended June 30, 2010 to the three months ended June 30, 2011, as a result of the inclusion of ITC^DeltaCom's and One Communications operating costs and expenses for the quarter. This was partially offset by a decrease in our Consumer Services operating costs and expenses as our overall consumer subscriber base has decreased and become longer tenured. Our longer tenured customers require less customer service and technical support and have a lower frequency of non-payment. Net income decreased $21.5 million from $28.0 million during the three months ended June 30, 2010 to $6.5 million during the three months ended June 30, 2011.

Looking Ahead

In our Business Services segment, revenues may be adversely impacted by competition in the telecommunications industry, shifting patterns of use and convergence of technology and general economic conditions. However, to combat competitive pressures, we continue to emphasize our bundled products and services and we are re-aligning our sales efforts to a new customer-focused organization model that we believe will create a consistent nationwide approach to offering and supporting EarthLink Business products and services. We expect to incur integration costs related to our recent acquisitions. Once the businesses are integrated, we expect to realize cost synergies from the combined businesses. However, we expect to incur upfront costs to gain these synergies. Such costs may include severance and employee benefits or the elimination of duplicate facilities and contracts, and may result in additional restructuring activities.

In our Consumer Services segment, we expect revenues to continue to decrease as a result of limited sales and marketing efforts and as the market for Internet access continues to mature. However, we expect the rate of revenue decline to continue to decelerate as our customer base becomes longer tenured and churn rates go down. Consistent with trends in the Internet access industry, we expect the mix of our consumer access subscriber base to continue to shift from narrowband access to broadband access customers, which will negatively affect our profitability due to the higher costs associated with delivering broadband services. We will continue to seek cost reduction initiatives, such as consolidating data centers and proprietary platforms. However, we believe that large-scale cost reduction opportunities in our Consumer Services segment will be more limited in the future and these initiatives may be costly to implement.

Consolidated Results of Operations

The following comparison of statement of operations data is affected by our acquisition of ITC^DeltaCom on December 8, 2010 and our acquisition of One Communications on April 1, 2011. The results of operations of ITC^DeltaCom and One Communications are included in our operating results beginning on the respective acquisition dates. Due to these acquisitions, direct comparisons of our results of operations for the three and six months ended June 30, 2011 (which includes six months of results of operations from ITC^DeltaCom and three months of results of operations from One Communications) with the prior year periods are less meaningful than usual since most of the significant period over period variances are caused by the acquisitions. The following table sets forth statement of operations data for the three months ended June 30, 2010 and 2011:

	Three Months Ended June 30,				Change Between 2010 and 2011	
	2010		2011			
	Amount	% of Revenue	Amount	% of Revenue	Amount	%
	(dollars in thousands)					
Revenues	$ 153,007	100%	$ 363,559	100%	$ 210,552	138%
Operating costs and expenses:						
Cost of revenues (exclusive of depreciation and amortization shown separately below)	56,129	37%	164,357	45%	108,228	193%
Selling, general and administrative (exclusive of of depreciation and amotization shown separately below)	41,839	27%	113,795	31%	71,956	172%
Depreciation and amortization	4,577	3%	45,093	12%	40,516	885%
Restructuring and acquisition-related costs	(89)	0%	11,046	3%	11,135	*
Total operating costs and expenses	102,456	67%	334,291	92%	231,835	226%
Income from operations	50,551	33%	29,268	8%	(21,283)	-42%
Gain on investments, net	154	0%	—	0%	(154)	-100%
Interest expense and other, net	(5,483)	-4%	(19,076)	-5%	(13,593)	248%
Income before income taxes	45,222	30%	10,192	3%	(35,030)	-77%
Income tax provision	(17,182)	-11%	(3,644)	-1%	13,538	-79%
Net income	$ 28,040	18%	$ 6,548	2%	$ (21,492)	-77%

* Denotes percentage is not meaningful.

The following table sets forth statement of operations data for the six months ended June 30, 2010 and 2011:

	Six Months Ended June 30, 2010 Amount	2010 % of Revenue	2011 Amount	2011 % of Revenue	Change Between 2010 and 2011 Amount	%
	(dollars in thousands)					
Revenues	$ 310,265	100%	$ 606,577	100%	$ 296,312	96%
Operating costs and expenses:						
Cost of revenues (exclusive of depreciation and amortization shown separately below)	115,009	37%	268,080	44%	153,071	133%
Selling, general and administrative (exclusive of of depreciation and amotization shown separately below)	85,621	28%	186,959	31%	101,338	118%
Depreciation and amortization	9,325	3%	66,769	11%	57,444	616%
Restructuring and acquisition-related costs	1,346	0%	15,551	3%	14,205	*
Total operating costs and expenses	211,301	68%	537,359	89%	326,058	154%
Income from operations	98,964	32%	69,218	11%	(29,746)	-30%
Gain on investments, net	572	0%	—	0%	(572)	-100%
Interest expense and other, net	(10,775)	-3%	(32,036)	-5%	(21,261)	197%
Income before income taxes	88,761	29%	37,182	6%	(51,579)	-58%
Income tax provision	(33,974)	-11%	(14,271)	-2%	19,703	-58%
Net income	$ 54,787	18%	$ 22,911	4%	$ (31,876)	-58%

* Denotes percentage is not meaningful.

Revenues

The following table presents revenues by groups of similar services for the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30, 2010	2011	$ Change	% Change	Six Months Ended June 30, 2010	2011	$ Change	% Change
	(dollars in thousands)							
Business Services								
Retail services	$ 16,433	$ 219,008	202,575	1233%	$ 32,758	$ 325,328	292,570	893%
Wholesale services	8,080	37,585	29,505	365%	16,815	62,380	45,565	271%
Other	8,189	11,020	2,831	35%	16,823	22,278	5,455	32%
Total revenues	32,702	267,613	234,911	718%	66,396	409,986	343,590	517%
Consumer Services								
Access services	$ 105,552	83,403	$ (22,149)	-21%	$ 213,750	170,860	$ (42,890)	-20%
Value-added services	14,753	12,543	(2,210)	-15%	30,119	25,731	(4,388)	-15%
Total revenues	120,305	95,946	(24,359)	-20%	243,869	196,591	(47,278)	-19%
Total revenues	$ 153,007	$ 363,559	$ 210,552	138%	$ 310,265	$ 606,577	$ 296,312	96%

Total revenues increased $210.6 million, or 138%, from the three months ended June 30, 2010 to the three months ended June 30, 2011. This increase was comprised of a $234.9 million increase in Business Services revenues, partially offset by a $24.4 million decrease in Consumer Services revenues. Total revenues increased $296.3 million, or 96%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. This increase was comprised of a $343.6 million increase in Business Services revenues, partially offset by a $47.3 million decrease in Consumer Services revenues. The increases in Business Services revenue resulted from the inclusion of One Communications' and ITC^DeltaCom's revenues during the three and six months ended June 30, 2011. The decrease in Consumer Services revenues resulted from a decrease in average consumer subscribers, which were approximately 1.9 million during the three and six months ended June 30, 2010 and approximately 1.5 million during the three and six months ended June 30, 2011. This decrease was driven by a decline in narrowband and broadband subscribers due to continued maturation in the market for Internet access and competitive pressures in the industry.

Cost of revenues

Cost of revenues includes costs directly associated with providing services to our customers. Total cost of revenues increased $108.2 million, or 193%, from the three months ended June 30, 2010 to the three months ended June 30, 2011. This increase was comprised of a $114.5 million increase in business services cost of revenue, partially offset by a $6.3 million decrease in consumer services cost of revenues. Total cost of revenues increased $153.1 million, or 133%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. This increase was comprised of a $167.6 million increase in business services cost of revenue, partially offset by a $14.5 million decrease in consumer services cost of revenues. The increases in Business Services cost of revenues were primarily due to the inclusion of One Communications' cost of revenues and ITC^DeltaCom's cost of revenues. The decreases in Consumer Service cost of revenues were primarily due to the decline in average consumer services subscribers. Total cost of revenues increased from 37% of revenues during the three months ended June 30, 2010 to 45% of revenues during the three months ended June 30, 2011 due to the change in mix of our subscriber base to business customers and to broadband subscribers.

Selling, general and administrative

Selling, general and administrative expenses consist of expenses related to sales and marketing, customer service, network operations, information technology, regulatory, billing and collections, corporate administration, and legal and accounting. Such costs include salaries and related employee costs (including stock-based compensation), outsourced labor, professional fees, property taxes, travel, insurance, rent, advertising and other administrative expenses.

Selling, general and administrative expenses increased $72.0 million, or 172%, from the three months ended June 30, 2010 to the three months ended June 30, 2011 and increased $101.3 million, or 118%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. The increase was due to the inclusion of ITC^DeltaCom's and One Communications' selling, general and administrative expenses for the three and six months ended June 30, 2011. Partially offsetting this was a decrease selling, general and administrative expenses in our Consumer Services segment consisting of decreases in personnel-related costs, outsourced labor, advertising expense, bad debt and payment processing fees and legal and professional fees. The decreases resulted from reduced headcount and continued cost reduction initiatives, reduced discretionary sales and marketing spend, and continued benefits as our overall consumer subscriber base has decreased and become longer tenured. Selling, general and administrative expenses increased from 27% and 28% of revenues during the three and six months ended June 30, 2010, respectively, to 31% of revenues during the three and six months ended June 30, 2011.

Depreciation and amortization

Depreciation and amortization includes depreciation of property and equipment and amortization of definite-lived intangible assets acquired in purchases of businesses and purchases of customer bases from other companies. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the various asset classes. Definite-lived intangible assets, which primarily consist of subscriber bases and customer relationships, acquired software and technology, trade names and other assets, are amortized on a straight-line basis over their estimated useful lives, which range from three to six three years.

Depreciation and amortization increased $40.5 million from the three months ended June 30, 2010 to the three months ended June 30, 2011. This consisted of a $24.5 million increase in depreciation expense and a $16.0 million increase in amortization expense. Depreciation and amortization increased $57.4 million from the six months ended June 30, 2010 to the six months ended June 30, 2011. This consisted of a $35.8 million increase in depreciation expense and a $21.6 million increase in amortization expense. The increases in depreciation and amortization expense compared to the prior year periods were primarily attributable to expense resulting from property and equipment and definite-lived intangible assets obtained in the acquisitions of ITC^DeltaCom on December 8, 2010, One Communications on April 1, 2011 and STS Telecom on March 2, 2011.

Restructuring and acquisition-related costs

Restructuring and acquisition-related costs consisted of the following during the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Facility exit and restructuring costs	$ (89)	$ (547)	$ 1,346	$ 463
Acquisition-related costs	—	11,593	—	15,088
Restructuring and acquisition-related costs	$ (89)	$ 11,046	$ 1,346	$ 15,551

2007 Restructuring Plan. In August 2007, we adopted a restructuring plan to reduce costs and improve the efficiency of our operations ("the 2007 Plan"). The 2007 Plan was the result of a comprehensive review of operations within and across our functions and businesses. Under the 2007 Plan, we reduced our workforce by approximately 900 employees, consolidated our office facilities in Atlanta, Georgia and Pasadena, California and closed office facilities in Orlando, Florida; Knoxville, Tennessee; Harrisburg, Pennsylvania and San Francisco, California. The 2007 Plan was primarily implemented during the latter half of 2007 and during 2008. However, there have been and may continue to be changes in estimates to amounts previously recorded.

Acquisition-Related Costs. Acquisition-related costs consist of external costs directly related to our acquisitions, such as advisory, legal, accounting, valuation and other professional fees; employee severance and retention costs; and integration-related costs, such as system conversion and rebranding costs. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received and are included in restructuring and acquisition-related costs in the Condensed Consolidated Statement of Operations. Acquisition-related costs consisted of the following during the three and six months ended June 30, 2010 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
	(in thousands)			
Transaction related costs	$ —	$ 2,802	$ —	$ 4,542
Severance and retention costs	—	8,133	—	9,825
Integration related costs	—	658	—	721
Total acquisition-related costs	$ —	$ 11,593	$ —	$ 15,088

Gain on investments, net

During the six months ended June 30, 2010, we sold certain of our investments in other companies for proceeds of $1.6 million and recognized a realized gain on investments of $0.6 million. This gain was included in gain on investments, net, in the Condensed Consolidated Statement of Operations.

Interest expense and other, net

Interest expense and other, net, is primarily comprised of interest expense incurred on our debt and capital leases, amortization of debt issuance costs, debt premiums, and debt discounts; interest earned on our cash, cash equivalents and marketable securities; and other miscellaneous income and expense items.

Interest expense and other, net, increased $13.6 million, from $5.5 million during the three months ended June 30, 2010 to $19.1 million during the three months ended June 30, 2011 and increased $21.2 million, from $10.8 million during the six months ended June 30, 2010 to $32.0 million during the six months ended June 30, 2011. The increases were primarily due to the inclusion of ITC^DeltaCom interest expense and the issuance of new debt in May 2011. In connection with the ITC^DeltaCom acquisition, we assumed $325.0 million aggregate principal amount of ITC^DeltaCom's 10.5% senior secured notes due 2016 (the "ITC^DeltaCom Notes"). In May 2011, we completed a private placement of $300.0 million aggregate principal amount of 8-7/8% Senior Notes due 2019 (the "Senior Notes").

Income tax provision

We recognized an income tax provision of $34.0 million during the six months ended June 30, 2010, which consisted of $2.6 million state income and federal and state AMT amounts payable due to the net operating loss carryforward limitations associated with the AMT calculation and $31.4 million for non-cash deferred tax provisions associated with the utilization of net operating loss carryforwards. We recognized an income tax provision of $14.3 million during the six months ended June 30, 2011, which consisted of $3.5 million state income and federal and state AMT amounts payable due to the net operating loss carryforward limitations associated with the AMT calculation and $10.8 million for non-cash deferred tax provisions due primarily to the utilization of net operating loss carryforwards.

We continue to maintain a valuation allowance of $40.0 million against our unrealized deferred tax assets, which include net operating loss carryforwards. Of this amount, $31.6 million relates to net operating losses generated by the tax benefits of certain stock compensation arrangements. Upon utilization of these net operating losses, the valuation allowance will be removed as an adjustment to additional paid-in-capital. Approximately $8.0 million relates to net operating losses in certain jurisdictions where we believe it is not "more likely than not" to be recognized in future periods. In addition, valuation allowance of $0.4 million was established in 2010 relating to stock compensation deferred tax assets.

To the extent we report income in future periods, we intend to use our net operating loss carryforwards to the extent available to offset taxable income and reduce cash outflows for income taxes. Our ability to use our federal and state net operating loss carryforwards and federal and state tax credit carryforwards may be subject to restrictions attributable to equity transactions in the future resulting from changes in ownership as defined under the Internal Revenue Code.

Segment Results of Operations

We operate two reportable segments, Business Services and Consumer Services. We present our segment information along the same lines that our chief executive reviews our operating results in assessing performance and allocating resources. Our Business Services segment provides integrated communications services to businesses, enterprise organizations and communications carriers. These services include data services, including managed IP-based network services and broadband Internet access services; voice services, including local exchange, long-distance and conference calling; mobile data and voice services; and web hosting. We also sell transmission capacity in our fiber network to other communications providers on a wholesale basis. Our Consumer Services segment provides nationwide Internet access and related value-added services to individual customers. These services include dial-up and high-speed Internet access services, ancillary services sold as add-on features to our Internet access services, search and advertising.

We evaluate the performance of our operating segments based on segment income from operations. Segment income from operations includes revenues from external customers, related cost of revenues and operating expenses directly attributable to the segment, which include expenses over which segment managers have direct discretionary control, such as advertising and marketing programs, customer support expenses, operations expenses, product development expenses, certain technology and facilities expenses, billing operations and provisions for doubtful accounts. Segment income from operations excludes other income and expense items and certain expenses over which segment managers do not have discretionary control. Costs excluded from segment income from operations include various corporate expenses (consisting of certain costs such as corporate management, human resources, finance and legal), depreciation and amortization, impairment of goodwill and intangible assets, restructuring and acquisition-related costs and stock-based compensation expense, as they are not considered in the measurement of segment performance.

The following table sets forth segment data for the three months ended June 30, 2010 and 2011:

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2011	$ Change	% Change
	(dollars in thousands)			
Business Services				
Revenues	$ 32,702	$ 267,613	$ 234,911	718%
Cost of revenues	19,579	134,150	114,571	585%
Gross margin	13,123	133,463	120,340	917%
Direct segment operating expenses	10,244	87,586	77,342	755%
Segment operating income	$ 2,879	$ 45,877	$ 42,998	1494%
Consumer Services				
Revenues	$ 120,305	$ 95,946	$ (24,359)	-20%
Cost of revenues	36,550	30,207	(6,343)	-17%
Gross margin	83,755	65,739	(18,016)	-22%
Direct segment operating expenses	22,159	17,207	(4,952)	-22%
Segment operating income	$ 61,596	$ 48,532	$ (13,064)	-21%
Consolidated				
Revenues	$ 153,007	$ 363,559	$ 210,552	138%
Cost of revenues	56,129	164,357	108,228	193%
Gross margin	96,878	199,202	102,324	106%
Direct segment operating expenses	32,403	104,793	72,390	223%
Segment operating income	64,475	94,409	29,934	46%
Stock-based compensation expense	1,707	3,514	1,807	106%
Depreciation and amortization	4,577	45,093	40,516	885%
Restructuring and acquisition-related costs	(89)	11,046	11,135	*
Other operating expenses	7,729	5,488	(2,241)	-29%
Income from operations	$ 50,551	$ 29,268	$ (21,283)	-42%

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011	$ Change	% Change
	(dollars in thousands)			
Business Services				
Revenues	$ 66,396	$ 409,986	$ 343,590	517%
Cost of revenues	38,988	206,607	167,619	430%
Gross margin	27,408	203,379	175,971	642%
Direct segment operating expenses	19,961	132,330	112,369	563%
Segment operating income	$ 7,447	$ 71,049	$ 63,602	854%
Consumer Services				
Revenues	$ 243,869	$ 196,591	$ (47,278)	-19%
Cost of revenues	76,021	61,473	(14,548)	-19%
Gross margin	167,848	135,118	(32,730)	-19%
Direct segment operating expenses	45,034	36,521	(8,513)	-19%
Segment operating income	$ 122,814	$ 98,597	$ (24,217)	-20%
Consolidated				
Revenues	$ 310,265	$ 606,577	$ 296,312	96%
Cost of revenues	115,009	268,080	153,071	133%
Gross margin	195,256	338,497	143,241	73%
Direct segment operating expenses	64,995	168,851	103,856	160%
Segment operating income	130,261	169,646	39,385	30%
Stock-based compensation expense	4,374	7,085	2,711	62%
Depreciation and amortization	9,325	66,769	57,444	616%
Restructuring and acquisition-related costs	1,346	15,551	14,205	1055%
Other operating expenses	16,252	11,023	(5,229)	-32%
Income from operations	$ 98,964	$ 69,218	$ (29,746)	-30%

Business Segment Results of Operations

Business Services revenues

Business Services revenues consist primarily of recurring monthly charges; usage fees; installation fees; equipment and termination fees. Business Services revenues also consist of web hosting revenues from leasing server space and providing web services to enable customers to build and maintain an effective online presence. We sell our services to end-user business customers and to wholesale customers. Our end users range from large enterprises with many locations, to small and medium-sized multi-site businesses to business customers with one site. Our wholesale customers consist primarily of telecommunications carriers.

Business Services revenues increased $234.9 million from the three months ended June 30, 2010 to the three months ended June 30, 2011. The increase was primarily due to the inclusion of $121.5 million of One Communications' revenues and $113.8 million of ITC^DeltaCom revenues. This was partially offset by a $0.4 million decrease in other Business Services revenues, which was primarily due to declining business demand and competitive pricing pressures for our web hosting services and Internet access services.

Business Services revenues increased $343.6 million from the six months ended June 30, 2010 to the six months ended June 30, 2011. The increase was primarily due to the inclusion of $223.6 million of ITC^DeltaCom revenues and $121.5 million of One Communications' revenues. This was partially offset by a $1.5 million decrease in other Business Services revenues, which was primarily due to declining business demand and competitive pricing pressures for our web hosting services and Internet access services.

Business Services cost of revenues

Cost of revenues for our Business Services segment primarily consists of the cost of connecting customers to our networks via leased facilities; the costs of leasing components of our network facilities; costs paid to third-party providers for interconnect access and transport services; and the cost of equipment sold to customers for use with our services. Business Services cost of revenues increased $114.5 million from the three months ended June 30, 2010 to the three months ended June 30, 2011. The increase in Business Services cost of revenues was primarily due to the inclusion of $60.7 million of One Communications' cost of revenues and $55.5 million of ITC^DeltaCom's cost of revenues. Partially offsetting this was a $1.7 million decrease due to other Business Services cost of revenues resulting from network cost efficiencies and a decline in web hosting accounts and Internet access customers. Business Services cost of revenues increased $167.6 million from the six months ended June 30, 2010 to the six months ended June 30, 2011. The increase in Business Services cost of revenues was primarily due to the inclusion of $109.9 million of ITC^DeltaCom's cost of revenues and $60.7 million of One Communications' cost of revenues. Partially offsetting this was a $3.0 million decrease due to other Business Services cost of revenues resulting from network cost efficiencies and a decline in web hosting accounts and Internet access customers.

Business Services operating expenses

Operating expenses for our Business Services segment increased $77.3 million from the three months ended June 30, 2010 to the three months ended June 30, 2011 and increased $112.4 million from the six months ended June 30, 2010 to the six months ended June 30, 2011. The increase was due to the inclusion of ITC^DeltaCom's and One Communications' operating expenses for the three and six months ended June 30, 2011.

Consumer Segment Results of Operations

Operating Metrics

We utilize certain non-financial and operating measures to assess our financial performance. Terms such as churn and average revenue per user ("ARPU") are terms commonly used in our industry. The following table sets forth subscriber and operating data for the periods indicated:

	June 30, 2010	June 30, 2011
Consumer Subscriber Detail (a)		
Narrowband access subscribers	1,060,000	826,000
Broadband access subscribers	748,000	652,000
Subscribers at end of period	1,808,000	1,478,000

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2011	2010	2011
Consumer Subscriber Activity				
Subscribers at beginning of year	1,915,000	1,557,000	2,029,000	1,636,000
Gross organic subscriber additions	61,000	38,000	134,000	87,000
Churn	(168,000)	(117,000)	(355,000)	(245,000)
Subscribers at end of period	1,808,000	1,478,000	1,808,000	1,478,000
Consumer Metrics				
Average subscribers (b)	1,859,000	1,518,000	1,915,000	1,557,000
ARPU (c)	$ 21.57	$ 21.07	$ 21.23	$ 21.05
Churn rate (d)	3.0%	2.6%	3.1%	2.6%

(a) Subscriber counts do not include new nonpaying customers. Customers receiving service under promotional programs that include periods of free service at inception are not included in subscriber counts until they become paying customers.

(b) Average subscribers for the three month periods is calculated by averaging the ending monthly subscribers or accounts for the four months preceding and including the end of the period. Average subscribers for the six month periods is calculated by averaging the ending monthly subscribers or accounts for the seven months preceding and including the end of the period.

(c) ARPU represents the average monthly revenue per user (subscriber). ARPU is computed by dividing average monthly revenue for the period by the average number of subscribers for the year. Average monthly revenue used to calculate ARPU includes recurring service revenue as well as nonrecurring revenues associated with equipment and other one-time charges associated with initiating or discontinuing services.

(d) Churn rate is used to measure the rate at which subscribers discontinue service on a voluntary or involuntary basis. Churn rate is computed by dividing the average monthly number of subscribers that discontinued service during the period by the average subscribers for the period.

Consumer Services revenues

Access services . Access service revenues consist of recurring monthly charges for narrowband and broadband access services; usage fees; installation fees; termination fees; and fees for equipment. Consumer access revenues decreased $22.1 million, or 21%, from the three months ended June 30, 2010 to the three months ended June 30, 2011 and decreased $42.9 million, or 20%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. The decrease in consumer access revenues was due to a decrease in narrowband access and broadband access revenues. Average consumer narrowband subscribers were 1.1 million during the three and six months ended June 30, 2010 and 0.9 million during the three and six months ended June 30, 2011. Average consumer broadband subscribers were 0.8 million during the three and six months ended June 30, 2010 and 0.7 million during the three and six months ended June 30, 2011. Narrowband access comprised a larger portion of the average consumer access subscriber decreases, as average narrowband subscribers were approximately 59% of average consumer access subscribers during the three and six months ended June 30, 2010 and 56% of average consumer access subscribers during the three and six months ended June 30, 2011. Within narrowband access, our value-priced narrowband services comprised a larger proportion of the total narrowband decrease, as average PeoplePC access subscribers were approximately 33% and 34% of our average consumer narrowband customer base during the three and six months ended June 30, 2010, respectively, and 26% and 27% of our average consumer narrowband customer base during the three and six months ended June 30, 2011, respectively. The decrease in average consumer access subscribers resulted from reduced sales and marketing activities, the continued maturation of and competition in the market for narrowband Internet access and competitive pressures in the industry. However, we continue to focus on the retention of customers and on marketing channels that we believe will produce an acceptable rate of return.

Our monthly consumer subscriber churn rates decreased from 3.0% and 3.1% during the three and six months ended June 30, 2010, respectively, to 2.6% during the three and six months ended June 30, 2011, which moderated the decline in average consumer subscribers. Churn rates decreased due to the increased tenure of our subscriber base. We expect our consumer access and service subscriber base to continue to decrease due to decreased sales and marketing activities, competitive pressures and the continued maturation of the market for narrowband Internet access. However, as our customers become more tenured, we expect our churn rates to decline.

Value-added services revenues. Value-added services revenues consist of revenues from ancillary services sold as add-on features to our Internet access services, such as security products, premium email only, home networking, email storage and Internet call waiting; search revenues; and advertising revenues. We derive these revenues from fees charged for ancillary services; fees generated through revenue sharing arrangements with online partners whose products and services can be accessed through our web properties, such as the Google ™ search engine; and fees charged for advertising on our various web properties.

Value-added services revenues decreased $2.2 million, or 15%, from the three months ended June 30, 2010 to the three months ended June 30, 2011 and decreased $4.4 million, or 15%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. This was due primarily to a decrease in subscribers for ancillary services, primarily security services, and in search revenues. The decrease resulted from the decline in total average consumer subscribers. However, partially offsetting this decrease was an increase in subscription revenue per subscriber.

Consumer Services cost of revenues

Cost of revenues for our Consumer Services segment primarily consists of telecommunications fees and network operations costs incurred to provide our Internet access services; fees paid to suppliers of our value-added services; fees paid to content providers for information provided on our online properties; and the cost of equipment sold to customers for use with our services. Our principal provider for narrowband services is Level 3 Communications, Inc. We also purchase lesser amounts of narrowband services from certain regional and local providers. Our principal providers of broadband connectivity are AT&T Inc., Bright House Networks, Comcast Corporation, Covad Communications Group, Inc., Qwest Corporation, Time Warner Cable and Verizon Communications, Inc. Cost of revenues for our Consumer Services segment also include sales incentives, which include the cost of promotional products and services provided to potential and new subscribers, including free modems and other hardware and free Internet access on a trial basis.

Consumer Services cost of revenues decreased $6.3 million, or 17%, from the three months ended June 30, 2010 to the three months ended June 30, 2011 and decreased $14.5 million, or 19%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. The decreases were primarily due to the decline in average consumer services subscribers. Also contributing was a decline in average consumer cost of revenue per subscriber resulting from contract renegotiations with network service providers and internal network cost management efforts.

Consumer Services operating expenses

Operating expenses for our Consumer Services decreased $5.0 million, or 22%, from the three months ended June 30, 2010 to the three months ended June 30, 2011 and decreased $8.5 million, or 19%, from the six months ended June 30, 2010 to the six months ended June 30, 2011. This was due to decreases in personnel-related costs, outsourced labor, advertising expense, bad debt and payment processing fees and legal and professional fees. The decreases resulted from reduced headcount and continued cost reduction initiatives, reduced discretionary sales and marketing spend, and continued benefits as our overall consumer subscriber base has decreased and become longer tenured. Longer tenured customers have a lower frequency of non-payment and require less customer service and technical support.

Stock-Based Compensation

We measure stock-based compensation cost for all stock awards at fair value on the date of grant and recognition of compensation over the requisite service period for awards expected to vest. The fair value of our stock options is estimated using the Black-Scholes valuation model, and the fair value of restricted stock units is determined based on the number of shares granted and the quoted price of our common stock on the date of grant. Such value is recognized as expense over the requisite service period, net of estimated forfeitures, using the straight-line attribution method. For performance-based awards, we recognize expense over the requisite service period, net of estimated forfeitures, using the accelerated attribution method when it is probable that the performance measure will be achieved. The estimate of awards that will ultimately vest requires significant judgment, and to the extent actual results or updated estimates differ from management's current estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We consider many factors when estimating expected forfeitures, including types of awards, employee class and historical employee attrition rates. Actual results, and future changes in estimates, may differ substantially from our current estimates.

Stock-based compensation expense was $1.7 million and $3.5 million during the three months ended June 30, 2010 and 2011, respectively, and $4.4 million and $7.1 million during the six months ended June 30, 2010 and 2011, respectively. Stock-based compensation expense is classified within selling, general and administrative expenses, which is the same operating expense line item as cash compensation paid to employees.

Facility Exit and Restructuring Costs

We expect to incur future cash outflows for real estate obligations through 2014 related to the 2007 Plan. The following table reconciles the beginning and ending liability balances associated with the 2007 Plan as of June 30, 2011, including changes during the period attributable to costs incurred and charged to expense and costs paid or otherwise settled.

	Facilities (in thousands)
Balance as of December 31, 2010	$ 13,613
Accruals	463
Payments	(4,324)
Balance as of June 30, 2011	$ 9,752

Liquidity and Capital Resources

The following table sets forth summarized cash flow data for the six months ended June 30, 2010 and 2011:

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2011
	(in thousands)	
Net income	$ 54,787	$ 22,911
Non-cash items	51,852	91,185
Changes in working capital	(29,207)	(68,623)
Net cash provided by operating activities	$ 77,432	$ 45,473
Net cash (used in) provided by in investing activities	$ (155,429)	$ 240,613
Net cash used in financing activities	$ (34,449)	$ (38,554)

Operating activities

The decrease in net cash provided by operating activities during the six months ended June 30, 2011 compared to the prior year period was primarily due to cash used for liabilities assumed in our acquisition of One Communications and increased liabilities associated with our acquisitions, including severance and retention costs, transaction costs and other integration-related costs.

Investing activities

Our investing activities used cash of $155.4 million during the six months ended June 30, 2010. This consisted primarily of $151.3 million of purchases of investments in marketable securities, net of sales and maturities, as we invested some of our excess cash in longer term marketable securities. Included in the net purchase amount was $31.3 million of proceeds received for the sale of auction rate securities. We also used cash of $5.8 million for capital expenditures, primarily associated with network and technology center related projects. Partially offsetting these amounts was $1.6 million of proceeds received from the sale of certain investments.

Our investing activities provided cash of $240.6 million during the six months ended June 30, 2011. This consisted primarily of $319.7 million of sales and maturities of investments in marketable securities as we converted our investments to cash equivalents during the quarter. This was partially offset by $40.4 million of cash used for acquisitions, net of cash acquired, and $40.4 million for capital expenditures, primarily associated with network and technology center related projects, which includes incremental capital spending for our business services activity.

Financing activities

Our financing activities used cash of $34.4 million during the six months ended June 30, 2010. This consisted primarily of $32.7 million of dividend payments, $2.8 million to pay for early conversion of a portion of our Notes and $0.9 million used to repurchase 0.1 million shares of our common stock. Under the terms of the indenture governing the Notes, our payment of cash dividends requires an adjustment to the conversion rate for the Notes. In addition, as a result of the adjustment, the Notes may be surrendered for conversion for a period of time between the declaration date and the record date, as defined in the indenture, for the consideration provided for in the indenture. These uses of cash were partially offset by $1.9 million of proceeds from the exercise of stock options.

Our financing activities used cash of $38.6 million during the six months ended June 30, 2011. This consisted primarily of $269.9 million for repayment of debt and capital lease obligations, $36.1 million used to repurchase 4.5 million shares of our common stock and $11.8 million of dividend payments. In connection with the One Communications acquisition, we repaid $266.5 million of One Communications debt. In addition, under the indenture for the ITC^DeltaCom Notes, following the consummation of the acquisition of ITC^DeltaCom, ITC^DeltaCom was required to offer to repurchase any or all of the ITC^DeltaCom Notes at 101% of their principal amount. The tender window was open from December 20, 2010 through January 18, 2011. As a result, approximately $0.2 million outstanding principal amount of the ITC^DeltaCom Notes was repurchased in January 2011. Also during the six months ended June 30, 2011, we repaid $3.0 million of debt assumed in the STS Telecom acquisition. These uses of cash were partially offset by $279.2 million of proceeds from the issuance of debt and $0.4 million of proceeds from the exercise of stock options. In May 2011, we completed a private placement of $300.0 million aggregate principal amount of 8-7/8% Senior Notes due 2019 at an issue price of 96.55% and received net proceeds of $281.0 million after transaction fees. We also paid transaction fees of $1.8 million related to our senior secured revolving credit facility entered into in May 2011.

Future Uses of cash

Debt and interest. We expect to use cash related to our outstanding indebtedness. On November 15, 2011, holders of our convertible senior notes due 2026 ("Convertible Notes") have the right under the governing indenture to require us to repurchase the Convertible Notes and from October 15, 2011 to November 15, 2011, the Convertible Notes are convertible. We will use cash to repurchase Convertible Notes or in connection with holders' conversion of Convertible Notes if the holders exercise their right on those dates or on potential future dates. In addition, in connection with our acquisition of ITC^DeltaCom, we assumed ITC^DeltaCom's outstanding $325 million aggregate principal amount of 10.5% senior secured notes due on April 1. As a result, we also expect to use cash for incremental interest payments. We also may use cash to redeem the Convertible Notes or the ITC^DeltaCom Notes in accordance with the terms of the related indenture or to purchase them in the open market. Finally, we expect to use cash for incremental interest payments related to our Senior Notes issued in May 2011.

Capital expenditures . We believe that to remain competitive with much larger telecommunications and cable companies, we will require significant additional capital expenditures to enhance and operate our fiber network. We expect to incur capital expenditures of approximately $64.0 million to $77.0 million during the remainder of 2011 to maintain and upgrade our network and technology infrastructure. The actual amount of capital expenditures may fluctuate due to a number of factors which are difficult to predict and could change significantly over time. Additionally, technological advances may require us to make capital expenditures to develop or acquire new equipment or technology in order to replace aging or technologically obsolete equipment.

Acquisitions. We expect to use cash for one-time costs related to our recent acquisitions, including severance and retention costs and integration-related costs. These transactions may result in significant costs and expenses, including those related to severance pay, payments to executive officers and key employees under retention plans, employee benefit costs, and legal, accounting and financial advisory fees. There are a number of systems that must be integrated, including management information, sales, billing and human resources. We expect to incur expenses in connection with integrating the businesses, policies, procedures, operations, technologies and systems of our acquisitions with ours. In addition, we expect to incur integration costs related to branding initiatives associated with changing the trade name to EarthLink Business.

Dividends . During the six months ended June 30, 2010 and 2011, cash dividends declared were $0.30 and $0.10 per common share, respectively. We currently intend to continue to pay regular quarterly dividends on our common stock. However, any decision to declare future dividends will be made at the discretion of the Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, investment opportunities and other factors the Board of Directors may deem relevant.

Cost reduction initiatives. We plan to continue to implement cost reduction initiatives and to manage our business more efficiently. This may include outsourcing certain functions, renegotiating contacts with network service providers and consolidating or closing certain facilities, including our data centers. We may incur upfront costs in connection with implementing these initiatives. We will also continue to use cash to pay real estate obligations associated with facilities exited in our past restructuring plans and for workforce reduction initiatives.

Other . We may use cash to invest in or acquire other companies or to repurchase common stock. We expect to continue to evaluate and consider potential strategic transactions that we believe may complement our business. Although we continue to consider and evaluate potential strategic transactions, there can be no assurance that we will be able to consummate any such transaction.

Our cash requirements depend on numerous factors, including costs required to integrate our acquisitions, costs required to repurchase debt, the size and types of future acquisitions in which we may engage, the costs required to maintain our network infrastructure, the pricing of our access services, and the level of resources used for our sales and marketing activities, among others. In addition, our use of cash in connection with acquisitions may limit other potential uses of our cash, including stock repurchases, debt repayments, dividend payments and payments for outstanding indebtedness.

Sources of cash

Our principal sources of liquidity are our cash and cash equivalents, as well as the cash flow we generate from our operations. During the six months ended June 30, 2010 and 2011, we generated $77.4 million and $45.5 million in cash from operations, respectively. As of June 30, 2011, we had $490.5 million in cash and cash equivalents. Our cash, cash equivalents and marketable securities are subject to general credit, liquidity, market, and interest rate risks, which may be exacerbated by unfavorable economic conditions. If financial markets experience prolonged periods of decline, the value or liquidity of our cash, cash equivalents and marketable securities could decline and result in an other-than-temporary decline in fair value, which could adversely affect our financial condition.

In May, 2011, we entered into a credit agreement providing for a senior secured revolving credit facility with aggregate revolving commitments of $150.0 million. Also in May 2011, we terminated our $30.0 million revolving credit facility entered into in March 2011. The senior secured revolving credit facility terminates in May 2015, and at that time all amounts outstanding thereunder shall be due and payable in full. No amounts were outstanding under the senior secured revolving credit facility as of June 30, 2011.

Our available cash and cash equivalents, together with our results of operations, are expected to be sufficient to meet our operating expenses, capital requirements and investment and other obligations for the next

12 months. However, to increase available liquidity or to fund acquisitions or other strategic activities, we may seek additional financing. We have no commitments for any additional financing and have no lines of credit or similar sources of financing, other than a $150.0 million credit facility we entered into in May 2011 and which expires in May 2015. We cannot be sure that we can obtain additional financing on favorable terms, if at all, through the issuance of equity securities or the incurrence of additional debt. Additional equity financing may dilute our stockholders, and debt financing, if available, may restrict our ability to repurchase common stock or debt, declare and pay dividends and raise future capital. If we are unable to obtain additional needed financing, it may prohibit us from making acquisitions, capital expenditures and/or investments, which could materially and adversely affect our business.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commercial commitments as of June 30, 2011:

		Payment Due by Period			
	Total	Remaining 2011	2012 - 2013	2014 - 2015	After 5 Years
			(in thousands)		
Long-term debt, including current portion (1)	$ 880,591	$ 255,791	$ —	$ —	$ 624,800
Interest payments on long-term debt (2)	372,595	34,532	121,500	121,500	95,063
Purchase commitments (3)	161,907	38,375	93,792	19,085	10,655
Operating leases (4)	225,756	22,366	76,332	46,695	80,363
Capital leases (5)	32,945	1,947	6,897	6,326	17,775
Total (6)	$ 1,673,794	$ 353,011	$ 298,521	$ 193,606	$ 828,656

(1) Long-term debt, including current portion, includes principal payments on outstanding debt obligations. Long-term debt, including current portion, excludes unamortized discounts and premiums. As of June 30, 2011, we had $880.6 million aggregate principal amount of debt outstanding, consisting of $300.0 million of 8-7/8% Senior Notes due 2019, $324.8 million of ITC^DeltaCom's 10.5% senior secured notes due on April 1, 2016 and $255.8 million of convertible senior notes due November 15, 2026.

The Convertible Notes are convertible on October 15, 2011 and upon certain events we have the option to redeem the Convertible Notes, in whole or in part, for cash, on or after November 15, 2011, provided that we have made at least ten semi-annual interest payments. In addition, the holders may require us to purchase all or a portion of their EarthLink Notes on each of November 15, 2011, November 15, 2016 and November 15, 2021.

(2) Interest payments on long-term debt includes interest due on outstanding debt through maturity, except for our Convertible Notes. Interest payments on our Convertible Notes assumes repurchase or conversion during the year ended December 31, 2011.

(3) Purchase commitments represent non-cancellable contractual obligations for services and equipment; minimum commitments under network access agreements with several carriers; and non-cancelable contractual obligations for certain advertising spending.

(4) These amounts represent base rent payments under non-cancellable operating leases for facilities and equipment that expire in various years through 2016, as well as an allocation for operating expenses. Not included in these amounts is expected sublease income of $0.9 million during the remaining six months in the year ended December 31, 2011 and $1.9 million, $2.0 million and $1.1 million during the years ended December 31, 2012, 2013 and 2104, respectively.

(5) Represents remaining payments under capital leases, including interest, substantially all of which were assumed from our acquisition of One Communications.

(6) The table does not include our reserve for uncertain taxes, which as of June 30, 2011 total $8.2 million, as the specific timing of any cash payments relating to this obligation cannot be projected with reasonable certainty.

Under the indentures governing our debt agreements, acceleration on principal payments would occur upon payment default or violation of debt covenants. We were in compliance with all covenants under our debt agreements as of June 30, 2011.

Off-Balance Sheet Arrangements

As of June 30, 2011, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Share Repurchase Program

The Board of Directors has authorized a total of $750.0 million to repurchase our common stock under our share repurchase program. As of June 30, 2011, we had utilized approximately $639.2 million pursuant to the authorizations and had $110.8 million available under the current authorization. We may repurchase our common stock from time to time in compliance with the Securities and Exchange Commission's regulations and other legal requirements, and subject to market conditions and other factors. The share repurchase program does not require us to acquire any specific number of shares and may be terminated by the Board of Directors at any time.

Safe Harbor Statement

The Management's Discussion and Analysis and other portions of this Quarterly Report on Form 10-Q include "forward-looking" statements (rather than historical facts) that are subject to risks and uncertainties that could cause actual results to differ materially from those described. Although we believe that the expectations expressed in these forward-looking statements are reasonable, we cannot promise that our expectations will turn out to be correct. Our actual results could be materially different from and worse than our expectations. With respect to such forward-looking statements, we seek the protections afforded by the Private Securities Litigation Reform Act of 1995. These risks and uncertainties (1) that we may not be able to execute our business strategy to transition to a leading IP infrastructure and managed services provider, which could adversely impact our results of operations and cash flows; (2) that we may be unsuccessful in making and integrating acquisitions into our business, which could result in operating difficulties, losses and other adverse consequences; (3) that adverse economic conditions could harm our business; (4) that if we do not continue to innovate and provide products and services that are useful to individual subscribers and business customers, we may not remain competitive, and our revenues and operating results could suffer; (5) that our failure to implement cost reduction initiatives will adversely affect our results of operations; (6) that we will require a significant amount of cash, which may not be available to us, to service our debt and fund our other liquidity needs; (7) that we face significant competition in the Internet industry that could reduce our profitability; (8) that our consumer business is dependent on the availability of third-party network service providers; (9) that the continued decline of our consumer access subscribers, combined with the change in mix of our consumer access base from narrowband to broadband, will adversely affect our results of operations; (10) that our commercial and alliance arrangements may not be renewed or may not generate expected benefits, which could adversely affect our results of operations; (11) that privacy concerns relating to our business could damage our reputation and deter current and potential users from using our services; (12) that changes in technology in the Internet access industry could cause a decline in our business; (13) that we face significant competition in the communications industry that could reduce our profitability; (14) that decisions by the Federal Communications Commission relieving ILECs (incumbent local exchange carrier, which term includes former Bell Systems or other independent telephony companies responsible for providing local telephone exchange services in a specified geographic area) of certain regulatory requirements, and possible further deregulation in the future, may restrict our ability to provide services and may increase the costs we incur to provide these services; (15) that our wholesale services, including our broadband transport services, will be adversely affected by pricing pressure, network overcapacity, service cancellations and other factors; (16) that our financial performance will suffer if we are not offered competitive rates for the access services we need to provide our long distance services; (17) that we may experience reductions in switched access and reciprocal compensation revenue; (18) that our inability to maintain and upgrade our network infrastructure, portions of which we do not own, could adversely affect our operating results; (19) that if we are unable to interconnect with AT&T, Verizon and other incumbent carriers on acceptable terms, our ability to offer competitively priced local telephone services will be adversely affected; (20) that we may not be able to compete effectively if we are unable to install additional network equipment or convert our network to more advanced technology; (21) that f ailure to obtain and maintain necessary permits and rights-of-way could interfere with our network infrastructure and operations; (22) that w e may be unable to retain sufficient qualified personnel, and the loss of any of our key executive officers could adversely affect us; (23) that interruption or failure of our network and information systems and other technologies could impair our ability to provide our services, which could damage our reputation and harm our operating results; (24) that our business depends on effective business support systems and processes; (25) that government regulations could adversely affect our business or force us to change our business practices; (26) that our business may suffer if third parties used for customer service and technical support and certain billing services are unable to provide these services or terminate their relationships with us; (27) that we may not be able to protect our intellectual property; (28) that we may be accused of infringing upon the intellectual property rights of third parties, which is costly to defend and could limit our ability to use certain technologies in the future; (29) that if we, or other industry participants, are unable to successfully defend against legal actions, we could face substantial liabilities or suffer harm to our financial and operational prospects; (30) that we may be required to recognize additional impairment charges on our goodwill and intangible assets, which would adversely affect our results of operations and financial position; (31) that we may have to undertake further restructuring plans that would require additional charges, including incurring facility exit and restructuring charges; (32) that we may have exposure to greater than anticipated tax liabilities and the use of our net operating losses and certain other tax attributes could be limited in the future; (33) that we may reduce, or cease payment of, quarterly cash dividends; (34) that our stock price may be volatile; (35) that our indebtedness could adversely affect our financial health and limit our ability to react to changes in our industry; and (36) that provisions of our second restated certificate of incorporation, amended and restated bylaws and other elements of our capital structure could limit our share price and delay a change of management. These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ significantly from management's expectations, are not intended to represent a complete list of all risks and uncertainties inherent in our business, and should be read in conjunction with the more detailed cautionary statements and risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk from the information provided in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1. Legal Proceedings.

EarthLink is a party to various legal proceedings that are ordinary and incidental to its business. Management does not expect that any currently pending legal proceedings will have a material adverse effect on EarthLink's results of operations or financial position.

Item 1A. Risk Factors.

There were no material updates to the risk factors discussed in EarthLink's Annual Report on Form 10-K for the year ended December 31, 2010

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds .

The number of shares repurchased and the average price paid per share for each month in the three months ended June 30, 2011 are as follows:

2011	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program (1)	Maximum Dollar Value that May Yet be Purchased Under the Program
	(in thousands, except average price paid per share)			
April 1 through April 30	—	$ —	—	$ 129,029
May 1 through May 31	520	7.74	520	125,001
June 1 through June 30	1,871	7.59	1,871	110,799
Total	2,391		2,391	

(1) Since the inception of the share repurchase program ("Repurchase Program"), the Board of Directors has authorized a total of $750.0 million for the repurchase of our common stock. The Board of Directors has also approved repurchasing common stock pursuant to plans under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. We may repurchase our common stock from time to time in compliance with the Securities and Exchange Commission's regulations and other legal requirements, and subject to market conditions and other factors. The Repurchase Program does not require EarthLink to acquire any specific number of shares and may be terminated at any time.

Item 5. Other Information.

None.

Item 6. Exhibits.

(a) Exhibits. The following exhibits are filed as part of this report :

10.1	First Supplemental Indenture, Dated as of June 7, 2011.
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EARTHLINK, INC.

Date: August 8, 2011

/s/ ROLLA P. HUFF
Rolla P. Huff, Chairman of the Board and Chief Executive Officer (principal executive officer)

Date: August 8, 2011

/s/ BRADLEY A. FERGUSON
Bradley A. Ferguson, Chief Financial Officer (principal financial and accounting officer)

Exhibit 10.1

FIRST SUPPLEMENTAL INDENTURE

Supplementing the Indenture Dated as of May 17, 2011

EARTHLINK, INC.,

as Company,

and the Subsidiary Guarantors party hereto

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee

8-7/8% Senior Notes due 2019

Dated as of June 7, 2011

FIRST SUPPLEMENTAL INDENTURE, dated as of June 7, 2011 by and among EarthLink, Inc. a Delaware corporation (the " Company "), Choice One Communications of Pennsylvania Inc. (" Choice One Pennsylvania "), Conversent Communications of Pennsylvania, LLC (" Conversent Pennsylvania "), CTC Communications Corp. (" CTC "), LogicalSolutions.net, Inc. (" Logical Solutions ") and New Edge Network, Inc. (" New Edge ," and together with Choice One Pennsylvania, Conversent Pennsylvania, CTC and Logical Solutions, each, an " Additional Subsidiary Guarantor ," and, collectively, the " Additional Subsidiary Guarantors "), the Subsidiaries of the Company parties hereto (the " Subsidiary Guarantors "), and Deutsche Bank Trust Company Americas (the " Trustee "), as Trustee under the Indenture, dated as of May 17, 2011 (the " Base Indenture ");

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Base Indenture;

RECITALS

WHEREAS, the Company has heretofore executed and delivered to the Trustee the Base Indenture providing for the issuance by the Company of $300,000,000 aggregate principal amount of its 8-7/8% Senior Notes due 2019 (the " Notes ");

WHEREAS, each Additional Subsidiary Guarantor is required to be a Subsidiary Guarantor under the definition of "Subsidiary Guarantor" in the Base Indenture;

WHEREAS, pursuant to Sections 4.19 and 10.03 of the Base Indenture, each Additional Subsidiary Guarantor desires to become a Subsidiary Guarantor under the Base Indenture;

WHEREAS, Sections 4.19 and 10.03 provide that the Company shall cause each Additional Subsidiary Guarantor to execute and deliver a supplemental indenture pursuant to which such Additional Subsidiary Guarantor will guarantee the payment and performance of the Notes, and upon such execution and delivery of a supplemental indenture, each such Additional Subsidiary Guarantor will be deemed to be a Subsidiary Guarantor for all purposes under the Base Indenture, including, without limitation, Article 10 of the Base Indenture.

WHEREAS, pursuant to Section 11.03 of the Base Indenture, there have been delivered to the Trustee on the date hereof an Officer's Certificate and Opinion of Counsel certifying, among other things, that the covenants and conditions under the Base Indenture relating to execution and delivery of the First Supplemental Indenture have been complied with; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid supplement to the Base Indenture according to its terms and the terms of the Base Indenture have been done.

NOW, THEREFORE, in consideration of the foregoing and the mutual premises and covenants contained herein and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01. References. Each reference to a particular section set forth in this First Supplemental Indenture shall, unless the context otherwise requires, refer to this First Supplemental Indenture.

ARTICLE TWO
AGREEMENT TO GUARANTEE

Section 2.01. Additional Subsidiary Guarantors. Each Additional Subsidiary Guarantor, by its signature below, agrees to become a Subsidiary Guarantor under the Indenture with respect to the Notes and agrees to be subject to all of the terms, conditions, waivers and covenants applicable to a Subsidiary Guarantor under the Base Indenture. Upon its execution hereof, each Additional Subsidiary Guarantor acknowledges that it shall be a Subsidiary Guarantor for all purposes set forth in the Indenture, effective as of the date hereof.

ARTICLE THREE
MISCELLANEOUS PROVISIONS

Section 3.01. Confirmation of Base Indenture. The Base Indenture, as heretofore supplemented and amended by this First Supplemental Indenture is in all respects ratified and confirmed and the Base Indenture, this First Supplemental Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

Section 3.02. Governing Law. THIS FIRST SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THE TRUSTEE, THE COMPANY, THE ADDITIONAL SUBSIDIARY GUARANTORS, THE SUBSIDIARY GUARANTORS AND THE HOLDERS AGREE TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS FIRST SUPPLEMENTAL INDENTURE.

Section 3.03. Separability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 3.04. Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 3.05. Effect of Headings. The Section headings herein are for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms and provisions hereof.

Section 3.06. Trustee Makes No Representations. The Trustee makes no representations as to the validity or sufficiency of this First Supplemental Indenture. The recitals of fact contained herein shall be taken as statements solely of the Company and the Trustee assumes no responsibility for the correctness thereof.

Section 3.07. Successors and Assigns. All agreements of the Company, the Additional Subsidiary Guarantors and the Subsidiary Guarantors in this First Supplemental Indenture shall bind their respective successors.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed as of the day and year first above written.

EARTHLINK, INC.

By: ______________________________
Name: Mark Droege
Title: Senior Vice President, Treasurer

ADDITIONAL SUBSIDIARY GUARANTORS:

CHOICE ONE COMMUNICATIONS OF PENNSYLVANIA INC.
CONVERSENT COMMUNICATIONS OF PENNSYLVANIA, LLC
CTC COMMUNICATIONS CORP.
LOGICALSOLUTIONS.NET, INC.
NEW EDGE NETWORKS, INC.

By: ______________________________
Name: Mark Droege
Title: Authorized Officer

SUBSIDIARY GUARANTORS:

CHOICE ONE COMMUNICATIONS OF CONNECTICUT INC.
CHOICE ONE COMMUNICATIONS OF INTERNATIONAL INC.
CHOICE ONE COMMUNICATIONS OF MAINE INC.
CHOICE ONE COMMUNICATIONS OF MASSACHUSETTS INC.
CHOICE ONE COMMUNICATIONS OF NEW YORK INC.
CHOICE ONE COMMUNICATIONS OF OHIO INC.
CHOICE ONE COMMUNICATIONS RESALE L.L.C.
CHOICE ONE COMMUNICATIONS OF RHODE ISLAND INC.

[SIGNATURE PAGE TO FIRST SUPPLEMENTAL INDENTURE]

CHOICE ONE COMMUNICATIONS OF VERMONT INC.
CHOICE ONE OF NEW HAMPSHIRE INC.
CONNECTICUT BROADBAND, LLC
CONNECTICUT TELEPHONE & COMMUNICATION SYSTEMS, INC.
CONVERSENT COMMUNICATIONS OF CONNECTICUT, LLC
CONVERSENT COMMUNICATIONS LONG DISTANCE, LLC
CONVERSENT COMMUNICATIONS OF MAINE, LLC
CONVERSENT COMMUNICATIONS OF MASSACHUSETTS, INC.
CONVERSENT COMMUNICATIONS OF NEW HAMPSHIRE, LLC
CONVERSENT COMMUNICATIONS OF NEW JERSEY, LLC
CONVERSENT COMMUNICATIONS OF NEW YORK, LLC
CONVERSENT COMMUNICATIONS OF RHODE ISLAND, LLC
CONVERSENT COMMUNICATIONS OF VERMONT, LLC
CONVERSENT COMMUNICATIONS RESALE L.L.C.
CONVERSENT COMMUNICATIONS, INC.
CONVERSENT COMMUNICATIONS, LLC
CONVERSENT DATA VAULT, LLC
CONVERSENT HOLDINGS, INC.
CTBB HOLDINGS, INC.
CTC COMMUNICATIONS OF VIRGINIA, INC.
CVB NORTHWEST, LLC
EARTHLINK BUSINESS HOLDING CORP.
INTELECOM DATA SYSTEMS, INC.
LIGHTSHIP HOLDING, INC.
LIGHTSHIP TELECOM, LLC
NEW EDGE HOLDING COMPANY
NEW EDGE NETWORKS OF VIRGINIA, INC.
ONE COMMUNICATIONS ACQUISITION CORP. I
ONE COMMUNICATIONS CORP.
ONE COMMUNICATIONS MANAGEMENT CO.
ONE COMMUNICATIONS MERGER CORP. I

[SIGNATURE PAGE TO FIRST SUPPLEMENTAL INDENTURE]

REON BROADBAND CORP.
US XCHANGE OF ILLINOIS, L.L.C.
US XCHANGE OF INDIANA, L.L.C.
US XCHANGE OF MICHIGAN, L.L.C.
US XCHANGE OF WISCONSIN, L.L.C.
US XCHANGE, INC.

By: ________________________________

Name: Mark Droege
Title: Authorized Officer

[SIGNATURE PAGE TO FIRST SUPPLEMENTAL INDENTURE]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: Deutsche Bank National Trust Company

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

[SIGNATURE PAGE TO FIRST SUPPLEMENTAL INDENTURE]

CERTIFICATION OF CEO PURSUANT TO
SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rolla P. Huff, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2011 of EarthLink, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2011

By: /s/ ROLLA P. HUFF
Rolla P. Huff
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CFO PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14 AND 15d-14 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bradley A. Ferguson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2011 of EarthLink, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2011

By: /s/ BRADLEY A. FERGUSON
Bradley A. Ferguson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of EarthLink, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rolla P. Huff, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROLLA P. HUFF
Rolla P. Huff
Chief Executive Officer
August 8, 2011

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of EarthLink, Inc. (the "Company") for the period ended June 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley A. Ferguson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRADLEY A. FERGUSON
Bradley A. Ferguson
Chief Financial Officer
August 8, 2011

EXHIBIT 6

Proposed Local Exchange Tariff

IDAHO

TELECOMMUNICATIONS SERVICES TARIFF

OF

NEW EDGE NETWORK, INC. D/B/A EARTHLINK BUSINESS

This tariff contains the descriptions, regulations, and rates applicable to the provision of local exchange telecommunications services provided by New Edge Network, Inc. d/b/a EarthLink Business, with principal offices at 1375 Peachtree Street, Level A, Atlanta, GA 30309, for services furnished within the State of Idaho. This tariff is on file with the Idaho Public Utilities Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

CONTACT INFORMATION

Commission Staff and Consumer Complaints Contact:
New Edge Network, Inc. d/b/a EarthLink Business
Telephone: 888-832-5802
Toll Free: 888-832-5802
Email: inquiry@corp.earthlink.com

LOCAL EXCHANGE TELECOMMUNICATIONS TARIFF

TABLE OF CONTENTS

CHECK SHEET

The pages listed below of this tariff are effective as of the date shown. Revised pages contain all changes from the original tariff that are in effect as of the date indicated.

SECTION	PAGE	REVISION		SECTION	PAGE	REVISION	
	Title	Original	*	2	15	Original	*
Preface	1	Original	*	2	16	Original	*
Preface	2	Original	*	2	17	Original	*
Preface	3	Original	*	2	18	Original	*
Preface	4	Original	*	2	19	Original	*
Preface	5	Original	*	2	20	Original	*
1	1	Original	*	2	21	Original	*
1	2	Original	*	2	22	Original	*
1	3	Original	*	2	23	Original	*
1	4	Original	*	2	24	Original	*
1	5	Original	*	2	25	Original	*
2	1	Original	*	2	26	Original	*
2	2	Original	*	2	27	Original	*
2	3	Original	*	2	28	Original	*
2	4	Original	*	2	29	Original	*
2	5	Original	*	2	30	Original	*
2	6	Original	*	2	31	Original	*
2	7	Original	*	2	32	Original	*
2	8	Original	*	2	33	Original	*
2	9	Original	*	2	34	Original	*
2	10	Original	*	2	35	Original	*
2	11	Original	*	2	36	Original	*
2	12	Original	*	2	37	Original	*
2	13	Original	*	2	38	Original	*
2	14	Original	*	2	39	Original	*
				2	40	Original	*
				2	41	Original	*
				3	1	Original	*
				4	1	Original	*

* - indicates those pages included with this tariff

EXPLANATION OF SYMBOLS

The following symbols are used for the purposes indicated below:

(C) - To signify changed listing, rule, or condition that may affect rates or charges.

(D) - To signify discontinued material, including listing, rate, rule, or condition.

(I) - To signify an increase.

(M) - To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.

(N) - To signify new material including listing, rate, rule or condition.

(R) - To signify a reduction.

(S) - To signify reissued material.

(T) - To signify change in wording of text but not change in rate, rule, or condition.

APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user local exchange communications services by New Edge Network, Inc. d/b/a EarthLink Business, hereinafter referred to as the Company, to Customers within the state of Idaho. New Edge's services are furnished subject to the availability of facilities and subject to the terms and conditions set forth herein.

This tariff is on file with the Idaho Public Utilities Commission. In addition, this tariff is available for review at the main office of New Edge Network, Inc. d/b/a EarthLink Business, at 1375 Peachtree Street, Level A, Atlanta, GA 30309.

SERVICE AREA MAP

New Edge Network, Inc. d/b/a EarthLink Business will provide local exchange service in areas currently served by the ILEC throughout the State of Idaho. Local calling areas are as defined in Section 3 of this tariff.

TARIFF FORMAT

A. Page Numbering – Page numbers appear in the upper right corner of the page. Pages are numbered sequentially, however, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.

B. Page Revision Numbers – Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th Revised Page 14 cancels the 3rd Revised Page 14. Because of various suspension periods, deferrals, etc., the most current page number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the page currently in effect.

C. Paragraph Numbering Sequence – There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1.
2.1.1.
2.1.1.A.
2.1.1.A.1.
2.1.1.A.1.(a).
2.1.1.A.1.(a).I.
2.1.1.A.1.(a).I.(i).
2.1.1.A.1.(a).I.(i).(1).

D. Check Sheets – When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

SECTION 1 - DEFINITIONS

Advance Payment - Payment of all or part of a charge required before the start of service.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable Carrier to identify the origin of service of the Customer so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no Customer shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Authorized User - A person, corporation or other entity that is authorized by the Company Customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Common Carrier - An authorized company or entity providing telecommunications services to the public

Company - New Edge Network, Inc. d/b/a EarthLink Business, the issuer of this tariff.

Customer - The person, firm or corporation that orders service and is responsible for the payment of charges and compliance with the terms and conditions of this tariff.

Customer Premises - A location designated by the Customer for the purposes of connecting to the Company's services.

Customer Terminal Equipment - Terminal equipment provided by the Customer.

Commission - Idaho Public Utilities Commission.

SECTION 1 - DEFINITIONS, (CONT'D.)

Deposit - Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

End Office - The LEC switching system office or serving wire center where Customer station loops are terminated for purposes of interconnection to each other and/or to trunks.

Equal Access - A form of dialed access provided by local exchange companies whereby interexchange calls dialed by the Customer are automatically routed to the Company network. Presubscribed Customers may also route interexchange calls to the Company network by dialing an access code supplied by the Company.

Exchange Telephone Company or Telephone Company - Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engage in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

Individual Case Basis (ICB) - A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

IXC or Interexchange Carrier - A long distance telecommunications services provider.

Interruption - The inability to complete calls due to equipment malfunctions or human errors. Interruption shall not include, and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capability shortages. Nor shall Interruption include the failure of any service or facilities provided by a common carrier or other entity other than the Carrier. Any Interruption allowance provided within this Tariff by Carrier shall not apply where service is interrupted by the negligence or willful act of the Customer, or where the Carrier, pursuant to the terms of this Tariff, terminates service because of non-payment of bills, unlawful or improper use of the Carrier's facilities or service, or any other reason covered by this Tariff or by applicable law.

SECTION 1 - DEFINITIONS, (CONT'D.)

Joint User - A person, firm or corporation designated by the Customer as a user of local exchange service furnished to the Customer by the Company, and to whom a portion of the charges for such facilities are billed under a joint use arrangement.

LATA - A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4, or its successor tariff(s).

LEC - Local Exchange Company refers to the dominant, monopoly local telephone company in the area also served by the Company.

Local Calling - A completed call or telephonic communication between a calling Station and any other Station within the local service area of the Calling Station.

Monthly Recurring Charges - The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

MOU - Minutes of Use.

NECA - National Exchange Carriers Association.

New Edge - New Edge Network, Inc. d/b/a EarthLink Business, issuer of this tariff.

Non-Recurring Charge ("NRC") - The initial charge, usually assessed on a one-time basis, to initiate and establish service.

PIN - Personal Identification Number. See Authorization Code.

SECTION 1 - DEFINITIONS, (CONT'D.)

Point of Presence ("POP") - The Point of Presence.

Premises - The space occupied by a Customer or authorized user in a building or buildings or contiguous property not separated by a public right of way.

Recurring Charges - Monthly charges to the Customer for services, and equipment, which continues for the agreed upon duration of the service.

Service - Any means of service offered herein or any combination thereof.

Service Commencement Date - The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date.

Service Order - The written or verbal request for Company services by the Customer and the Company in the format devised by the Company. A Service Order initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Services - The Company telecommunications services offered on the Company network.

Shared Inbound Calls - Refers to calls that are terminated via the Customer's Company-provided local exchange line.

Shared Outbound Calls - Refers to calls in Feature Group (FGD) exchanges whereby the Customer's local telephone lines are presubscribed by the Company to the Company outbound service such that "1 + 10-digit number" calls are automatically routed to the Company or an IXC network. Calls to stations within the Customer's LATA may be placed by dialing "10XXX" or "101XXXX" with 1 + 10-digit number."

SECTION 1 - DEFINITIONS, (CONT'D.)

Station - The network control signaling unit and any other equipment provided at the Customer premises that enables the Customer to establish communications connections and to effect communications through such connections.

Subscriber - The person, firm, partnership, corporation, or other entity that orders telecommunications service from the Company. Service may be ordered by, or on behalf of, those who own, lease or otherwise manage the pay telephone, PBX, or other switch vehicle from which an End User places a call utilizing the services of the Company.

Switched Access Origination/Termination - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Terminal Equipment - Any telecommunications equipment other than the transmission or receiving equipment installed at a Company location.

Usage Charges - Charges for minutes or messages traversing over local exchange facilities.

User or End User - A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the state of Idaho.

The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

The Company arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the Company network. The Customer shall be responsible for all charges due for such service arrangement.

2.1.2 Shortage of Equipment or Facilities

A. The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond Company control.

B. The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions

A. Service is provided on the basis of a minimum period of at least thirty (30) days, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have 30 days. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

B. Except as otherwise stated in this tariff, Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company to provide service.

C. At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month-to-month basis, unless otherwise specified by the written Service Order, at the then current rates unless terminated by either party upon notice. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.3 Terms and Conditions, (Cont'd.)

D. Service may be terminated by Company upon written notice to the Customer if:

1. the Customer is using the service in violation of this tariff; or

2. the Customer is using the service in violation of the law; or

3. the Customer is in violation of written Service Order terms.

E. This tariff shall be interpreted and governed by the laws of the State of Idaho regardless of its choice of laws provision.

F. Any other telephone company may not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.

G. To the extent that either the Company or any other telephone company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its Customers. At the reasonable request of either party, the Company and the other telephone company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability

A. Except as otherwise stated in this section, the liability of the Company for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7.

B. Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.7, the Company shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.

C. The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

D. The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, due to:

1. Any act or omission of: (a) the Customer, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (c) common carriers or warehousemen, except as contracted by the Company;

2. Any delay or failure of performance or equipment due to causes beyond the Company control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;

3. Any unlawful or unauthorized use of Company facilities and services;

4. Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the material transmitted by means of Company-provided facilities or services; or by means of the combination of Company-provided facilities or services;

5. Breach in the privacy or security of communications transmitted over Company facilities;

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

D. (Cont'd.)

6. Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by the Company and is not provided to the Customer, in which event the Company liability is limited as set forth in Section 2.1.4.A.

7. Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;

8. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to Company facilities;

9. Any non-completion of calls due to network busy conditions;

10. Any calls not actually attempted to be completed during any period that service is unavailable;

11. And any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of Company services or facilities.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

E. The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.

F. The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

G. Failure by the Company to assert its rights pursuant to one provision of this rate sheet does not preclude the Company from asserting its rights under other provisions.

H. Directory Errors - In the absence of gross negligence or willful misconduct, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listing obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company. An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listing obtainable from the directory assistance operator shall be at the monthly tariff rate for each listing, or in the case of a free or no-charge directory listing, credit shall equal two times the monthly tariff rate for an additional listing, for the life of the directory or the charge period during which the error, mistake or omission occurs.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

I. With respect to Emergency Number 911 Service

1. This service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. The Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made instituted or asserted by the Customer or by any other party or person for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by: (1) mistakes, omissions, interruptions, delays, errors or other defects in the provision of service, of (2) installation, operation, failure to operate, maintenance, removal, presence, condition, local or use of any equipment and facilities furnishing this service.

2. Neither is the Company responsible for any infringement, nor invasion of the right of privacy of any person or persons, caused or claimed to have been caused directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of emergency 911 service features and the equipment associated therewith, or by any services furnished by the Company, including, but not limited to the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing emergency 911 service, and which arise out of the negligence or other wrongful act of the Company, the Customer, its users, agencies or municipalities, or the employees or agents of any one of them.

3. When a Customer with a nonpublished telephone number, as defined herein, places a call to the emergency 911 service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for emergency 911 service upon request of such governmental authority. By subscribing to service under this rate sheet, the Customer acknowledges and agrees with the release of information as described above.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.4 Limitations on Liability, (Cont'd.)

J. The included tariff language does not constitute a determination by the Commission that a limitation of liability imposed by the Company should be upheld in a court of law. Acceptance for filing by the Commission recognizes that it is a court's responsibility to adjudicate negligence and consequential damage claims. It is also the court's responsibility to determine the validity of the exculpatory clause.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.6 Provision of Equipment and Facilities

A. The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

B. The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

C. The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.

D. Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which it was provided.

E. The Customer shall be responsible for the payment of service charges as set forth herein for visits by Company agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.6 Provision of Equipment and Facilities, (Cont'd.)

F. The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

1. the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission; or

2. the reception of signals by Customer-provided equipment.

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside Company regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours, but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.1 Undertaking of the Company, (Cont'd.)

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken:

A. where facilities are not presently available, and there is no other requirement for the facilities so constructed;

B. of a type other than that which the Company would normally utilize in the furnishing of its services;

C. over a route other than that which the Company would normally utilize in the furnishing of its services;

D. in a quantity greater than that which the Company would normally construct;

E. on an expedited basis;

F. on a temporary basis until permanent facilities are available;

G. involving abnormal costs; or

H. in advance of its normal construction.

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its partners, agents, contractors or suppliers.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.2 Prohibited Uses

2.2.1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

2.2.2 The Company may require applicants for service who intend to use Company offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company offerings complies with relevant laws and Commission regulations, policies, orders, and decisions.

2.2.3 The Company may block any signals being transmitted over its Network by Customers who cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked Service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

2.2.4 A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer

2.3.1 General

The Customer is responsible for making proper application for service; placing any necessary order, complying with tariff regulations; payment of charges for services provided. Specific Customer responsibilities include, but are not limited to the following:

A. the payment of all applicable charges pursuant to this tariff and written Service Orders;

B. damage to or loss of Company facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

C. providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;

D. obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of fiber optic cable and associated equipment used to provide Communication Services to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1.C. Any and all costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer, (Cont'd.)

2.3.1 General, (Cont'd.)

E. providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining Company facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company opinion, injury or damage to Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., asbestos) prior to any construction or installation work;

F. complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1.D.; and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;

G. not creating, or allowing to be placed, any liens or other encumbrances on Company equipment or facilities; and

H. making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Obligations of the Customer, (Cont'd.)

2.3.2 Liability of the Customer

A. The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of Company negligence or intentional misconduct.

B. To the extent caused by any negligent or intentional act of the Customer as described in A., preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other rate sheet of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.

C. The Customer shall not assert any claim against any other Customer or user of Company services for damages resulting in whole or in part from or arising in connection with the furnishing of service under this rate sheet including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations, whether or not such other Customer or user contributed in any way to the occurrence of the damages, unless such damages were caused solely by the negligent or intentional act or omission of the other Customer or user and not by any act or omission of the Company. Nothing in this rate sheet is intended either to limit or to expand Customer's right to assert any claims against third parties for damages of any nature other than those described in the preceding sentence.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels

2.4.1 General

A User may transmit or receive information or signals via the facilities of the Company. Company services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with Company equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

A. Terminal equipment on the User's Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.

B. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to Company employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels, (Cont'd.)

2.4.3 Interconnection of Facilities

A. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communication Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

B. Communication Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers that are applicable to such connections.

C. Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.

D. Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the user is an is "End User" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition).

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Customer Equipment and Channels, (Cont'd.)

2.4.4 Inspections

A. Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.A. for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.

B. If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Authorized Users by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state, federal and 911 taxes, charges or surcharges (however designated) (excluding taxes on Company net income) imposed on or based upon the provision, sale or use of Network Services.

The security of the Customer's PIN is the responsibility of the Customer. All calls placed using a PIN shall be billed to and shall be the obligation of the Customer. The Customer shall not be responsible for charges in connection with the unauthorized use of PINs arising after the Customer notifies the Company of the loss, theft, or other breach of security of such PINs.

Customers will only be charged once, on either an interstate or intrastate basis, for any nonrecurring charges.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other Authorized Users for services and facilities furnished to the Customer by the Company.

A. Nonrecurring charges are due and payable within thirty (30) days after the invoice date, unless otherwise agreed to in advance.

B. The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within thirty (30) days after the invoice date unless otherwise agreed to in advance. When billing is based on customer usage, charges will be billed monthly for the preceding billing periods.

C. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

D. Billing of the Customer by the Company will begin on the Service Commencement Date, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.2 Billing and Collection of Charges, (Cont'd.)

E. If any portion of the payment is not received by the Company, or if any portion of the payment is received by the Company in funds that are not immediately available, thirty (30) days following the invoice date, then a late payment penalty shall be due the Company. The late payment penalty shall be that portion of the payment not received by the date due minus any charges billed as local taxes multiplied by 1.5%.

F. The Customer will be assessed a charge of twenty-five dollars ($25.00) for each check submitted by the Customer to the Company that a financial institution refuses to honor.

G. If service is disconnected by the Company in accordance with Section 2.6 following and later restored, restoration of service will be subject to all applicable installation charges. Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.3 Disputed Bills

A. In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Company may require the Customer to pay the undisputed portion of the bill to avoid discontinuance of service for non-payment. The Customer must submit a documented claim for the disputed amount. The Customer will submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 30 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.

B. Unless disputed the invoice shall be deemed to be correct and payable in full by the Customer. If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Idaho Public Utilities Commission, 472 West Washington, P.O. Box 83720, Boise ID 83720-0074; 208-334-0300 or 1-800-432-0369.

C. If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest credits or penalties will apply.

D. If the dispute is resolved in favor of the Company and the Customer has withheld the disputed amount, payment is due within 5 days of notice of resolution or late fees and penalties will apply.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.4 Advance Payments

A. Advance payments are not required of residential Customers.

B. For commercial Customers, the Company may require a Customer to make an advance payment before services and facilities are furnished. The advance payment will not exceed an amount equal to the non-recurring charge(s) and one month's charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.5 Deposits

A. Commercial Customers

1. The Company may, in order to safeguard its interests, require a Customer which has a proven history of late payments to the Company or does not have established credit or has a bad credit rating to make a deposit prior to or at any time after the provision of service to the Customer to be held by the Company as a guarantee of the payment of rates and charges. No such deposit will be required of a Customer which has established satisfactory credit and has no history of late payments to the Company.

2. The amount of the deposit which may be required of a Customer for the purpose of establishing credit shall not exceed two times the average monthly bill for residential Customers whose bills are payable in advance. The amount of deposit may be adjusted at the request of the Customer at any time when the character, purpose, or degree of the Customer's use of the service has materially changed, or when it is indicated that it will change.

3. The making of a deposit shall not relieve any Customer of the obligation to pay current bills when due. A deposit shall only be applied to the indebtedness of the Customer for jurisdictional telecommunications services of the provider.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.5 Deposits, (Cont'd.)

A. Commercial Customers, (Cont'd.)

4. The Company will pay interest on deposits, to accrue from the date the deposit is made until it has been refunded, or until a reasonable effort has been made to effect refund. The Company will pay interest at the rate prescribed by the Commission.

5. The Company shall keep a record of each cash deposit until the deposit is returned. The record will show the name of each Customer making a deposit; the premises occupied by the Customer when making the deposit and each successive premises occupied while the deposit is retained by the Company; the amount and date of making the deposit; and a record of each transaction, such as the payment of interest, interest credited, etc., concerning the deposit. Concurrently with receiving a deposit, the Company will provide the Customer a receipt showing the deposit date, the name and billing address of the Customer and the deposit amount.

6. Upon discontinuance of service, or when a Customer has established credit by other means, the Company will promptly refund any deposit, plus accrued simple interest, or the balance, if any, in excess of the unpaid bills for the services furnished by the Company. A transfer of service from one location to another within the Company serving area shall not be deemed a discontinuance with the Company if the character of the service remains unchanged.

7. Deposits will be refunded after twelve months of timely payment, with interest as specified above.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.6 Cancellation of Application for Service

A. Applications for service cannot be canceled without Company agreement. Where the Company permits a Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.

B. Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs incurred by the Company, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service commenced (all discounted to present value at six percent).

C. Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred by the Company, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

D. Special charges described in 2.5.6.A. through 2.5.6.C. will be calculated and applied on a case-by-case basis.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment Arrangements, (Cont'd.)

2.5.7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Discontinuance of Service

Service continues to be provided until canceled by the Customer, in writing, or until discontinued by the Company as set forth below. The Company may render bills subsequent to the termination of service for charges incurred before termination.

Without incurring liability, New Edge may refuse or discontinue service for the following reasons provided that, unless otherwise stated, business Customers will be given five (5) days written notice and residential Customers will be given fifteen (15) days written notice by first class mail, with a final notice by Certified Mail five (5) days prior to discontinuance.

2.6.1 For noncompliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.

2.6.2 For noncompliance with or violation of Commission regulation or New Edge's rules and regulations on file with the Commission.

2.6.3 Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Company from furnishing such services.

2.6.4 For failure of the Customer to make proper application for service or for use of telephone service for any other property or purpose than that described in the application.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Discontinuance of Service, (Cont'd.)

2.6.5 Without notice in the event of tampering with the equipment or services owned by New Edge or its agents.

2.6.6 Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect Company equipment or Company service to others.

2.6.7 For neglect or refusal to provide reasonable access to New Edge or its agents for the purpose of inspection and maintenance of equipment owned by New Edge or its agents.

2.6.8 For non-payment of any amount past due to the Company by the Customer.

2.6.9 Without notice for unauthorized or unlawful use of Authorization Codes. Authorization Codes are issued only by the Company to the Customer and may not be sold or otherwise distributed without the written consent of the Company.

2.6.10 Without notice in the event of any other unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, New Edge may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

2.6.11 For Customer's breach of contract for service between the Company and the Customer.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service

Interruptions in service that are not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.7.1 for the part of the service that the interruption affects.

2.7.1 General

A. Service Outage

A credit allowance will be given when service is interrupted, except as specified below. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a cross-talk, static or other transmission problem, the Company will respond to a Customer's report of such a "service outage" in accordance with IDAPA 31.41.01 Rule 503. Customer's bills will be appropriately and automatically credited pursuant to the terms of Rule 503.

B. Receipt and Recording of Reports

The Company will provide for the receipt of Customer trouble reports at all hours and make a full and prompt investigation of and response to all reports. The Company will maintain an accurate record of trouble reports made by its Customers. This record will include accurate identification of the Customer or service affected, the time, date and nature of the report, the action taken to clear the trouble or satisfy the Customer, and the date and time of trouble clearance or other disposition. This record will be available to the Commission or its authorized representatives upon request at any time within two (2) years of the date of the record.

C. Repair Commitments

Commitments to the Customer for repair service will be set in accordance with Rule 503. The Company will make every reasonable attempt to fulfill repair commitments to its Customers. Customers will be timely notified of unavoidable changes. Failure to meet a repair commitment does not relieve the Company of the credited provisions in Rule 503.01, unless the Customer fails to keep an appointment the Customer agreed to when the original commitment was made

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.1 General, (Cont'd.)

D. Restoration of Service

When the Company providing local exchange is informed by a Customer of a local exchange service outage, the Company will:

1. restore service within sixteen (16) hours after the report of the outage if the Customer notifies the Company that the service outage creates an emergency for the Customer, or

2. restore service within twenty-four (24) hours after the report of the outage if no emergency exists, except that outages reported between noon on Saturday and 6:00 p.m. on the following Sunday must be restored within forty-eight (48) hours or by 6:00 p.m. on the following Monday, whichever is sooner. If the Company does not restore service within the times required by this subsection, the Company will credit the Customer's account for an amount equal to the monthly rate for one (1) month of basic local exchange service.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.1 General, (Cont'd.)

E. Extenuating Circumstances

Following disruption of local exchange service caused by natural disaster or other causes not within the Company's control and affecting large groups of Customers, or in conditions where the personal safety on an employee would be jeopardized, the Company is not required to provide the credit referred to in Subsection 503.01 as long as it uses reasonable judgment and diligence to restore service, giving due regard for the needs of various Customers and the requirements of the telecommunications service priority (TSP) program ordered in FCC Docket 88-341. When a Customer causes the Customer's own service outage or does not make a reasonable effort to arrange a repair visit within the service restoration deadline, or when the Company determines that the outage is attributable to the Customer's own equipment or inside wire, the Company is not required to provide to that Customer the credit referred to in Subsection 503.01.

F. Compliance Standard

Each month at least ninety percent (90%) of out-of-service trouble reports will be cleared in accordance with Subsection 503.01 and 503.02. The Company will keep a monthly service record as described in Subsection 502.01 and will notify the Commission whenever the record indicates the ninety percent (90%) level has not been met for a period of three (3) consecutive months.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Allowances for Interruptions in Service, (Cont'd.)

2.7.2 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit that has been subject to the outage or cumulative service credits.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.8 Use of Customer's Service by Others

2.8.1 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the designated Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Cancellation of Service/Termination Liability

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2.7.1 above), the Customer agrees to pay to the Company termination liability charges, as defined below unless otherwise stated in written Service Order. These charges shall become due as of the effective date of the cancellation or termination and be payable within the period, set forth in Section 2.5.2.

2.9.1 Termination Liability

The Customer's termination liability for cancellation of service shall be equal to:

A. all unpaid Non-Recurring charges reasonably expended by the Company to establish service to the Customer; plus

B. any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of the Customer; plus

C. all Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.10 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties:

2.10.1 to any subsidiary, parent company or affiliate of the Company; or

2.10.2 pursuant to any sale or transfer of substantially all the assets of the Company; or

2.10.3 pursuant to any financing, merger or reorganization of the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Customer Liability for Unauthorized Use of the Network

Unauthorized use of the network occurs when a person or entity that does not have actual, apparent, or implied authority to use the network, obtains Company services provided under this tariff.

2.11.1 Customer Liability for Fraud and Unauthorized Use of the Network

A. The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company calling card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.

B. A Company calling card is a telephone calling card issued by the Company at the Customer's request, which enables the Customer or user(s) authorized by the Customer to place calls over the Network and to have the charges for such calls billed to the Customer's account.

An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

C. The Customer must give the Company written or oral notice that an unauthorized use of a Company calling card or an accepted credit card has occurred or may occur as a result of loss, and/or theft.

D. The Customer is responsible for payment of all charges for calling card services furnished to the Customer or to users authorized by the Customer to use service provided under this rate sheet, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

The liability of the Customer for unauthorized use of the Network by credit card fraud will not exceed the lesser of fifty dollars ($50.00) or the amount of money, property, labor, or services obtained by the unauthorized user before notification to the Company.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.12 Notices and Communications

2.12.1 The Customer shall designate on the Service Order the address to which the Company shall mail or deliver all notices and other communications, except that the Customer may also designate a separate address to which Company bills for service shall be mailed.

2.12.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.

2.12.3 Except as otherwise stated in this tariff, all notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

2.12.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.13 Taxes, Fees and Surcharges

The Company reserves the right to bill any and all applicable taxes, fees and surcharges in addition to normal rates and charges for services provided to the Customer, where permitted by law. Taxes and fees include, but are not limited to: Federal Excise Tax, State Sales Tax, Municipal Tax, Gross Receipts Tax, Idaho Telecommunications Service Assistance Program, and Universal Service. Unless otherwise specified in this tariff, such taxes, fees and surcharges are in addition to rates as quoted in this tariff and will be itemized separately on Customer invoices.

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.14 Miscellaneous Provisions

2.14.1 Telephone Number Changes

Whenever any Customer's telephone number is changed after a directory is published, the Company shall intercept all calls to the former number for at least one hundred and twenty (120) days and give the calling party the new number provided existing central office equipment will permit, and the Customer so desires.

When service in an existing location is continued for a new Customer, the existing telephone number may be retained by the new Customer only if the former Customer consents in writing, and if all charges against the account are paid or assumed by the new Customer.

2.14.2 Maintenance and Operations Records

Records of various tests and inspections, to include non-routine corrective maintenance actions or monthly traffic analysis summaries for network administration, necessary for the purposes of the Company or to fulfill the requirements of Commission rules shall be kept on file in the office of the Company as required under Commission rules.

2.15 Universal Emergency Telephone Number Service (911)

Universal Emergency Telephone Number Service (911 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the numbers 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center Customer exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. No call-specific charges apply to 911 calls.

SECTION 3 - SERVICE AREAS

3.1 Local Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in the exchanges and local calling areas currently served by the Incumbent LEC.

SECTION 4 – SERVICES, RATES AND CHARGES

4.1 Nationwide Integrated Products Suite

Nationwide PRI is a dynamic bandwidth product offering Trunk-side PRI and DID Services, with Dynamic Bandwidth allocation. The base product offers up to 23 voice-grade channels to a TDM based PRI using standard PRI hand-offs and support up to 46 b-channels depending on the chosen options. It also provides Internet and/or MPLS (MPLS IP VPN) service delivery across dedicated T1, NxT1, or Ethernet based local loops. NFAS not supported. EarthLink Business must provide the IAD. The local voice service and data transmission share the available bandwidth. Only available to business customers and only where suitable facilities exist.

Nationwide Line Side Service offers delivery of Internet service and line side local exchange service. The option employs the use of the entire available bandwidth for data transmission when voice lines are not in use. When multiple services are in use, voice applications will takes precedence over data. The Line Side product accommodates local lines and Internet bandwidth on a single access line, at a single location. Only available to business customers and only where suitable facilities exist.

Customers ordering from the Nationwide Integrated Products Suite must pre-subscribe to the Company's long distance service. Customers will have the option to purchase bundles of long distance minutes.

VERIFICATION

COMMONWEALTH OF MASSACHUSETTS §
§
COUNTY OF MIDDLESEX §

I, Paula Foley, state that I am Regulatory Affairs Counsel of New Edge Networks, Inc. d/b/a EarthLink Business; that I am authorized to make this Verification; that the foregoing filing was prepared under my direction and supervision; that the Applicant will comply with all Idaho laws and Commission rules and regulations; and that matters set forth in the filing are true and correct to the best of my knowledge, information, and belief.

Paula Foley
Regulatory Affairs Counsel
EarthLink Business

SWORN TO AND SUBSCRIBED before me on the 1st day of October, 2011.

Jeanette M. Lydon
Notary Public

My commission expires: 5/9/2014

JEANETTE M. LYDON
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
May 9, 2014

A/74489639.1