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**EUREKA NETWORKS AND INFOHIGHWAY COMMUNICATIONS
COMPLETE MERGER**

New York, NY, August 31, 2005 – Eureka Networks and InfoHighway Communications Corporation today announced that they have completed their merger, creating one of the largest competitive telecommunications service providers in the Northeast. The new company, Eureka/InfoHighway, serves approximately 14,000 small- to medium-sized business customers with 150,000 access lines in 14 states, with substantial concentration in the New York, Boston and Washington, D.C. metropolitan areas.

Eureka/InfoHighway is well positioned as a premier provider of full service technology solutions, including traditional telecommunications services and next generation services, such as Integrated DS1s and Hosted PBX (VoIP).

“We have completed the merger of the two companies, including the receipt of the necessary regulatory approvals” said Jeff Ginsberg, Chairman of Eureka/InfoHighway. “We will continue to build on the strengths of the two companies combining powerful distribution channels with a wide range of innovative network-based services.

“We have made significant progress in combining the two organizations with a major advancement towards a unified system infrastructure, including our billing and OSS systems.” said Raul K. Martynek, President and CEO of Eureka/InfoHighway. “We have also integrated our management teams creating one of the most experienced and dedicated organizations in the industry. Eureka/InfoHighway is well positioned to deliver increased benefits for all of our customers and to be one of the best competitive carriers in our markets.”

“We are already leveraging Eureka’s carrier-class voice and data network by rolling out new services utilizing InfoHighway’s extensive distribution network. InfoHighway’s sales channels have already begun selling state-of-the-art and competitively priced services, including Hosted PBX based on VoIP technology.” said Joe Gregori, Vice Chairman of Eureka/InfoHighway.

CapitalSource Finance LLC provided financing for the transaction, in addition to investments made by Eureka’s equity partners, which include affiliates of Apollo Real Estate Advisors, Trimaran Fund, Lazard Technology Partners, Gigaline and LLR

Partners. In addition, DH Capital advised and assisted Eureka Networks in the transaction.

About Eureka/InfoHighway

Eureka/InfoHighway was created from the merger of Eureka Networks and InfoHighway Communications. The Company is one of largest facilities-based Competitive Local Exchange Carrier providing innovative, state-of-the-art and competitively priced local, long distance voice, data and Internet services to small- to medium-sized business customers in select metro markets in the mid-Atlantic and Northeastern United States with over \$110 million in combined 2005 revenues. The combined **Eureka/InfoHighway** is headquartered in New York City and has more than 230 employees. The Company is profitable and is backed by some of the leading private equity institutions in the country, including affiliates of Apollo Real Estate Advisors, Trimaran Fund, Lazard Technology Partners, Gigaline and LLR Partners. The Company was listed in Crain's Top 200 Privately Held Companies of New York.

Eureka/InfoHighway's state-of-the-art, advanced carrier network provides a wide array of traditional voice and data services combined with the most advanced data offerings, such as VoIP, Hosted PBX and up to DS3 access to the Internet. The Company has successfully introduced Hosted PBX services, which allows small- to medium-sized enterprise ("SME") customers to benefit from packet-based combined voice and data communications utilizing the Company's IP network while eliminating the need for customer investment in costly circuit-switched premise equipment.

For more information, please visit www.eurekanetworks.net or www.infohighway.com.

About CapitalSource

CapitalSource Finance LLC (NYSE: CSE) (www.capitalsource.com) is a specialized commercial finance company offering asset- based, cash flow and mezzanine financing to small and mid-sized borrowers through three focused lending businesses: Corporate Finance, Healthcare and Specialty Finance, and Structured Finance. By offering a broad array of financial products, CapitalSource had outstanding more than \$7.6 billion in loan commitments as of June 30, 2005. Headquartered in Chevy Chase, MD, CapitalSource has a national network of offices in cities including Atlanta, Boston, Buffalo, Chicago, Dallas, Los Angeles, Nashville, New York, Philadelphia, St. Louis and San Francisco.

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