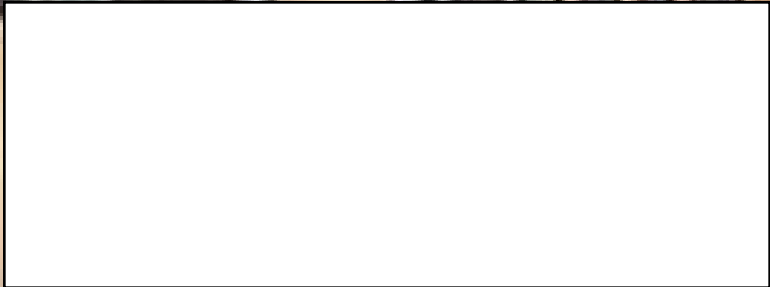




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NORLIGHT. THE CURE FOR TELECOM BANKRUPTCIES.

The Techno Jungle has always been a little scary.

But these days, it's getting downright hostile.

Mergers. Bankruptcies. DSL providers out of business left and right.

They're dropping like flies. Sometimes, with as little as one week's notice to find someone new. It's enough to make anyone question their relationships.

Unless, of course, your relationship happens to be with Norlight, the Guardians of Data.

GUARDIANS OF DATA

NORLIGHT TELECOMMUNICATIONS: VOLUME FIVE, NUMBER TWO - JULY 2001

AWW, SHAKE-SHAKE-SHAKE, SHAKE-SHAKE-SHAKE, TELECOM INDUSTRY SHAKEOUT!

Think back to this time last year. The stock market was doing great, the economy couldn't be better and technology was the hottest industry around. Now think about the state of the economy and the telecommunications industry today.

A lot can happen in a year.

And a lot did happen in the last year. You can see this point proven by the economic breakdown that's hit America, its technology companies and of course the backbone of the "new economy," the telecoms. This breakdown has caused several telecom companies and ISPs to fold or be bought out. Some of the casualties include Teligent, @Link Networks, Winstar, Pathnet and NorthPoint, to name a few. Many of these companies have left their customers to find alternative service providers. And more casualties could be on the way. Many industry analysts predict that several more companies will fall in the next few years, leaving less competition and innovation within the telecom industry.

What happened? According to many industry observers, there were simply too many competitors that popped out of the woodwork after the Telecommunications Act of 1996.

These new upstarts jumped into the game at a time when the economy was good and the Internet was exploding. Despite the fact that many of these upstarts were unprofitable, banks and venture capitalists kept lending them money and their stock prices soared on the promise of the "new economy" and the wealth it would bring. In fact, the U.S. telecom industry borrowed nearly \$245 billion from banks since 1996. It was the third-largest borrower among industries last year, according to Thomson Financial Securities Data.

With a number of telecoms sprouting up in the ferociously competitive telecom industry, the inevitable price wars started. As the new start-ups cut prices, so did the giants like AT&T and WorldCom, leading to less revenue. In the boom of the 90's, the telecoms increased their capital spending for equipment and fiber optics while their revenue remained level. This diminished profits and caused missed revenue targets, which weren't a problem for Wall Street until last year. Now many telecoms are struggling to make interest payments on their debt while their shareholders are demanding to see profits.

"In the mid 90's, technology companies, including telecoms, didn't need to show a return on investment," said Jim Ditter, president of Norlight. "Investors valued these companies not by their profits, which were expected to come a few years down the road, but by their investments in infrastructure." To appease these investors, many of the telecoms borrowed from banks and issued bonds to fuel their expansion, and since Wall Street wasn't concerned with profits, neither were they. However, a shift in investor attitude surprised many of the telecoms and put an end to the good times.

According to Ditter, this shakeout in the telecom industry is basically a weeding out of the weaker companies. "The strong companies will survive," said Ditter. "The companies that have good business models, that are profitable and have a reasonable level of debt will be the ones that lead the telecom industry in the next few years."

Ditter follows this model for Norlight, stating that since Norlight is a subsidiary of Journal Communications, Inc., they have the financial stability, and their employee-owned culture allows a level of customer service that is unmatched by other telecoms.

CLECs vs. ILECs

The Battle of Broadband Heats Up

Remember the granddaddy of 'em all, the first big change in the telecom industry, the Telecommunications Act of 1996? It vastly restructured the industry. Among other things, the Telecom Act opened local markets to competition and allowed Regional Bell Operating Companies (RBOCs) to provide long distance service, provided that they meet certain rules set by the Federal Communications Commission (FCC). Now in 2001, the jury is still out on whether the act has increased competition and lowered prices as expected. But one thing is for sure, the RBOCs would like the bill's broadband restrictions lessened, and Congress is reviewing a bill right now that's attempting to do just that.

The bill is called the Internet Freedom and Broadband Deployment Act of 2001, but is better known as the Tauzin-Dingell bill named after its two co-sponsors. Through the bill, two primary changes have been proposed to the Telecom Act. One is eliminating line-sharing agreements, and the other is the deregulation of high-speed data and Internet services by allowing RBOCs to enter long-distance voice and data markets without meeting Telecom Act requirements.

These two changes can have substantial impact on the competitive telecommunications environment. Currently FCC mandated line sharing agreements allows Competitive Local Exchange Carriers (CLECs) to use the same copper line for broadband services that the existing Incumbent Local Exchange Carriers (ILECs) use to deliver traditional voice service. Without this line sharing, CLECs would have to purchase a new line from the ILEC at a higher cost. On the other hand, since ILECs would have to allow their competitors to share their newly built networks and take customers away from them, they feel that the current law limits their incentives to invest in nationwide broadband deployment.

The Tauzin-Dingell bill would also allow RBOCs to carry Internet traffic between LATAs without meeting the requirements set forth in Section 271 of the Telecom Act. Section 271 of the Telecom Act states that the RBOCs have to open up their local-exchange markets before they can sell long distance services between LATAs. The RBOCs argue that the Telecom Act was meant for long distance voice services, and that it shouldn't apply to the booming data transfer market.

The Tauzin-Dingell bill is currently making its way through the House and might be reviewed by the House Judiciary Committee before being voted on by the full House. In addition, a pair of related bills were introduced that would basically uphold the Telecom Act by prohibiting RBOCs from entering long distance broadband markets without meeting the Telecom Act's requirements.

It's easy to see the points of both the ILECs and the CLECs in relation to broadband and competition. Each is acting in a true competitive fashion, attempting to protect their market share and investments. However, the Tauzin-Dingell bill is not something to be taken lightly. According to industry experts, the bill has the potential to change America's telecommunications environment for years to come, and could slow competition and innovation within the industry.

Food for thought, brought to you by the Guardians of Data.



NORLIGHT MAKES ORDERING VIDEO AND SATELLITE SERVICES EASIER.

In an effort to make booking service from Norlight's Teleport Chicago even easier, effective June 1, 2001, all orders for video and satellite services should be made directly to Norlight's Teleport.

With 24-hour, seven-day-a-week availability, your every wish is our command, all with a single phone call.

To book services, call **1-800-UPLINKS**, or **847-674-7476** in the Chicagoland area. For more information about our video, data and radio uplink/downlink services, for satellite time, video conferencing, Internet and voice uplink, call Jesse Mix at **1-888-255-8755**.

We appreciate your business and will continue to work diligently every day to earn it.

ECB AND NORLIGHT EXTEND 30-YEAR FRIENDSHIP.

All of us who are in the technology business (and in life for that matter) know that there is one thing that is constant. And that one thing is change. The Wisconsin Educational Communications Board (ECB) knew that it would be going through a big change when the time came to migrate their analog broadcast network to digital. Fortunately, a long-standing relationship with the Guardians of Data helped them through the process.

ECB was a current Norlight customer when they put out a request for proposal for digital network services. Actually, for you Norlight trivia buffs out there, ECB was Norlight's very first customer in 1972, and much of Norlight's original network infrastructure was built with ECB's needs in mind. ECB uses Norlight's network to transmit radio and television signals throughout Wisconsin for Wisconsin Public Television and Wisconsin Public Radio.

The Federal Communications Commission announced that by 2006

all television broadcasters would be required to migrate their signals to a digital format. The new digital format will offer ECB the opportunity to broadcast High Definition Television (HDTV). In addition, when HDTV isn't being broadcast, ECB will have the ability to 'multicast' several different channels of standard definition television as well as data. These benefits will give ECB the opportunity to develop learning and programming opportunities unheard of with analog broadcasting.

In ECB's recent RFP, they stated that they were looking for a reliable network and that they would like a vendor who could provide a one-stop solution. Norlight responded with a proposal to use their SONET network, installing DS-3s at each of ECB's locations. In addition, Norlight's Network Management Center would provide a single point of contact for the implementation and monitoring of ECB's broadcasts, including "last mile" circuit monitoring.

ECB's current analog system is based on a point-to-point transmission

(they send video from their broadcast facility in Madison, Norlight transports the video, and the video arrives at the end location). Norlight proposed transporting ECB's television and radio signals on Norlight's SONET network, which would give them the reliability they were looking for. In addition, Norlight proposed a DS-3 at each ECB location. With this system, ECB's signal would be sent through the network as pure data and would be decoded once it gets to the end locations. A DS-3 network is also inherently bi-directional, so ECB will also be able to originate programming from their remote studios.

After reviewing all the proposals, ECB selected Norlight and signed a seven-year contract. They based their decision on Norlight's highly reliable SONET network, single point of contact capabilities and their vast experience working with the ECB broadcast technologies. Norlight is proud to have been selected as their service provider and especially of the renewed vote of confidence in a 30-year relationship.

FIRST THE INDY 500, NOW THE GUARDIANS OF DATA

Indianapolis, world-famous home of the Indy 500, is now home to the infamous Guardians of Data. With Norlight's service-oriented attitude already racing along in Wisconsin, Minnesota, Michigan and Illinois, the Guardians are ready to accelerate into Indiana with Jeff Gordon-like speed. Norlight opened a sales office in Indianapolis in May serving the Indiana market, and plans to open an office in Fort Wayne next year.

A.J. Foyt will lead the way, serving as general sales manager, and will head Norlight's Indiana sales operations. Actually, that's not quite true. Steve Bullington will handle those duties, but he's not exactly a marquee name (yet), plus Foyt is a much better high speed driver. As the first Guardian of Data to hit the track in the Indiana telecom scene, Bullington brings over 15 years of experience in the telecommunications industry to Norlight and those lucky Indiana customers. Steve will oversee sales and customer service activities throughout Indiana and, if he's lucky, will oversee the activities at the Indy 500 each year. Where he can prove once and for all, who's really King of the Road.



Now in its 30th year of business, Norlight Telecommunications is proud to serve as the Guardians of Data for Midwestern businesses. We are a subsidiary of Journal Communications, Inc.

Employee-owned since 1937, the company has operations in television and radio broadcasting, newspaper publishing, database marketing, printing and telecommunications.

If you have a question, comment or suggestion regarding this publication, please contact Greg Quigley at Norlight, 1-877-456-5055 or visit us at www.norlight.com.