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**WINSTAR AND SIEMENS TELECOM NETWORKS EXPAND
POINT-TO-MULTIPOINT AGREEMENT**

**Siemens To Provide ATM and Network Management Equipment and
Integrate P-Com Radios Into Network**

NEW YORK - AUGUST 4, 1998 - WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) and Siemens Telecom Networks today announced an expansion of their agreement for the supply of point-to-multipoint equipment and systems integration services. Under this new agreement, Siemens will integrate P-Com point-to-multipoint systems into WinStar's wireless broadband demonstration network in Washington, D.C. Siemens will also provide ATM equipment, network management systems and integration services for this network.

This agreement enables WinStar's point-to-multipoint broadband network to incorporate equipment from multiple vendors on the same hub sites. Point-to-multipoint systems manufactured by Broadband Networks Inc. (BNI), that are currently installed in WinStar's point-to-multipoint network, will continue to be supported by Nortel, which acquired BNI in late 1997.

WinStar's existing full-duplex, ATM-based point-to-multipoint demonstration network in Washington, D.C. incorporates three fully interconnected hub sites which provide high-speed voice, data and video services to customer buildings located in different geographical sectors. Traffic is routed through an ATM over-the-air interface and integrated with WinStar's ATM metropolitan area backbone network and its Class 4/5 local and toll switched network. This existing network incorporates BNI point-to-multipoint radios which were supported by Siemens. Under the new agreement, P-COM point-to-multipoint radios which will be supported by Siemens will be added to WinStar's demonstration network while Nortel will assume responsibility for the existing equipment.

WinStar's point-to-multipoint network is ushering in an era of advanced communications services, including enhanced video conferencing, LAN-LAN interconnections, file transfer, MPEG-2 video and distance learning. "We are pleased to continue working with Siemens, a world-class leader in telecommunications technology and network systems integration, and P-COM, with whom we have had an excellent long term relationship," said Nathan Kantor.

WinStar Communications, Inc.

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President and Chief Operating Officer of WinStar. "We are also pleased that Nortel will continue to support WinStar's multipoint network. We believe a multi-vendor strategy encourages efficiency and innovation from our vendors, and insures that we are not dependent upon a single supplier."

Commenting on today's announcement, Fred Fromm, President and Chief Executive Officer of Siemens Telecom Networks, said, "Siemens is confident that, working with WinStar, we will help bring an unprecedented level of flexibility and innovation to the telecommunications services marketplace."

WinStar said today it remains on schedule to begin initial commercial deployment of its point-to-multipoint network. The point-to-multipoint network design greatly increases the efficiency with which WinStar utilizes its spectrum while also providing very significant reductions in capital costs. The combination of reduced costs and the relative ease of installation will allow the integration of voice, data and video communications into one network.

WinStar Communications, Inc. is a national local communications company, serving business customers, long distance carriers, fiber-based competitive access providers, mobile communications companies, local telephone companies, and other customers with broadband local communications needs. The company provides its Wireless FiberSM services using its licenses in the 28 and 38 GHz spectrum. The company also provides long distance, Internet, data and information services. Home page: www.winstar.com

Siemens Telecom Networks, headquartered in Boca Raton, Fla., is a leading provider of telecommunications solutions to the public network service providers in North America. The company designs and manufactures digital central office switching equipment, access network solutions, broadband switching systems, wireless solutions, end-to-end multimedia solutions, Internet solutions, network management products and transmission products. Siemens Telecom Networks is a subsidiary of Siemens AG, which has annual revenues of \$63.7 billion (FY 96-97) and has operations in 193 countries. Home page: www.stn.siemens.com

P-Com Inc., headquartered in Campbell, Calif., develops, manufactures and markets network access systems for the worldwide wireless telecommunications market. The point-to-point, spread spectrum and point-to-multipoint radio links provided by P-Com are designed to satisfy the network requirements of cellular and personal communications service, corporate communications, public utilities and local governments. Home page: www.p-com.com

Except for any historical information contained herein, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties which are described in the company's SEC reports, including the 10-K for the period ended December 31, 1997, and the 10-Q for the period ended March 31, 1998.

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**WINSTAR INITIATES FIRST FULLY INTEGRATED
FIXED WIRELESS MULTIPOINT METROPOLITAN AREA NETWORK**

**Multi-Hub/ATM-Based Configuration Demonstrates
Increased Functionality and Efficiency of
Point-to-Multipoint Architecture**

**NEW YORK – APRIL 13, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ
WCII)** announced today that it has activated a full-duplex, ATM-based, point-to-multipoint (PMP) broadband, fixed wireless trial network carrying voice, data and video services in Washington, D.C.

The network incorporates two hub sites, expanding to three shortly, and is providing high speed telecommunications services over multiple sectors to four end-user buildings. Traffic is being routed through an ATM over-the-air interface and integrated with WinStar's ATM metropolitan area backbone network and its Class 5 local switched network. The PMP network is functioning at an extremely high level of efficiency and reliability.

William J. Rouhana, Jr., Chairman and Chief Executive Officer of WinStar, said that "the network confirms the breadth and depth of the role WinStar's Wireless FiberSM broadband local networks will play in bringing voice, data and video services to the market. We believe this is the first time these capabilities have been integrated into an actual commercial enterprise environment. The results of our deployment firmly establish WinStar's technical leadership in this arena."

WinStar's Washington D.C. network is demonstrating all the features of a fully networked PMP infrastructure, including bi-directional communications on a bandwidth-on-demand basis. The network offers unprecedented versatility, including enhanced voice, data, video conferencing, LAN-LAN interconnections, file transfer, MPEG-2 video, distance learning, email and high speed internet access. The network will provide multiple channels to each end user building, and each channel will provide data rates of up to 155 megabits per second. This network design greatly increases the efficiency with which WinStar utilizes its spectrum.

"Our PMP network carries with it very significant reductions in capital costs enabling WinStar to extend our network to many more customers, expanding our addressable market to include those customers located in buildings as small as 20,000 square feet, and some portion of the residential market. The combination of the reduced cost and the relative ease of installation will allow the integration of voice, data and video communications services onto one network allowing an

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affordable, high speed alternative to the higher cost, legacy systems of the existing monopoly carriers” said Rouhana. “This confirms our ability to initially deploy our multipoint network in the second half of 1998, and moves us toward full national implementation of this network over the course of 1999 and beyond.”

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**WINSTAR NEW MEDIA LAUNCHES
*OFFICE.COM: A SERVICE FROM WINSTAR***

Service to provide first complete and easy-to-use Internet site for small and medium-sized businesses

NEW YORK - AUGUST 20, 1998 - WinStar New Media Company, Inc., the information and interactive services subsidiary of WinStar Communications, Inc. (NASDAQ: WCII), today announced that it has launched the initial phase of its new Internet site, *Office.com: a service from WinStar* (<http://www.office.com>), which is intended to be the definitive Internet site for the small and medium-sized business market.

WinStar's *Office.com* will provide small and medium-sized businesses with the same broad content and ease of use enjoyed by consumers using well-known online services. The first phase of WinStar's *Office.com* was launched on August 14, 1998. WinStar plans to add a full range of comprehensive user-friendly services, e-commerce, communications capabilities and business information to the service by early 1999.

"This is the first step in the roll-out of what we expect to become the premier online Internet site for small and medium-sized businesses," said Stuart B. Rekant, President of WinStar New Media. "Our goal is to identify interactive applications where there is strong commercial demand and draw on the strengths of our traditional media and information businesses to meet that demand. With *Office.com: a service from WinStar*, we are using our business information expertise to create a valuable resource for an under-served market. We are committed to become a leader in the interactive industry by expanding our assets in the business, school and home consumer markets."

William J. Rouhana, Jr., Chairman and Chief Executive Officer of WinStar Communications, Inc., said, "The information and content provided by our New Media division is an important complement to our core telecommunications business. We offer our customers a range of valuable services that differentiate us from our competitors. At the same time, as we build our interactive assets and they grow into successful businesses, we will continue to review opportunities to spin off these valuable assets as separate public companies to maximize shareholder value."

WinStar New Media Co., Inc.

230 Park Avenue, Suite 3126 New York, NY 10169 • Tel 212 687 7578 Fax 212 986 6447

WinStar New Media is a convergence-driven media and information services company based in New York City. It produces, markets and delivers information and data-based content targeted to the business, education and consumer markets.

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WINSTAR NEW MEDIA SIGNS AGREEMENT WITH YAHOO! INC.

*Office.com: a service of WinStar to provide business tools to
Yahoo!® Small Business users*

NEW YORK - AUGUST 20, 1998 - WinStar New Media Company, Inc., the information and interactive services subsidiary of WinStar Communications, Inc. (NASDAQ-WCII), today announced it has signed an agreement with Yahoo! Inc. (NASDAQ-YHOO), a leading global Internet media company. Through the new relationship, WinStar will supply *Office.com: a service from WinStar* Business Tools and related editorial content to *Yahoo! Small Business* (<http://smallbusiness.yahoo.com>), a comprehensive resource on the Web designed to meet the needs of the growing small business community.

WinStar's *Office.com* Business Tools and related content will provide business users with information and tools designed to assist them in running and managing their operations more efficiently. In addition, WinStar's *Office.com* will deliver weekly profiles of successful entrepreneurs and business strategy issues. This content is provided by L2S, Inc., a company associated with the former founders of Entrepreneurial Edge magazine and the Edge Online Web site.

"We are pleased to begin a relationship with Yahoo! because it is one of the most popular gateways to the Web," said Stuart B. Rekant, President of WinStar New Media. "By working with *Yahoo! Small Business*, we can deliver users practical and comprehensive business tools to help them succeed in business."

WinStar's *Office.com* Business Tools and related content will be integrated into *Yahoo! Small Business'* eleven topic areas including Communications, Finance, Government Services, Human Resources, International Business & Trade, Legal, Office Supplies, Sales & Marketing, Starting a Business, Technology and Taxes. Throughout the various topic areas, business owners and entrepreneurs will have access to interactive business tools provided by WinStar's *Office.com* to help them plan, develop, manage and make decisions in segments such as marketing, finance and legal. Users will be able to access additional Business Tools and content by visiting WinStar's *Office.com* (<http://www.office.com/biztools>).

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WINSTAR TO ACQUIRE LANSYSTEMS FROM BOWNE & CO.

Strategic Acquisition Expands WinStar's Presence in Data Services Business

NEW YORK, AUGUST 7, 1998 – In a move that furthers its mission of creating broadband networks and helping customers use them productively, **WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII)** today announced its agreement to acquire LANSystems, a leading integrator of data services, from Bowne & Co. (AMEX – BNE).

LANSystems is a leading provider of systems integration and other similar services, primarily to the legal and financial services communities, with offices in major cities in the United States. LANSystems solves complex business challenges with leading-edge integration services that give clients flexible solutions that fit their technology requirements and business objectives.

William J. Rouhana Jr., Chairman and Chief Executive Officer of WinStar, said: "This acquisition begins to fill the professional services element of our broadband strategy, which also includes network and networked applications, and helps us complete our goal of building a full-service data transmission business. By entering the professional services data business we can offer a fully integrated approach to our customers' increasingly complex data needs and continue to build our business in this area."

WinStar will purchase LANSystems for approximately \$23 million, payable in cash at closing, which is subject to certain conditions including Hart-Scott-Rodino approval. WinStar said it expects LANSystems to have a revenue run rate of \$20 - \$25 million over the next 12 months and to contribute positively to the company's EBITDA.

"We welcome the LANSystems' employees and customers into the WinStar family and look forward to continuing to do business with Bowne," said Howard Taylor, President and Chief Operating Officer of WinStar Broadband Services. "We are confident that WinStar

will be a good home for LANSystems because it enhances our data services offerings and because we both have the same strong commitment to customer satisfaction. We believe both WinStar and LANSystems' customers will welcome this acquisition because many of them are already seeking a combination of services which we will now be able to deliver as one entity. We are further encouraged that LANSystems' core business is located in six cities – Chicago, Dallas, Los Angeles, New York City, San Francisco, and Washington, D.C. – where we already have a strong presence, creating opportunities to offer our customers a wider range of services.”

LANSystems' solution specialties include network infrastructure design, implementation, network and desktop operating systems, document management systems, groupware applications, Internet and intranet solutions, and flexible support of local-area, wide-area, and public networks. LANSystems consistently ranks among the top 25 integrators in LAN Magazine's annual survey of the top 100 integration firms in the country. Additionally, LANSystems has developed numerous strategic relationships with cutting-edge technology providers such as Microsoft, Novell, PC DOCS, Lotus, Bay Networks, Cisco, and Compaq.

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**WINSTAR REPORTS SECOND QUARTER CLEC REVENUES
MORE THAN QUADRUPLED OVER 1997**

CLEC Revenue Run Rate Exceeds \$130 Million

EBITDA Losses Continue To Decline

NEW YORK - AUGUST 5, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) reported today revenues for the second quarter ended June 30, 1998 increased to \$57.3 million, a gain of 21% over the preceding quarter's \$47.4 million and more than triple the year ago amount of \$16.3 million. Revenues benefited from continued strong growth in the company's telecommunications business, where the addition of new markets and new services led to an over 480% gain in revenue over the prior year.

"WinStar is very focused on executing its business plan, and in the second quarter the company remained solidly on course with the deployment of its network to additional cities, the sale and installation of new lines, and the marketing of an expanded portfolio of voice, data and Internet services," said Nathan Kantor, President and Chief Operating Officer. "The company increased its nationwide sales presence to 26 markets, and we expect to achieve our goal of providing switched services to the 30 largest U.S. markets by the end of this year. At the same time, WinStar's rapid expansion is being managed with intense expense control to produce improvement in margins and other measures of financial performance," added Kantor.

Revenues from CLEC operations increased to \$30.0 million, a gain of 61% over first quarter revenues of \$18.6 million. CLEC revenues totalled \$4.0 million in the year-earlier quarter. The growth was attributable to continued national sales and installation of local, long distance and Internet services for small and medium sized business customers, the geographic expansion of sales and network operations and the rapidly expanding large account business unit. The company's new broadband data services business also achieved significant progress during the second quarter, increasing its revenues 58% from the first quarter. Total CLEC service revenues reached an annual run rate of \$134 million at the end of June compared to just \$19 million a year ago.

Revenues from other telecommunications services, which consist of wholesale operations, residential long distance and MIDCOM long distance voice services, amounted to \$14.7 million for the June quarter. As previously stated, the company expects a gradual attrition of this other revenue over subsequent quarters.

For the first six months of 1998, CLEC revenues reached \$51.1 million compared to \$6.0 million in 1997.

Information services revenues for the 1998 second quarter amounted to \$12.5 million compared to \$8.7 million in the 1997 quarter. This gain of 45% was attributable to generally higher demand and the marketing of new products targeted at the information requirements of small and medium sized business. Information services revenues for the first six months of 1998 reached \$24.5 million, an increase of 67% over the comparable 1997 amount of \$14.7 million.

In line with its plan, WinStar achieved a second consecutive improvement in the quarterly EBITDA loss. The loss was reduced to \$48.6 million in the June period compared to \$48.9 million in the first quarter. The company recorded a net loss applicable to common shareholders of \$105.6 million or \$2.77 per share from continuing operations in the 1998 second quarter.

Commenting on the company's most recent performance, William J. Rouhana, Jr., Chairman and Chief Executive Officer, said today, "During the second quarter, WinStar saw further evidence that the financial model associated with the company's fixed wireless network is working. WinStar's operations in New York, our most mature market, achieved a gross margin exceeding 35% in the second quarter, and current trends should lead to positive EBITDA being generated in New York no later than the fourth quarter," Rouhana noted. "This is less than two years after the company began selling switched services in New York."

LINE ORDERS AND INSTALLATIONS INCREASE RAPIDLY

During the second quarter, WinStar continued to add substantial numbers of customers, line orders and line installations. Line orders for the period exceeded 75,000, an increase of over 30% from the first quarter of 1998. Installations of CLEC lines rose to 50,000 during the second quarter, representing approximately 20% sequential growth over the first quarter of 1998. On a cumulative basis, installed lines surpassed 195,000 at June 30.

WinStar continued to expand its telecommunications business and the scope of related support services during the second quarter. Services were being provided in 26 markets at June 30 versus 21 at the end of March. The number of customers being served through WinStar's CLEC operations reached more than 9,000 compared with slightly more than 7,000 three months earlier. Additionally, roof rights, which enable WinStar to install its Wireless FiberSM services on customer buildings, reached 3,000, an increase of over 500

from March 31. This marked the first time more than 500 roof rights had been obtained in a three month period.

Other Major Developments

WinStar reported these additional developments for the most recent quarter:

- WinStar's average bandwidth in the top 50 U.S. markets will rise above 750 MHz with the agreement to purchase 850 MHz of spectrum in New York City from CellularVision USA, Inc.
- In April, the company announced it had agreed to purchase 14.9% of the outstanding common stock of Advanced Radio Telecom Corp. (NASDAQ-ARTT) from private investors. Advanced Radio Telecom holds 38 GHz licenses in the U.S. and Europe.
- WinStar's GoodNet unit was awarded a \$40 million broadband backbone service contract from AboveNet, a San Jose, CA, based internet service provider.
- The company's workforce totalled 2,300 at June 30 compared to 2,100 at the end of March and 1,200 a year ago. The number of salespeople at the end of the second quarter stood at 440. The sales and service forces combined totalled 780.
- In May, WinStar signed a master agreement with CIGNA Investments, Inc., to deliver Wireless Fiber services to 96 commercial office buildings owned or managed by CIGNA.
- D&B International Business Information reports was added to WinStar Telebase's Internet site. Dun & Bradstreet @AOL.
- The company obtained CLEC authority in Delaware in July, bringing to 34 the total number of such authorizations, which represent 48 of the largest U.S. markets.
- The company activated a full-duplex ATM-based, point-to-multipoint broadband, fixed wireless demonstration network carrying voice, data and video services in Washington, D.C. WinStar also recently announced an expansion of an agreement with Siemens Telecom Networks under which Siemens will add P-Com point-to-multipoint radios to the network. This agreement will demonstrate the operability of the point-to-multipoint network in a multi-vendor environment.
- WinStar received recognition for its innovative technology and deployment of 17 fully integrated voice and data networks. The company was presented with a SuperQuest Award as "Best New Competitive Local Network" at the SUPERCOMM '98 Conference.

Rouhana concluded his remarks by saying "We are pleased by WinStar's solid progress during the second quarter, including the further rapid evolution of our network. Our achievements are being recognized by industry peers, as was demonstrated by the SuperQuest Award, which arose from the success we have attained in building a national telecommunications company in less than two years time. We expect the national introduction of our point-to-multipoint services in 1999 will add to our technological leadership and service capabilities."

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**WINSTAR OBTAINS DARK FIBER CAPACITY FROM
METROMEDIA FIBER NETWORK**

**High Capacity Fiber Backbone to Lower Connection Costs Between Central Offices and
Hub Sites in Seven Major Markets**

**Fiber Backbone To Lower WinStar's Long Distance Network Costs
in Eastern U.S.**

NEW YORK - JULY 29, 1998 - WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) today announced that it has obtained dark fiber capacity in and between a number of major markets from Metromedia Fiber Network (NASDAQ - MFNX), as part of WinStar's plan to build broadband networks in and between the top 40 U.S. markets. The cost to WinStar under the 25-year agreement, which begins immediately, is approximately \$40 million.

The agreement will provide intracity fiber rings, consisting of multiple fiber optic strands, to efficiently connect WinStar's present and future hub sites and central offices (which house WinStar's voice and data switches) in the metropolitan areas of Chicago, New York, Oakland, Philadelphia, San Francisco, San Jose and Washington, D.C. The agreement also will include intercity fiber optic capacity to connect WinStar's present and planned central offices, including its Class 4/5 switches, serving Baltimore, New York City, Newark, Philadelphia, Stamford and Washington, D.C., thereby establishing an East Coast facilities-based long distance network for WinStar.

"WinStar becomes one of the few carriers which can provide end-to-end services for its customers as we integrate these fiber facilities into our network and replace high cost leased facilities. This capacity will connect our point-to-point and point-to-multipoint Wireless FiberSM circuits, local loop hubs and our city networks to each other. In addition, we are creating a low-cost, state-of-the-art long distance network in the eastern corridor of the United States, which accounts for approximately 35% of the United States' telecommunications traffic," said William J. Rouhana, Jr., Chairman and Chief Executive Officer of WinStar. "This agreement reduces our

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operating costs, enhances our EBITDA and provides sufficient backbone capacity for us in and between these important markets well into the next decade.” Rouhana added.

Commenting on today’s announcement, Howard Finkelstein, President of Metromedia Fiber Network, said, “We are pleased to be able to provide virtually unlimited bandwidth to WinStar to assist its efforts to bring broadband telecommunications services to many thousands of customers and to interconnect them with a modern network backbone.”

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**WINSTAR TO ACQUIRE 850 MHZ OF BANDWIDTH IN NEW YORK CITY
FROM CELLULARVISION USA**

**Purchase Will Increase WinStar's Spectrum Holdings in
Largest U.S. Telecommunications Market to 1,750 MHz**

NEW YORK - JULY 13, 1998 - WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) today announced it has agreed to purchase 850 MHz of bandwidth in New York City from CellularVision USA, Inc. (NASDAQ - CVUS). The bandwidth is being disaggregated from CellularVision's LMDS license for the New York area, and will be combined with WinStar's existing 38 GHz licenses to establish a total spectrum position of 1,750 MHz.

"Through this transaction, WinStar will have an unprecedented capability to bring 21st century communications services to the most important business and financial market in the world," said William J. Rouhana, Jr., WinStar's Chairman and Chief Executive Officer. "This is the largest amount of spectrum ever held in a single city, and we expect it will enable us to provide a comprehensive range of high-speed voice, video and data services. Additionally, when the company's point-to-multipoint network architecture is deployed in New York, it will leverage these spectrum assets and enable WinStar to bring fiber-equivalent broadband services to thousands of office buildings and multiple dwelling units which have not been directly connected to the emerging information superhighway," added Rouhana. The purchase further solidifies WinStar's industry leadership at a national level, raising the company's average bandwidth in the top 50 U.S. markets above 750 MHz.

WinStar's enhanced bandwidth holdings in New York will cover a population of more than 8 million and total approximately 145 million channel pops (covered population times the number of 100 MHz equivalent channels). WinStar has agreed to pay CellularVision \$32.5 million in cash for the additional spectrum. The transaction is expected to close in the fourth quarter of 1998, after FCC approval has been obtained. Additionally, WinStar has agreed to lend \$3.5 million to CellularVision as soon as lenders' consents are obtained, and an additional \$2.0 million upon the receipt of the approval of the transaction by CellularVision's stockholders and the completion of required FCC filings. The acquired spectrum will not be used to support any of the ongoing services or operations of CellularVision.

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WINSTAR NAMED "BEST NEW COMPETITIVE LOCAL NETWORK"

Wins Telecom Industry's SuperQuest Award Presented at SUPERCOMM '98 Conference

NEW YORK, JUNE 12, 1998 - WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) received recognition this week for its innovative technology and 1997 deployment of 17 fully integrated voice and data networks. WinStar was presented with a SuperQuest Award as "Best New Competitive Local Network" at the SUPERCOMM '98 conference, in Atlanta, the world's largest annual communications conference and exhibition.

"We are extremely pleased to be recognized by our peers for the implementation of our vision of a new telephone company that provides customers with low cost broadband access and propels them into the information age," said William J. Rouhana Jr., Chairman and Chief Executive Officer of WinStar. The SuperQuest Awards, honoring leading edge implementations of innovative network technology in carrier and enterprise networks, is sponsored by CMP Media's tele.com and InternetWeek publications as well as the Telecommunications Industry Association (TIA) and the United States Telephone Association (USTA).

WinStar's "best new competitive local network" award was one of ten awards and two special citations given by the SUPERCOMM '98 this year. WinStar's award was received on the basis of its success in deploying its national facilities-based fixed broadband wireless network during 1997. Network deployment, which started with one major market (New York) in early 1997, included 17 major markets by the end of 1997 and is expected to expand to 30 of the top 50 markets by the end of this year.

"This recognition of WinStar's achievements provides one more validation that we have correctly assessed market demand for low cost broadband access and that we are the leading edge provider of new network technology that will meet that demand," said Nathan Kantor, WinStar's President and Chief Operating Officer. As a measure of the company's 1997 success, SuperQuest judges reviewed WinStar's order intake of 118,000 lines, successful installation of over 82,000 lines, and network availability of its Wireless FiberSM service at 99.999% reliability.

WinStar Communications, Inc.

230 Park Avenue, Suite 2700 New York, NY 10169 • Tel 212 584 4000 Fax 212 867 1565

WinStar's award winning network architecture consists of 38 GHz transceivers, Class 5 digital central office switches, digital cross connect systems, M31 multiplexers, DSX-1 and DSX-3 mechanical cross connect systems, digital loop carrier systems and high frequency microwave technology. The network employs innovative broadband wireless technology, which allows WinStar to sell services directly to more customers faster than any other provider, and at a low cost.

Judges for this year's SuperQuest awards included editors of tele.com and InternetWeek, and representatives from the USTA and TIA as well as International Engineering Consortium and the International Communications Association (ICA) and IEEE Communications Society. In addition to their association affiliations, panel members are employed at such industry leading companies as Bell Atlantic, Bellcore and NEC America.

WinStar Communications, Inc. is a national local communications company, serving business customers, long distance carriers, fiber-based competitive access providers, mobile communications companies, local telephone companies, and other customers with broadband local communications needs. The company provides its Wireless FiberSM services using its licenses in the 38 GHz spectrum. The company also provides long distance, data, Internet and informational services.

WinStar is a registered trademark, and Wireless Fiber is a service mark of WinStar Communications, Inc.

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**WINSTAR GAINS ACCESS TO OFFICE BUILDINGS THROUGH
AGREEMENT WITH CIGNA INVESTMENTS, INC.**

**Agreement Enables Installation of Rooftop Antennas to Provide
Wireless FiberSM Broadband Services to Building Tenants**

NEW YORK - May 21, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ-WCII) announced today it has signed a master agreement with CIGNA Investments, Inc., the investment subsidiary of CIGNA Corporation. The agreement permits WinStar to deliver its Wireless FiberSM service to buildings owned or managed by CIGNA. CIGNA's portfolio consists of 96 commercial office buildings located in various markets nationwide. WinStar intends to immediately install its wireless links in CIGNA buildings located in Chicago, IL; Washington, D.C.; Houston, TX; San Diego, CA and Irvine, CA.

"WinStar's Wireless FiberSM technology is an integral part of CIGNA's program to transform these buildings into communications powerhouses that will give CIGNA's tenants the competitive advantage they need to compete in today's global economy," said Gabe Cole, President of the Boston-based RTE Group, who represented CIGNA in connection with this agreement to bring broadband connectivity to over 12 million square feet of rental space.

"We are pleased that the commercial real estate community, including major national ownership groups, property managers, consultants and real estate brokers, is recognizing the value added to their properties by advanced communications services," said Richard Uhl, President of WinStar for Buildings. WinStar's Wireless Fiber service provides high-speed digital connections through the airwaves rather than laying costly fiber-optic lines underground. The result is an advanced "plug and go" system that allows tenants immediate access to their choice of communications applications.

CIGNA Investment Management, the real estate investment arm of CIGNA Corporation, makes debt and equity real state investments on behalf of pension funds, foundations, and endowments and CIGNA Corporation on a national basis and currently manages \$14 billion in commercial real estate assets.

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RTE Group was established in 1993 and provides consultation services on telecommunications infrastructure and service requirements, as well as strategic positioning of property assets for more than a dozen clients nationwide.

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**WINSTAR TO PURCHASE 14.9 % OF
ADVANCED RADIO TELECOM CORP. (ART)**

NEW YORK - APRIL 27, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ - WCII) announced today that it has agreed to purchase 14.9% of the outstanding common stock of Advanced Radio Telecom Corp. (NASDAQ - ARTT) from private investors. The purchase is subject to a waiting period under the Hart Scott Rodino Act.

WinStar will issue one share of its common stock in exchange for every 2.2 shares of ART purchased. The conversion ratio results in a purchase price of \$17.39 per ART share, based on WinStar's closing price on the date of signing, April 24, 1998, a 22% premium to ART's market price on that date. WinStar will issue 1,525,302 restricted common shares in connection with the transaction, and will receive 3,313,864 common shares of ART and certain other unrelated assets.

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WINSTAR WINS 15 LMDS LICENSES IN FCC AUCTION

171 Million New Channel Pops Bring Total to Over 1 Billion

Bandwidth in Top 50 Markets Now Averages More than 700 MHz

WinStar Remains Only National Provider of Fixed Wireless Broadband Telecom Services to all Top 50 Markets

NEW YORK – MARCH 26, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ – WCII) commented today on the results of the recently completed LMDS auction.

WinStar won a total of 15 LMDS licenses covering 171 million channel pops (population times the number of 100 MHz equivalent channels) bringing the company's total channel pops to over one billion. WinStar was the high bidder for the A Block, a 1,150 MHz channel, covering 8 of the top 50 markets including: Oakland, San Francisco, Norfolk, San Jose, Orlando, New Orleans, Salt Lake City and Greensboro. As a result, WinStar's spectrum holdings now average over 750 MHz in the top 30 markets and approximately 740 MHz in the top 50 markets.

WinStar Chairman and Chief Executive Officer, William J. Rouhana, Jr., said today, "We are extremely pleased by the outcome of the LMDS auction. In addition to obtaining spectrum in the markets we had targeted, no other company emerged from the auction with a national footprint of licenses or the ability to serve more than half of the top 50 U.S. markets. This leaves WinStar as the only and most ubiquitous provider of fixed wireless broadband telecom services in this country's largest 50 markets."

The LMDS licenses enable WinStar to utilize the 28 GHz spectrum, along with its existing bandwidth in the 38 GHz part of the spectrum, to provide high speed voice, data and video services to businesses and schools throughout the country. The company said the new licenses fill out its spectrum holdings in cities where it had not fully reached its bandwidth objectives. The company's net bid for the 15 licenses amounted to \$43.4 million, after the receipt of a 25% bidding credit. Issuance of the LMDS licenses is subject to final FCC approval of the company's applications.

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WINSTAR ACCELERATES ROOF RIGHTS PLAN

Triples Real Estate Acquisition Staff

Names Richard J. Uhl To Head Real Estate Unit

NEW YORK – JANUARY 29, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ – WCII) said today that it will accelerate its program to secure roof rights as part of a recently announced plan to roll out its Wireless FiberSM network a year ahead of schedule.

The company said it has tripled its national real estate acquisition staff and appointed Richard J. Uhl, 57, an industry veteran, President and Chief Operating Officer of WinStar Real Estate. Uhl will lead WinStar's drive to speed its acquisition of rights to install its transceivers on building roofs, bringing its network to customers in those buildings. He also will direct other WinStar real estate operations, including establishment of hub sites, to keep pace with the rapid growth of WinStar's network for competitive local exchange carrier (CLEC) services.

"We're beefing up our roof rights program and putting Rick at its helm to maximize opportunities as we enter each new major U.S. market," said Nathan Kantor, President and Chief Operating Officer of WinStar. "This effort is critical as we expand our switched network to span 30 markets – rather than the 20 markets originally planned – by the end of 1998."

Before joining WinStar, Uhl was a member of the Board of Directors of Frontier Corporation, a position he assumed when ALC Communications Corporation merged with Frontier in 1995. Uhl previously served on ALC's board from 1991 to 1995, and was Vice President, Controller and Treasurer of MCI Communications Corporation from 1971 to 1978.

For the last 12 years, Uhl served as President and a member of the Board of Directors of Chicago Holdings, Inc., a privately owned investment banking firm. He also has been an officer and board member of numerous companies in which Chicago Holdings has invested. In these and other capacities, Uhl has been instrumental in founding and developing many early-stage companies, including telecommunications firms.

Uhl, who reports to Kantor, is based at WinStar corporate headquarters in New York.

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**WINSTAR APPOINTS MARC DESTREE
VICE PRESIDENT AND MANAGING DIRECTOR - EUROPE**

Will Head Company Efforts To Gain Spectrum Holdings in Europe

NEW YORK – JANUARY 27, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ – WCII) today announced that Marc Destrée, a 25-year telecommunications veteran who directed the establishment of MFS-Worldcom as a major competitor in Europe, has joined the company in the new position of Vice President and Managing Director - Europe.

Destrée will initially focus on gaining WinStar a share of the radio spectrum that is becoming available in Europe, enabling the company to offer the same fixed wireless services in Europe that it provides in the United States. Destrée, 49, is based in Brussels and reports to Nathan Kantor, President and Chief Operating Officer of WinStar.

"This is our first step in developing WinStar's capability to offer services outside the United States," Kantor said. "In addition to acquiring spectrum, Marc will evaluate opportunities, form relationships, and create a long-term strategy for WinStar's entry into the European marketplace."

Most recently, Destrée spearheaded the establishment of MFS' business in Europe while serving as President - International Development and Vice President - Europe at MFS-WorldCom. During his four-year tenure, he also was responsible for construction of the first competitive long distance, cross-border network to link city fiber optic networks in Germany, France, the Netherlands and Belgium, as well as the development of major switching hubs in key European cities.

Previously, Destrée held senior positions with British Telecom and Motorola Data Communications in business development, marketing, engineering, systems development, product management and general management, with assignments in the United States, United Kingdom, Sweden and Belgium for the Europe and Middle East Region.

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**WINSTAR COMPLETES ACQUISITION OF GOODNET,
A LEADING NATIONAL INTERNET SERVICE PROVIDER**

NEW YORK – JANUARY 12, 1998, WINSTAR COMMUNICATIONS, INC. (NASDAQ-WCII) said today it has completed its previously announced acquisition of GoodNet, a rapidly growing Tier 1 Internet backbone provider based in Phoenix, from Telesoft Corp. (NASDAQ-TSFT) and certain members of GoodNet management. The terms were unchanged.

The acquisition, announced December 11, 1997, is part of WinStar's expansion into the burgeoning data communications business, and offers significant synergies expected to result in improved utilization of WinStar's technology, network and sales force with benefits to revenue and EBITDA performance.

GoodNet is one of the leading national Internet service companies in the United States, with points of presence in 27 cities. The company recently was cited by *WebWeek* as having the fourth-highest market share (after MCI/Uunet, Sprint and GTE/BBN) among U.S. backbone providers serving Internet service providers. Through its national network of multiprotocol asynchronous transfer mode (ATM) switches, GoodNet also offers dedicated high-speed Internet access, metropolitan and wide area network data transport services, including virtual private networks, to hundreds of commercial clients.

The new WinStar unit will be known as WinStar GoodNet and become part of WinStar Broadband Services, an organization formed recently to meet increasing data communications demands.

WinStar paid \$3.5 million in cash and \$18.5 million in WinStar common stock in consideration for the acquisition, in addition to assuming approximately \$500,000 in liabilities.

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MAY 1998

Communications News

Solutions for today's Networking Decision Makers

A black and white portrait of William J. Rouhana, Jr., a man in a suit and tie, smiling. He is positioned on the left side of the cover, with his hands clasped in front of him. The background behind him shows a window with a grid pattern.

Flexible Bandwidth

WinStar's
William J. Rouhana, Jr.,
pushes the edge for access.

Special Focus: Wireless

Don't forget the Fresnel Zone

From Watson to W-CDMA

Wireless buyers' guide

Wireless products

Also in this issue:

Field guide to frame relay • Digital copper catches on • Enterprise-wide fax

Access

WinStar may be coming to your neighborhood.

by Ripley Hotch, Editor

In the late '80s and early '90s, William J. Rouhana, Jr., knew that the information superhighway was going to change the world. "It sounded so great to me: We're going to share what we know—it will cause a surge in productivity, it will cause a surge in goods and services, it will increase the standard of living, it's going to make the world a better place. I decided it was going to be the most important thing that would happen during my lifetime, and I wanted to be a part of it."

Lest you think Bill Rouhana is an air-headed Internet groupie, you should know that before founding WinStar Communications he spent years as an investment banker and lawyer. He knows where the money is. His wireless telephone company is well financed, and even though it has lost money every year since it was created in 1993, its stock price has gone through the roof (to be fair, its revenues have increased every year as well). WinStar is often mentioned as a takeover target for AT&T, one of the RBOCs, or some other major communications giant.

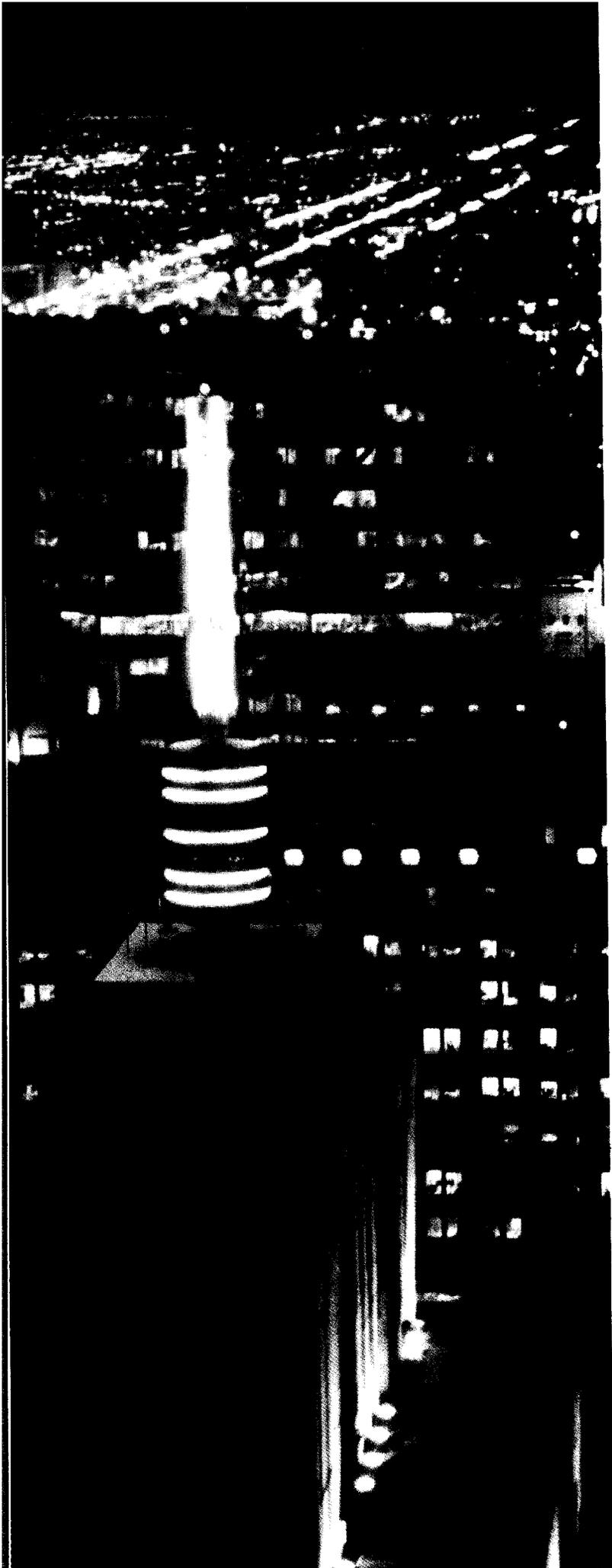
Rouhana brushes all that aside. He is focused on creating access points for the country's communications backbone using microwave radio, and providing content as well. And, by the way, trying to change the way communications companies do business.

WinStar holds licenses for the 38 GHz band in all the country's major markets. They were acquired in three ways: 1) purchased from Rouhana's original partnership with Leo George, 2) purchased through the acquisition of companies, and 3) acquired through WinStar's own applications and in public auction. The company is setting up or buying switches in many of those markets.

WinStar targets what it calls "access disadvantaged" major buildings in the central business districts of the country's 50 largest markets. There are 8,000 buildings that fit the company's ideal profile: more than 100,000 square feet with multiple tenants. WinStar puts small dishes on the roofs of those buildings with line-of-sight to the company's hub. Then it sells local, long-distance, and Internet services to the building's tenants. The super-high frequency has the same capacity as fiber cable. In a less-felicitous coinage, WinStar has trademarked Wireless FiberSM to describe its connection.

The resulting business entity calls itself "The New Phone Company." Rouhana, chairman and CEO, calls it "an information superhighway company" without any sense that the term has become a cliché.

WinStar is one of those newer kinds of companies popping up in the communications business: no longer easily categorized as service provider, carrier, content provider, or integrator, but mixing and matching skills in a new way.



disadvantaged?

The object is to be quick, service-oriented, and ahead of the technology curve. That should mean new choices for customers. The company's original target market was small and medium-sized companies that have been largely ignored or treated as residential customers by the RBOCs. Those companies, in Rouhana's view, have been poorly served.

"They don't get any attention at all from the regional Bells," he says. "They're treated as if they're residential customers. They're not given any advice on how to configure their telecommunications needs, and it's much more complicated now than it used to be. And the Bells do not respond at all to that need in the small and medium business category. It's just a market that's ready for attention, so we give it to them."

Besides giving these companies fast access to the public networks, WinStar is helping them use the Internet in productive ways by providing access to large databases cost-effectively through Telebase, owned by its New Media division.

"It allows a small business to access very large databases, like Dun & Bradstreet, or TRW, or a trademark search, on a pay-per-use basis," Rouhana says. "If you're a WinStar customer, you can access it for less. It's our way of showing the customer a way to use something they need, getting them to use our bandwidth more because when they're accessing it, they're using what we sell—bandwidth. Hopefully that will make it harder for customers to consider using other peoples' services at some time in the future if somebody comes knocking on the door with an alternate."

But WinStar is not ignoring larger enterprises. It sells itself to them as an alternate path to the backbone, and it sells its services to carriers as a way to get into buildings without having to lay fiber.

At the top of the list for most network managers is more bandwidth. Rouhana says WinStar is one way to get it. "I think big companies that have multiple locations

or significant data needs often find themselves with a limited number of choices that are kind of predetermined. They can get a certain amount of bandwidth between



'We have the opportunity to change the world. I think WinStar is pushing the edge in a way that no other company is, and that to me is the most psychic reward I could possibly get.'

certain places, but they can't get it exactly the way they want it. We provide flexibility in the creation of bandwidth because our technology allows us to go places that fiber just doesn't get to."

As a competitive local exchange carrier (CLEC), WinStar has a window of opportunity until next year, since the RBOCs cannot yet offer all services in their territories. But Rouhana thinks that regulation has very little to do with whether the Bells can be competitive with the agile and emerging competitive access companies.

"I think the problem the RBOCs have is a way of doing business, not what they can sell," he says. "Customer satisfaction may be something the executives care about, but it could take a long time for them to get out of the monopoly mentality in the way they treat their customers."

The problems are imbedded in the culture and in the information systems the regional local exchange carriers have to do their customer service. These are, says Rouhana, "old systems" that hinder them from doing a good job. "They're trapped with a legacy of very antiquated information systems that make it harder for them to do a good job for their customers, even if we give them the benefit of the doubt," and assume they can change

every employee's orientation towards customer service.

The fact that WinStar and the other CLECs have newer information systems gives them an advantage.

None of that means the RBOCs and GTE are going away tomorrow, or that the market will pass them by. The business is just growing too fast.

"If every single potential competitor was operating full bore, I don't think that any of us could get anywhere near the demand that exists for the services we provide," Rouhana says. "So I don't think I've got to scrape for my piece of the pie, because the pie is growing so fast. All the CLECs could implement their very impressive business plans to the absolute fullest and the RBOCs would still grow, because

that's how fast the market is growing."

To the charge the RBOCs might level—that CLECs don't have to provide universal service and can cherry-pick among the best locations—Rouhana answers that the complaint is legitimate, and that he has every intention of getting into the residential market and into more scattered locations. Right now, however, the battle is to get enough infrastructure out there to have a critical mass.

"I don't disagree that it's a concern, it's just a little too early in the process to tell whether or not we really are stopping in the business community—we being CLECs," he says. "I know WinStar intends to be a residential provider. I don't think that we have seen the full business plans of the other competitive local exchange carriers. We have every reason to want to be in the residential market."

For Rouhana himself, starting WinStar and pushing it into territory new for a phone company is "the most fun I have ever had in my entire life. I love my job. I cannot tell you how incredible it is. We have the opportunity to change the world. I think WinStar is pushing the edge in a way that no other company is, and that to me is the most psychic reward I could possibly get." ■

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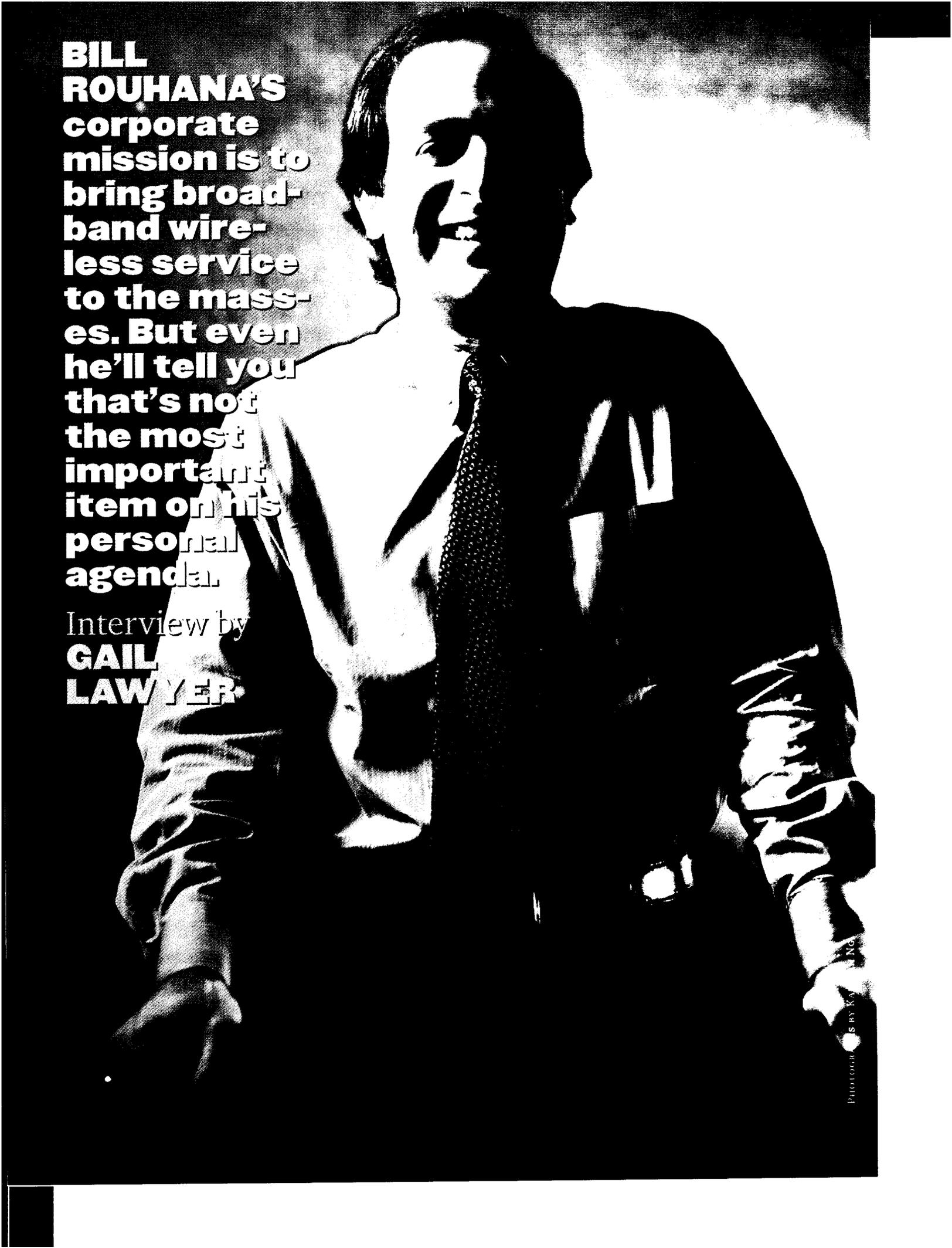
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personal
agenda.**

Interview by
**GAIL
LAWYER**

the issue. "Land mines can be removed, but it's a painstaking, expensive process. I've been working to galvanize financing and expertise to get them taken out," he notes.

At competitive local exchange carrier WinStar (New York), Rouhana is also championing a cause. The 45-year-old former media and entertainment lawyer and merchant banker hopes to make his mark as the one who brought the information superhighway to America's front door. "What I believe WinStar is doing is moving the information superhighway forward," Rouhana explains. "We're really building it. Before we came along, the ability to create that superhighway was more difficult to do and much less likely to happen."

Rouhana's five-year-old company is one of many competitors battling to gain market share in the local exchange. But rather than laying fiber in the ground, WinStar is staging an air strike through its more than 275 38-GHz wireless licenses covering more than 190 million people. Currently, WinStar is offering competitive services in 21 major markets, and it expects to be in a total of 30 by the end of this year. WinStar's "wireless fiber" delivers point-to-point broadband service to business customers over pizza pan-sized dishes, with reliability comparable to landline fiber optic networks. Last month the company began a trial of point-to-multipoint service in the Washington, D.C., area. In the trial, WinStar is overlaying its existing point-to-point network with three hub sites connecting more than four buildings. This technology, Rouhana believes, is how the broadband service will ultimately reach the residential market.

Not only does WinStar have the network infrastructure to support the infobahn, it also is developing content for educational institutions and small and midsize businesses. Its award-winning Tidal Passages, an interactive educational Web site (www.tidalpassages.com) that is chronicling the around-the-world voyage of a sailing ship, was created as part of Community School Network Inc. (CSNet). CSNet, which WinStar purchased in October 1997 and renamed WinStar for Education, is a provider of Internet access and specialized software for schools and libraries. There is also WinStar Telebase Inc. (Wayne, Pa.), an Internet service purchased by WinStar in September 1997 that gives small-budget businesses access to more than 500 databases—including Dun & Bradstreet, TRW, and trademark searches—and charges customers on a per-usage basis. Typically, these services are out of reach for smaller companies, which couldn't afford the minimum monthly fees.

Rouhana spoke recently at WinStar's headquarters with **tele.com** services editor Gail Lawyer.

How did you get involved with the United Nations? I've always been interested in international affairs and government. I was very interested in the UN because I thought it was an underutilized vehicle that could be made more effective. Starting in early 1990, I volunteered to travel to the various

peacekeeping operations around the world and sit on a task force that would suggest better ways for the UN to do peacekeeping. At that time, there was a real jump in the number of peacekeeping operations. The UN felt overwhelmed, so they were looking for people to help them figure out how to do it more efficiently. I became a board member of the United Nations Association, a not-for-profit organization.

What does the work with the UN consist of? It's almost like being a consultant. I think being a businessperson gives me a special perspective. My particular interest is trying to figure out what's going to happen afterward. I'd like to see there be a permanent peace in these places and economic development.



INFOBANH
DREAMS

"Imagine five billion people on a planet sharing what they know.... I bought into that dream."

When did you become interested in advancing the information superhighway concept?

In the late '80s I began to understand that information, communication, and computers were going to come together in a meaningful way. At the same time, people started talking about this "information superhighway" idea. I thought it was one of the most incredible things I'd ever heard. Imagine five billion people on a planet sharing what they know. There would be an explosion of learning, more progress, more goods and services created, and we would be better educated and entertained. The fact that a broadband network was being created that would allow us to share what we know was incredible. Think about all the possibilities—distance learning, telemedicine. If all of this could become a reality, it could be the single most important thing that happened while we were alive. I bought into that dream. I wanted to be a part of it. With my entertainment and communications background, I wanted to play a role. I got very frustrated in the early 1990s when I saw big companies trying to figure out how to do this information superhighway and making a mess out of it.

WinStar has both network and content businesses. If the giant companies couldn't make this work, how can you?

It's about corporate culture. The reason Bell Atlantic and TCI [Tele-Communications Inc.] didn't make it work wasn't because it didn't make intellectual sense. They had two very different cultures that could not coexist. To do it, you had to create a new kind of culture that could pull together networking, computer technology, and content in one place. Those are different skills, but they don't automatically come with different cultures. That just happens when you have existing operations that have different cultures. We started from day one knowing this is where we wanted to be. It was accepted from the very beginning that this is what we were doing, and these people could work together.

What are the advantages of being both a provider of content and an infrastructure? We seem more valuable in some way. When we sell the content to customers, if they're accessing it a lot, what are they doing? They're buying bandwidth

from us. That's what we sell. So they're driving the use of our network.

Is it hard to sell a package of network services and content? No. There's a fascinatingly receptive market. Everybody wants it. But nobody knows how to get it, so we're helping. You could summarize our business plan by saying we're building a broadband network and teaching people how to use it. We want to be partners with our customers in helping them be more productive.

When you founded WinStar Communications in 1993, what was your biggest challenge? When I decided to start a convergence company, I realized the problem was "where's the bandwidth?" There's plenty of it out there between switches. But when you looked at what was between switches and people it was copper, and that isn't broadband. No matter how hard they try to turn copper into gold, alchemy does not work, and even the regional Bell companies are not going to be able to do that. So we asked, "What could create that broadband connection between people and the backbone network?" That was the problem I wanted to solve, because I knew if I could solve that problem, the rest would fall into place. The computer technology existed, and the content was there.

How did you come up with the game plan to deliver broadband services via 38-GHz spectrum? Over the last three months of 1993, I looked seriously at 75 or 80 different ways that people thought could solve this problem. There were all kinds of weird things, from employing early forms of DSL [digital subscriber loop] technology to using narrowband wireless solutions in a fixed way. I couldn't find the bandwidth in any of those things that would solve the problem long term. Then I received this little business plan from Leo George [a former MCI Corp. attorney who worked with MCI cofounder Bill McGowan]. He was seeking financing for his company, which would own 38-GHz licenses to connect PCS cell sites. I read the plan, but I wasn't too excited about the idea. Yet there were two lines in this 12-page plan that haunted me for 24 hours. I couldn't sleep the whole night. It said that "38 GHz is the functional equivalent of fiber optics in bandwidth and throughput, and it's reliable 99.999 percent of the time." I kept thinking that, if this is true, shouldn't we use this to extend the fiber optic network?

Weren't there initially concerns about the reliability of this technology? I checked in Europe with the folks who were already using 38 GHz, and it came back with a perfect record. Everybody in the United States thought it wouldn't work in the rain. So I asked the people in England, "Does it ever rain there?" They said, "Occasionally." I asked if this stuff works. They said, "Are you crazy? Do you think we would use it if it didn't work?" At that time, people had old information about the quality of the technology. They

didn't realize that in the late 1980s our government was perfecting the use of super-high frequencies for the smart bomb program. When we watched that dazzling Iraq war, those bombs were controlled at 40 GHz. The government spent hundreds of millions of dollars moving this technology to the point that it was basically perfect.

Now WinStar is the largest holder of 38-GHz licenses. Is it possible for newcomers or existing broadband wireless license holders, such as Advanced Radio Telecom Corp. and Teligent Inc., to achieve the scope that WinStar has? Spectrum is now a scarcity. People have told me for a long time that there's plenty of spectrum, but I want to know where else substantial amounts of broadband spectrum exist and how someone is going to re-create what we have. We have significant spectrum—an average of 740 MHz across the entire top 50 markets in the United States. I can't see how anyone else can do it.

It's been said that wireless broadband is only a temporary solution until fiber is built out to end-users. That's not true. That's an old wives' tale that somebody started one day, and it's taken on a life of its own. Ultimately people will ask, "Why build fiber to a building?" It makes no economic sense. It's too expensive. There's no building in this country that justifies the expense of fiber. It's foolish.



BUSINESS PLAN: "You could say that we're building a broadband network and teaching people how to use it."

WinStar was the third-largest bidder in the Federal Communications Commission's recent LMDS [local multipoint distribution service] auctions, taking home 15 licenses covering six major markets. But more than 100 licenses remained unsold. Why was there such a lack of interest in this auction? The way it was handled, it was destined to be a failure. There was only a limited group of companies that could bid on the licenses: local telcos, cable companies, long-distance carriers, big foreign companies, and designated entities. The local phone companies were told they could only bid outside their region. The cable guys had the same restriction. That's not exciting. The long-distance carriers were somewhat preoccupied with their merger activities. The large foreign PTTs were only given the right on Jan. 1, 1998, to come into the States and own any meaningful wireless licenses. They had 30 days to get ready for this auction, and they're not 30-day kinds of movers. That left the designated entities, which, by definition, are supposed to be small companies. But no more than 60 days before the auction, the FCC changed the rules. When you looked at the rules, the only way you could get a discount was if you didn't have any money, but if you didn't have any money, how could you bid on the licenses? They basically told everyone who might bid to forget it.

Did you get LMDS licenses to cover all the markets that you wanted? We got just about all that we wanted. We had a target list that included seven of the top 50 markets. We got six

of them. The seventh we didn't get; it was the 50th of the top 50 markets—Middlesex County, N.J.—and it'll just have to wait for WinStar to get there. But we'll be there eventually.

What was your bidding strategy? I wanted to fill in coverage gaps in existing markets. I was hopeful that no one else would emerge from the auctions with 50 markets, because we're the only company in the country that has substantial bandwidth in all of the top 50 markets. This is an enormous competitive advantage over anyone else. As it turned out, that's the way it ended up.

You paid \$43.4 million for the 15 licenses. It was a bargain.

How does this compare to what you paid for 38-GHz licenses? Ironically, it's very close to what we were paying for the 38-GHz spectrum. We paid about 45 cents a channel pop [population] for the top 50 market spectrum. We paid 43 cents a channel pop for the 28-GHz spectrum in this auction. It shouldn't have gone for that. If you look at the markets where it was contested, the average cost per pop was a couple of dollars. But for most of the places there weren't enough bidders and there wasn't enough money.

Some press reports indicate you're looking for a buyer for WinStar. Is that the case? You could read in the *Wall Street Journal* that I can't wait to sell the company, and on Dow Jones that I'll never sell the company. The truth is I think that WinStar has an incredible future because there's nobody like us in the country. We have \$900 million in cash available to build our business. We're proving that wireless broadband is the key to the local loop. I want the opportunity to build this company because I believe we have the right idea, unique assets, and are uniquely positioned. But I'm chairman and CEO of a public company. That means I have a fiduciary responsibility to shareholders to maximize value. So if somebody comes to us, I have to at least listen. That's exactly the answer that I gave to everybody who's ever asked me. I don't want to sell it. But if an offer that shareholders are entitled to accept is made, then I'm going to meet my fiduciary duties.

Last month WinStar began a massive test of point-to-multipoint service in the Washington, D.C., area. What are the benefits of this technology? Multipoint technology does a lot of things. It drives down the cost of the network very significantly. It makes it easier to install, because once you put in the point, you don't have to work on the sender anymore. You only have to work on the receiving end. It allows us to deliver bandwidth on demand. Inside a sector we can allocate a certain amount of bandwidth and then shift it between users. It's a much more efficient use of spectrum. We are creating the first distributed data network that is local,

ATM based, and has bandwidth on demand to the customer premises.

How much will point-to-multipoint reduce WinStar's costs? It will bring our costs down to \$4,000 per building now in the commercial marketplace. Point-to-point costs about \$15,000 per building. We amortize the cost over 100 months, so our capital costs to add a building to our network will go down to \$40 a month. Can you think of many commercial customers from whom we can't recover \$40 a month in capital costs? Wireless fiber is the one shot at ubiquitous deployment of a broadband network that this country has. We're going to make sure everybody gets it.



AUCTION
BLOCKED:

“I was hopeful that no one else would emerge from the auction with 50 markets.... That's the way it ended up.”

We may need equipment, installation, and brand partners to bring the information superhighway to people's homes. That's our goal.

Has the work you've been doing with the United Nations had an impact on your business style? I think I'm a better manager because I help other people become better managers. Plus, getting away from things and having a little distance is a great way to recalibrate and figure out how to do things right again. Every single time I went on one of these trips and came back, I saw that I did my job better. I just learned something, but I couldn't really tell you what it was. ☺

GAIL LAWYER is services editor for tele.com. She can be reached over the internet at gail_lawyer@mcgraw-hill.com.

What does the D.C. trial involve? It's much more than a trial. It's three interconnected hubs, connecting many customers. It's data, Internet, voice, MPEG-delivered video. It's the most extensive deployment of multipoint technology on the planet. This is far more than the trial Teligent is doing in California or we're doing in Florida. This is a customer thing; it's really live. This is the last step before commercial deployment.

Will point-to-multipoint technology be the way you ultimately reach the residential market? Obviously, it's starting in the business community, but it's going to be a key to residential service. The receivers are smaller than a direct broadcast satellite antenna and can bring voice, video, and data. It's symmetrical bandwidth. We're going to see people increasingly using the computer power they have at home and at the desktop to create things that require bandwidth out, as well as in.

When do you plan to enter the residential market? Sometime in the next couple of years, we'll try to figure out the right partners to implement a massive residential effort. I don't think WinStar can do it alone. There are too many customer care, installation, and branding issues that are beyond us. But we can use our wireless fiber with a big partner to get into the residential market.

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GIVE YOUR STEREOTYPICAL corporate mogul a couple of days off, and he'll probably start thinking about tee times or the latest marine weather forecast.

Offer that same spare time to Bill Rouhana, and he might start thinking about how to rid the planet of land mines or about booking a flight to the world's latest trouble spot. Besides his corporate duties as **founder, chairman, and CEO of WinStar Communica-**

QUALITY TIME

tions Inc., Rouhana travels to United Nations peace-keeping missions in war zones, such as the Golan Heights, Cambodia, Bosnia, El Salvador, and Somalia. Since 1990, he has been meeting with the good, the bad, and the humanitarian to assess and offer advice on how the UN mission could be more effective and efficient. More recently, he has taken up the cause of removing land mines and expects to be appointed to a presidential commission now being formed to address

Investor's Business Daily

"For People Who Choose To Succeed"

Monday, May 4, 1998

Computers & Technology

WinStar Pushes Wireless Option For Local Calls

By Reinhardt Krause
Investor's Business Daily

WinStar Communications Inc. could hit the jackpot—if its bet on acquiring wireless licenses in local phone markets pays off.

New York-based WinStar owns more high-frequency radio spectrum in local markets than any other firm. Early this year, it acquired new licenses in the 28-gigahertz frequency to fill out its wireless portfolio.

By installing rooftop antennas on commercial buildings, WinStar targets business customers that belong to the regional Bells. One advantage is that its services can be deployed faster than costly fiber-optic networks.

WinStar last month began testing a more advanced broadband network in Washington. Its local multipoint distribution services, or LMDS, network offers Internet access and can transmit audio, video and high-speed data.

WinStar last week announced plans to buy a 14.9% stake in another wireless player, Advanced Radio

building fiber-optic networks; the other is using fixed wireless broadband—what we do. Fiber-optic carriers, over the past 10 years or so, have only managed to get to about 7,000 or 8,000 buildings in the entire U.S. We're already at 2,000 and expect to be in 8,000 by the end of 1999.

IBD: Haven't other wireless firms like WinStar been acquired by companies with fiber-optic networks?

Rouhana: We've been pretty consistent in saying that our objective is building our business, not to sell it. We think we can create more shareholder value that way. But that doesn't mean we can't partner with a large company to help them accelerate their business communication links. That's something we're always discussing.

IBD: How do you think the regional Bells have responded to the Telecommunications Act of '96?

Rouhana: I've coined a phrase called strategic incompetence. It seems to me that the Bells have reacted in a variety of ways, some regulatory and some day to day. On a day-to-day basis, they've made it difficult to interconnect with them or to use them for resale, and that's the strategic incompetence. They just have a way of not doing things well when it comes to putting customers on (their network) for their competitors.

IBD: How does a wireless company like WinStar get a foot in the door with business customers?

Rouhana: It depends on the market segment. For the small and medium businesses, we try to help them understand how to use the telecom network to create more value. There is also a price difference with the regional Bell operating company, usually about 10% to 20% less.

For large accounts, we emphasize the wireless aspect of our service: the fact that it gives them flexibility and that they can be sure critical communications functions will be there no matter what happens to the wireline network.

IBD: Your business model relies on acquiring roof rights. How difficult are they to get?

Rouhana: Surprisingly, the process has been getting easier. We've learned how to communicate with landlords the advantages we bring to their tenants by bringing broadband communications to buildings. Unlike a PCS (digital cellular) operator, who landlords view as an entity providing a service to people walking by their building, they view us as someone providing a tenant amenity.

For a building right, we can (pay) in the low hun-

dreds of dollars per month. Sometimes we get them for free.

IBD: What's different about the LMDS network that WinStar is testing in Washington than your earlier systems?

Rouhana: There's a physical difference in that the (LMDS systems) have one radio at the hub, or a grouping of buildings, whereas the existing point-to-point systems have a separate radio at the hub site for each radio at a customer building.

From our point of view, it's less costly equipment to install. For customers, there are different services, such as bandwidth on demand, which allows them to buy the amount of bandwidth they need, when they need it.

IBD: Will your customer focus shift to more residential buildings as LMDS systems are built?

Rouhana: It won't shift in emphasis, but there is a time in the not too distant future in which we see the ability to service residential customers in addition to businesses because of the cost efficiencies of multipoint technology.

IBD: Don't some analysts still question whether LMDS technology can be commercially deployed?

Rouhana: We have up and running a full-scale multipoint network that's completely integrated with the rest of the communications network. From our point of view, the technology risk associated with multipoint has really been addressed, and we think it works just fine.

By the time 1999 ends, I hope that every hub site we have built, which will be covering the top 40 markets by then, will have both point-to-point and multipoint capacity available to our customers.

IBD: Aren't some start-ups, such as Teligent Inc., targeting the same space as WinStar?

Rouhana: Our lead is very extensive. It's measured in years, not months. The No. 1 thing a company has to do in this business is to build the system that integrates the broadband wireless into the rest of the telecom network. It's not enough to put radios out there. You've got to build, provision, monitor—those are systems-generated issues.

IBD: Given the big capital costs in building your wireless network, when does WinStar expect to turn profitable?

Rouhana: We think we get to EBIDTA (earnings before interest, taxes, depreciation and amortization) break-even during 1999 and we go positive in the year 2000.

Q&A

► William J. Rouhana

► WinStar

Communications Inc.

► Chairman and CEO

► 45 years old

► B.A., government, Colby College;
law degree, Georgetown University



Telecom Corp. That company also is readying a wireless system for high-speed data services.

William Rouhana, WinStar's chairman and CEO, recently spoke with *IBD* about how his wireless company hopes to enter local phone markets.

IBD: What role does a firm like WinStar have in opening local phone markets to more competition?

Rouhana: There really are only two meaningful ways to attack local-market monopolies. One is by

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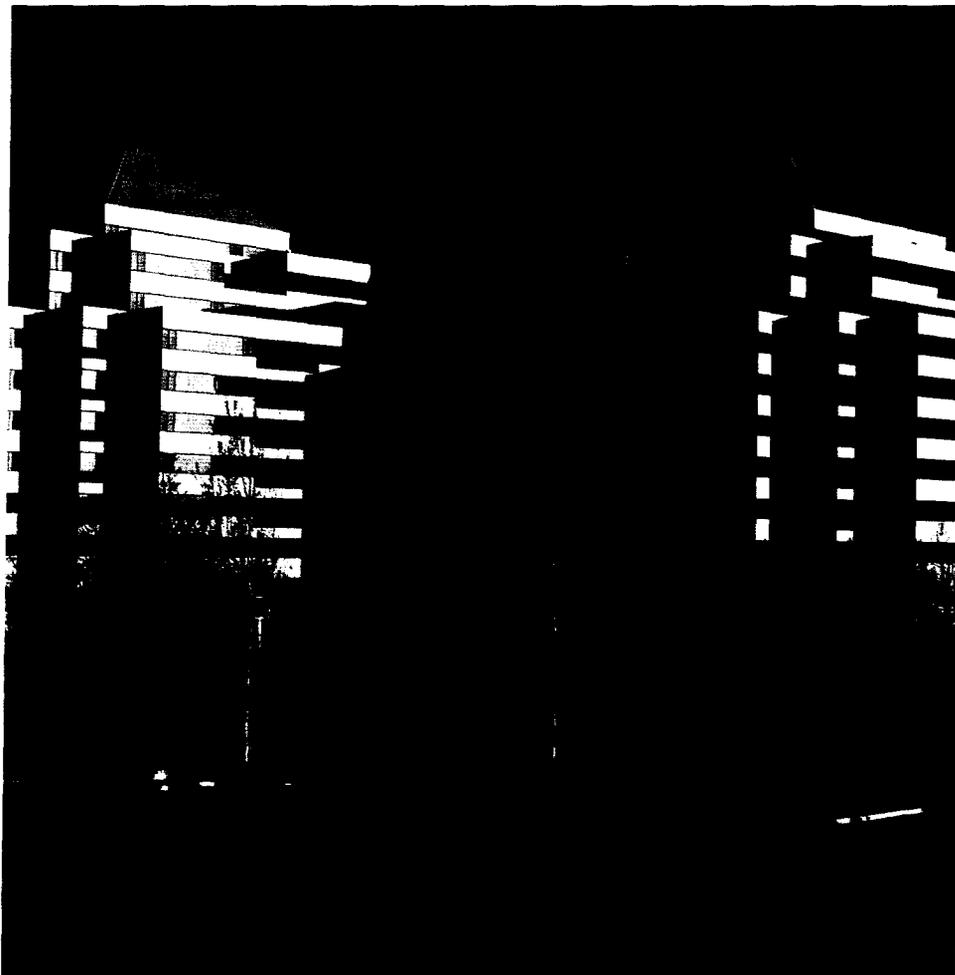
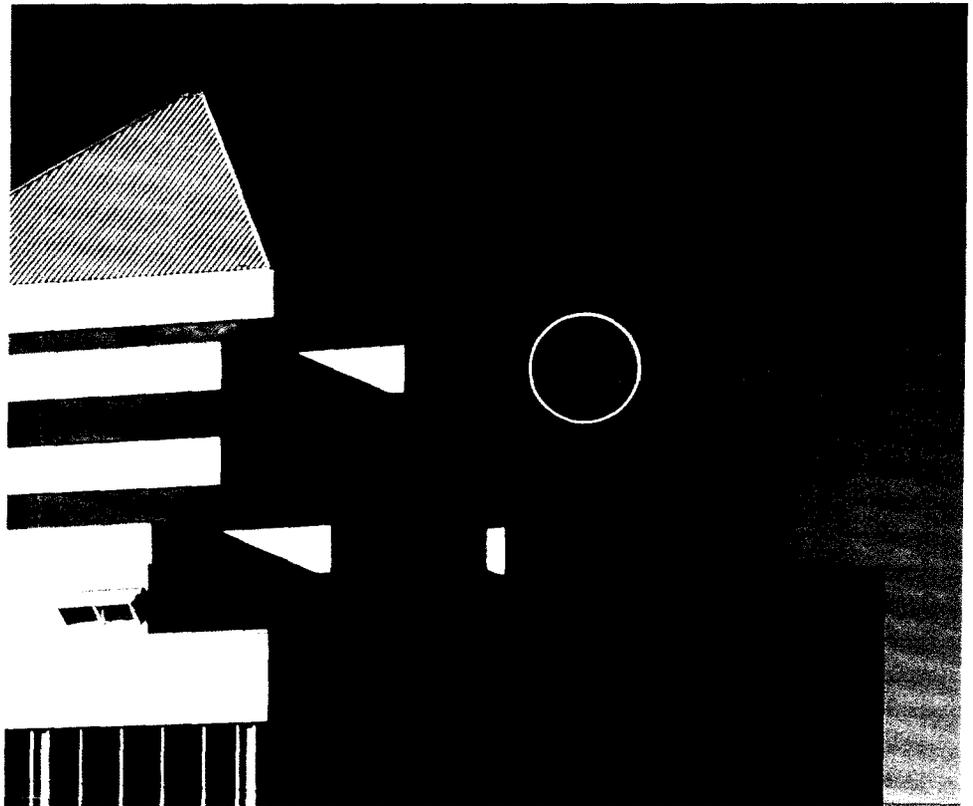
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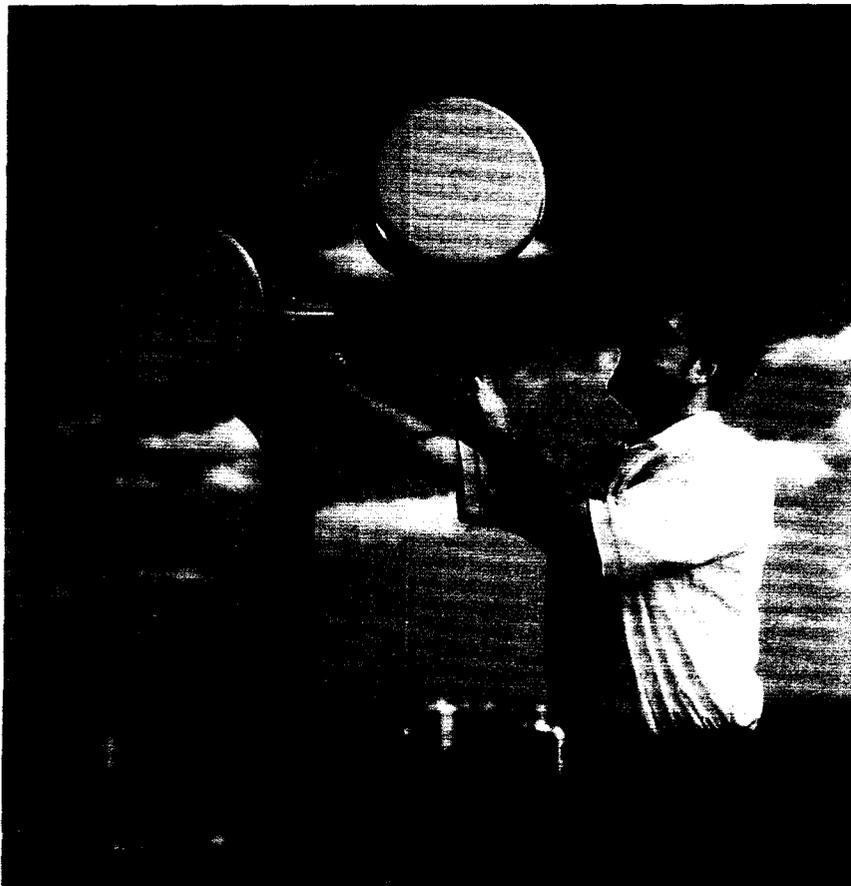
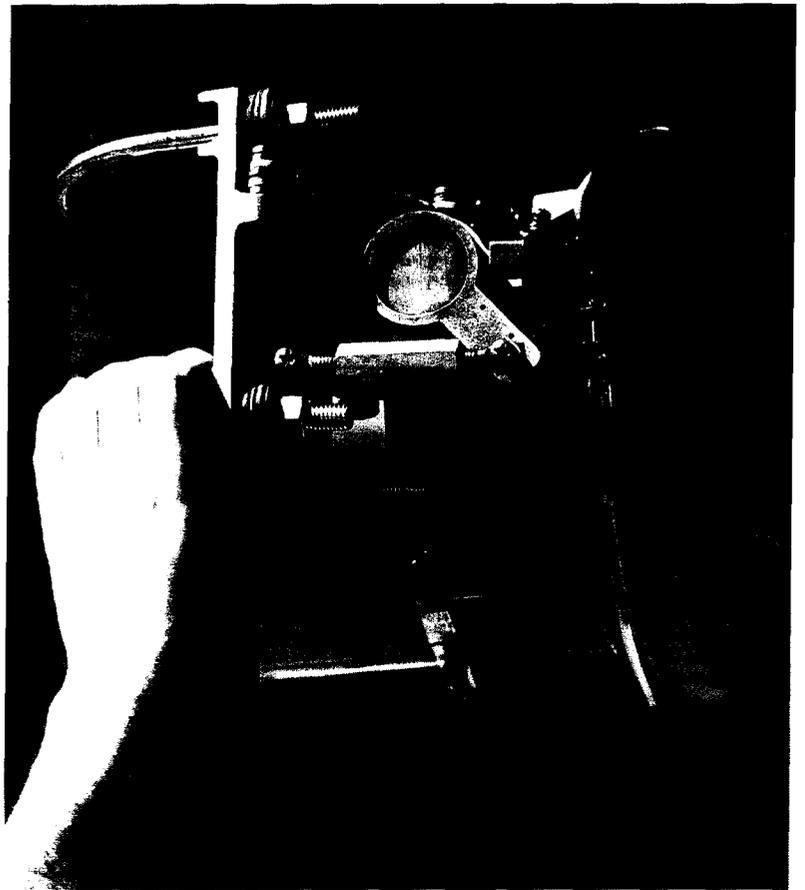
WinStar millimeter wave dishes are virtually invisible from the street, maintaining the building's aesthetic harmony. View from the Street (Close-up)



View from the Street
(Distant)

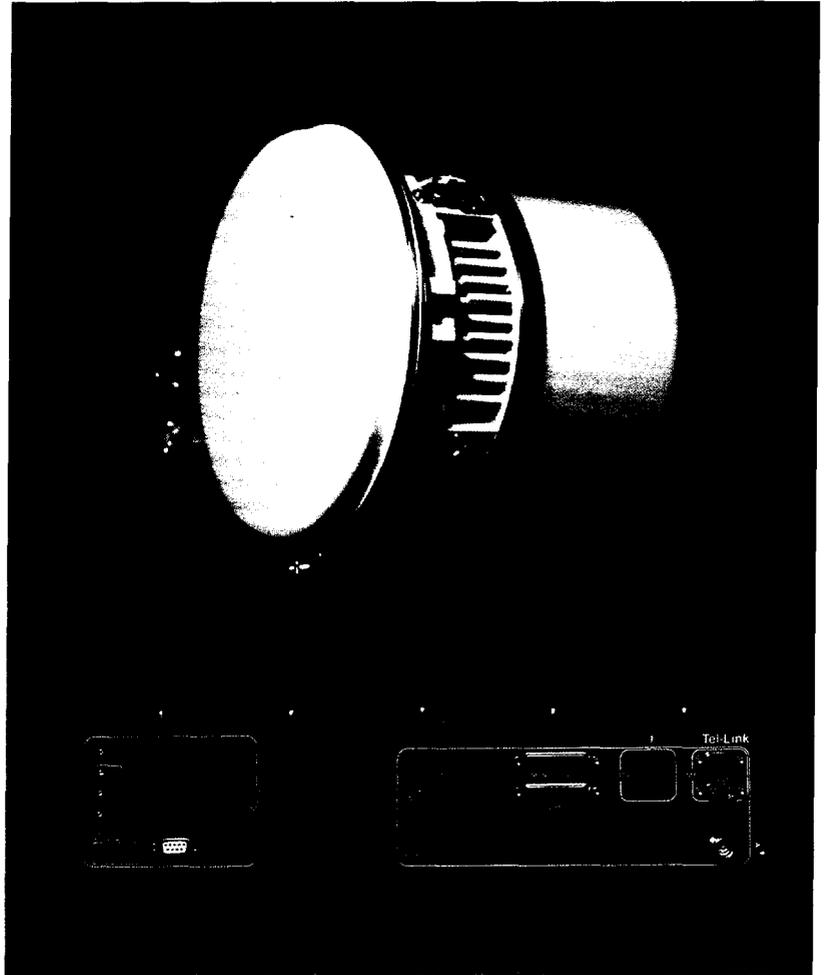
WinStar Elements

WinStar installs a small, unobtrusive (12" diameter) millimeter wave dish(es) on the building rooftop (often invisible from the street). Installation is quick and simple, and requires no underground construction or right-of-way acquisition.



WinStar Elements

12-Inch Antenna with
Indoor Unit (IDU)



22-Inch Telecommunications
Equipment Cabinet

