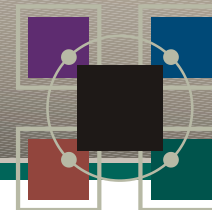


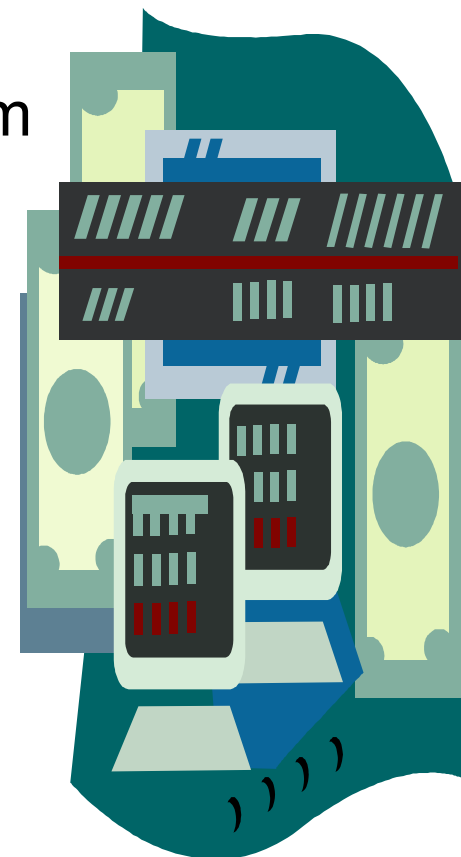
Tollgrade Business Overview

August 5-9, 2002

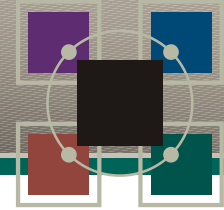
Difficult Times In Telecom



- WorldCom Scandal & Qwest SEC Investigation
- Overspending In 1999 & 2000 To Feed Dot.Com Business Growth That Never Materialized
- Deteriorating Line Growth
 - 188.6 Million In 2000 to 179.8 Million In 2001
- CapEx Spending Down
 - VZ \$14-15 Billion To \$13-13.5 Billion (7/31/02)
 - BLS \$4.2-\$4.4 Billion To \$3.7-\$3.9 Billion (7/23/02)
 - SBC \$9.2-\$9.7 Billion To \$8 Billion (7/23/02)



Interesting Commentary

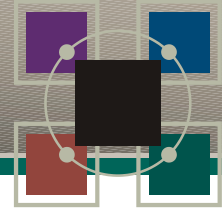


“The loss of access lines is not necessarily a disaster if we are able to do two things. The first is adding new service to the remaining lines; the second is cutting the cost.”

~ *Frederic Salerno*
Vice Chairman, Verizon

Forbes, August 12, 2002 Issue

Tollgrade Overview

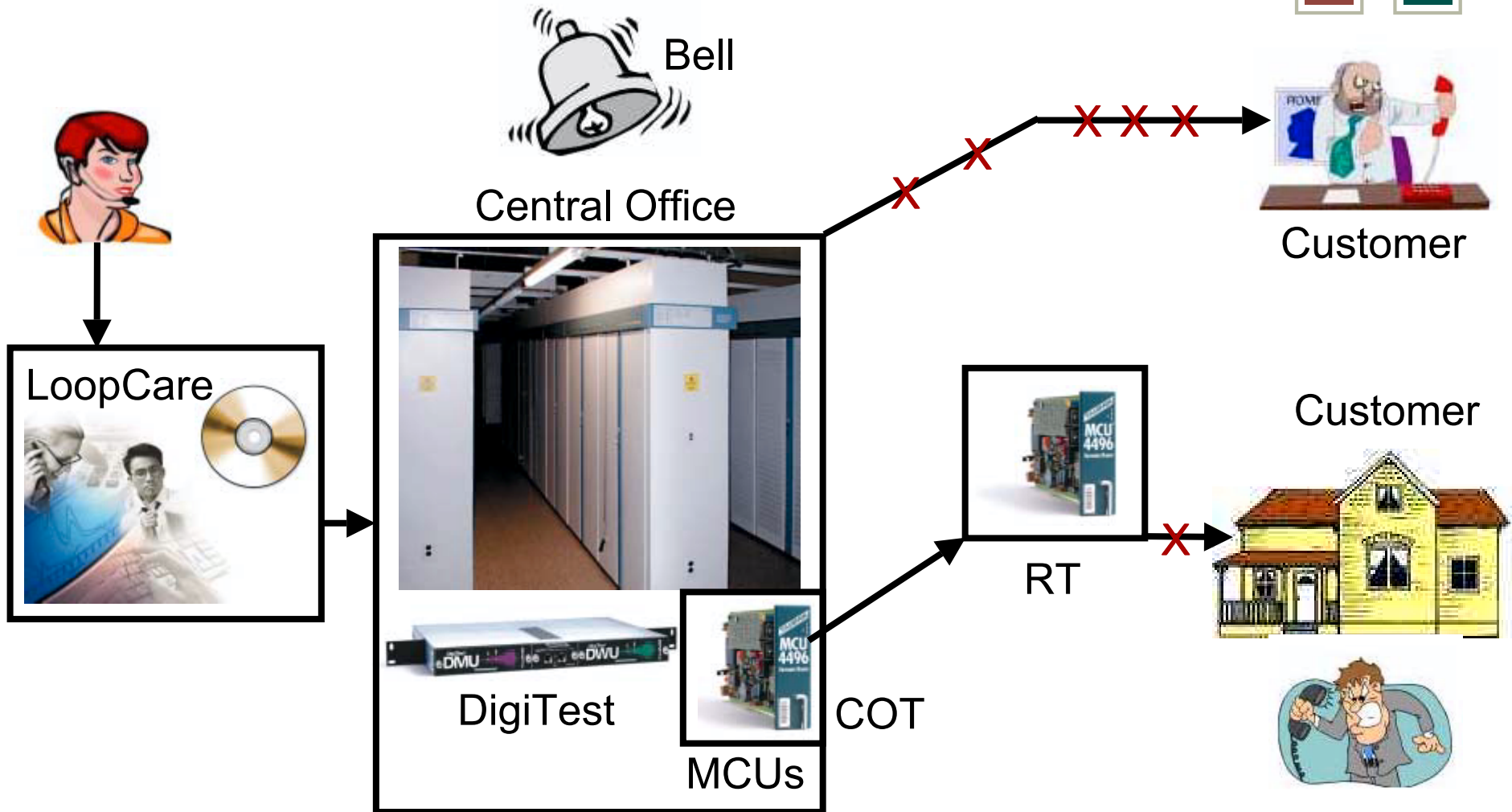
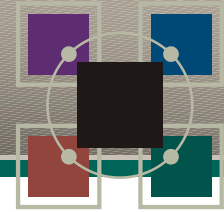


We Help Our Customers Deliver
“World-Class” Service Through
“Best In Class” Loop Testing and
Cable Network Status Monitoring

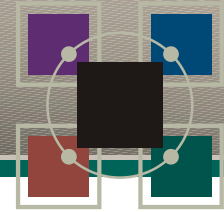


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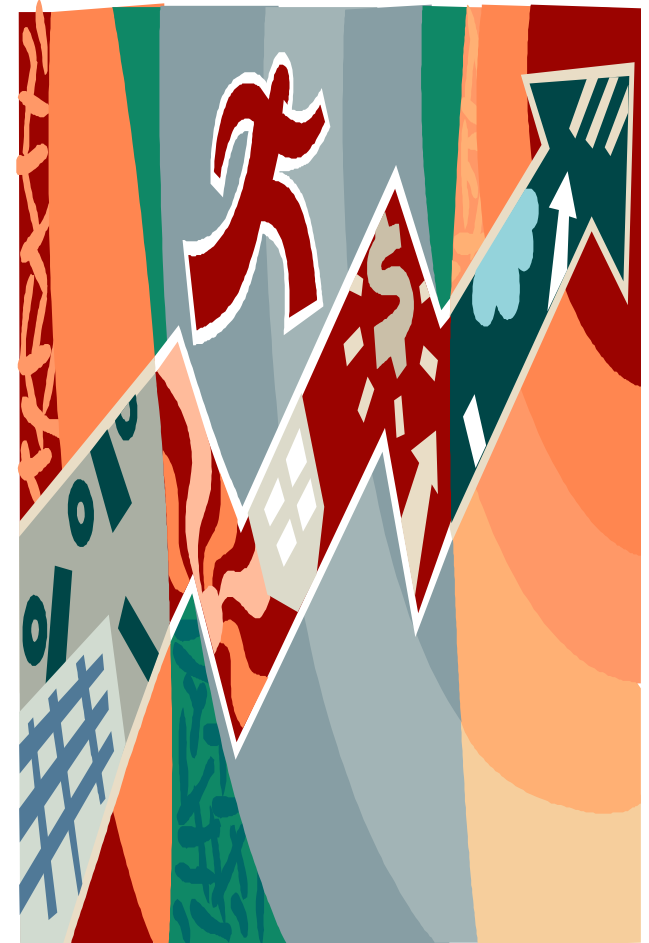
Market Position



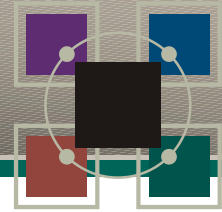
Market Position



- Test 150 Million Lines Worldwide
 - Dominant RBOC Position
 - LoopCare Mission-Critical
 - Growing Internationally
- MCU Leading DLC Test Access
- DigiTest Designated LTS Replacement
 - LTSs In 10,000 RBOC COs
- DSL As Consumer



Strategy Moving Forward



- Enable the competitive rollout of consumer and consumer broadband services.
- Fully leverage the investments in their existing access network.
 - Centralized Test & Management Systems
 - Recently Deployed DSLAMs and NGDLCs



Three-Pronged Attack



ANALYSIS - *LoopCare*

Improved Automation
New Services



ACCESS - *MCU*

New DLCs
Retrofit of Old DLCs

MEASUREMENT - *DigiTest*

LTS Replacement
DSL Functionality
New Service Testing

Tollgrade Products



LoopCare

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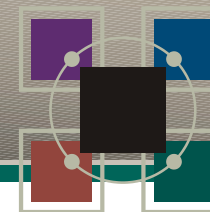
2002 Goals

- Testability Franchise
- LTS Replacement
- Tollgrade for DSL
- DSL for DLC
- International Expansion
- Broadband Edge



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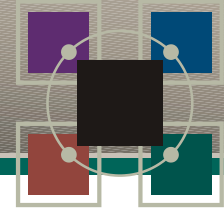
Financial Statements



Balance Sheet (Dollars in Thousands)

	June 29, 2002	December 31, 2001
Assets		
Current Assets		
Cash and Investments	\$42,476	\$ 38,595
Accounts Receivable	11,275	9,617
Inventories	19,525	22,184
Other	2,959	3,430
Total Current Assets	\$76,235	\$73,826
Other	\$72,682	\$72,804
Total Assets	\$148,917	\$ 146,630

Industry Conditions ...

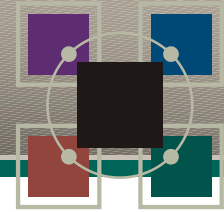


Spending extremely tight:

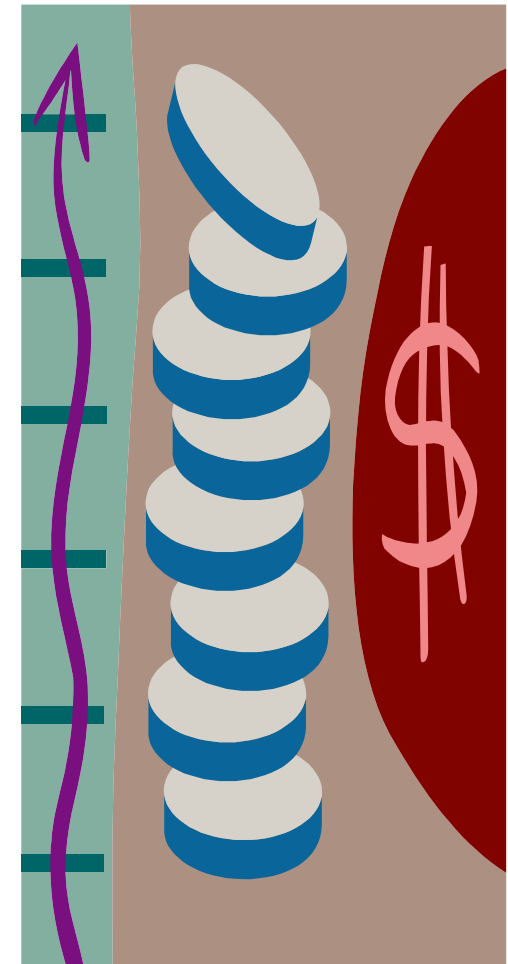
- CapEx spending down among RBOCs
- Slowdown in line growth and deteriorating cash flow
- DLC growth slowed
- Heavy emphasis on business cases



Tollgrade's Response & Successes



- Testability Programs
- International Promise
- Integrated Test Solutions
- DSL As A Consumer Service
- DigiTest RBOC Foothold
- First HMS LIGHTHOUSE Win
- Digital Wideband Node is DLC



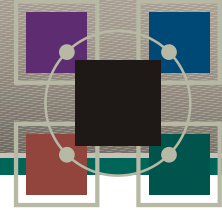
Our Versatility



- International General Store of Consumer Service Testing
- Long-term position with LoopCare as the core RBOC OSS



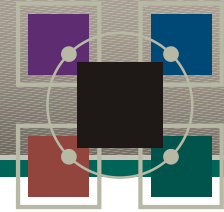
Short-term Outlook



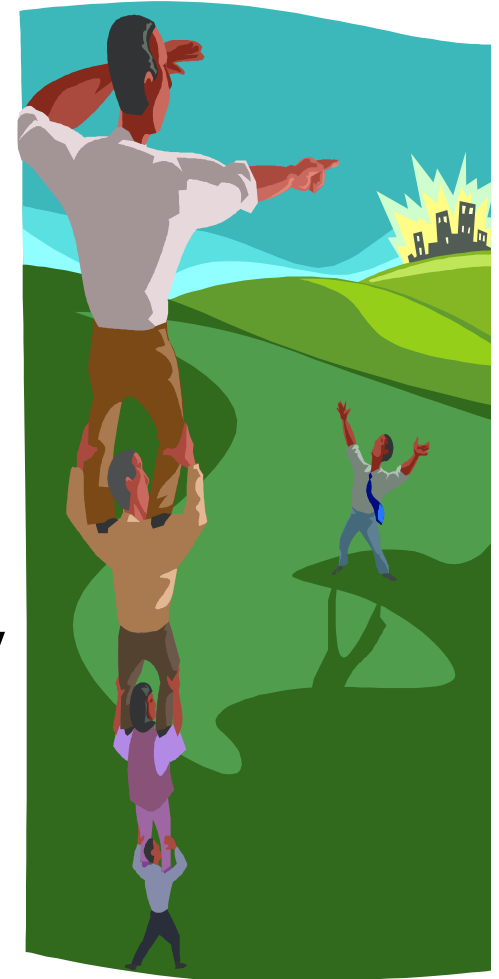
- Q2 Earnings Release Forecast
 - Third quarter sales in the range of \$12 to \$15 million
 - EPS estimates range from break-even to \$0.06
 - Continuing tight conditions could push Tollgrade into the lower end of the range



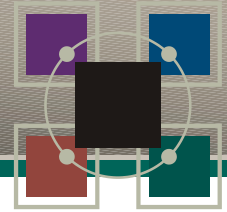
Long-term Outlook



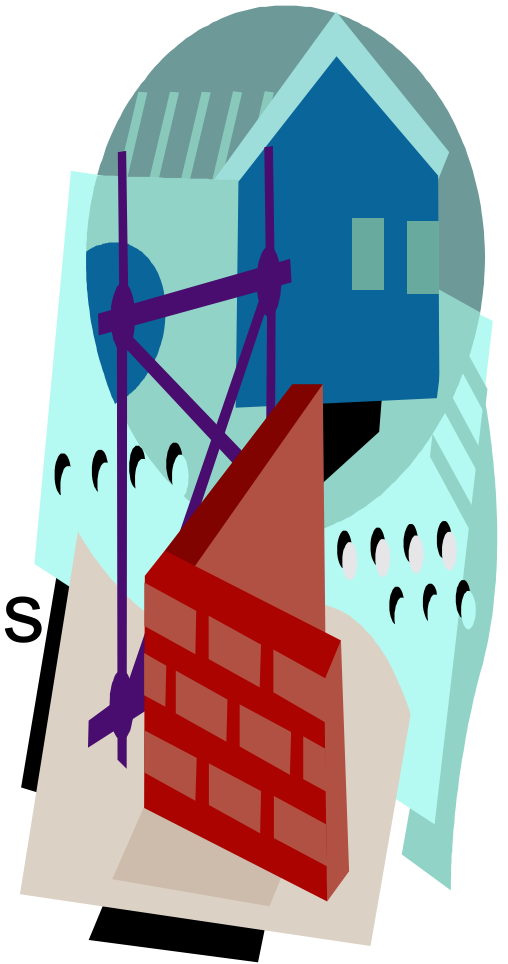
- Investing in R&D.
- More integrated DigiTest product family
 - Cost Improvement
 - Targeted DSL Loop-Carrier Applications
 - Modem Emulation Technology
- New MCUs As Needed
- New LoopCare Features

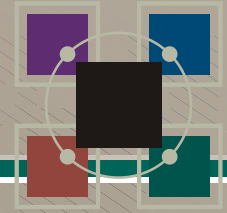


In Conclusion ...



- The market is tough for telecom equipment vendors, but
- we're winning business
 - we're generating cash
 - we're making earnings
 - and we're positioning ourselves well for the future.





Tollgrade Communications, Inc.

www.tollgrade.com