

Dear Executive:

The struggle between those who are building an aggressive fiber-centric network in the United States and those who are not really boils down to which carriers are putting their citizens and communities first and which are making their own interests primary.

While we believe there are compelling economic arguments for going to FTTH in numerous instances, the fact of the matter is that somewhere in their thinking communities and carriers that do decide to bring fiber to their homes and multi-dwelling units are putting the people that they serve first, and those that do not are not.

You can argue all you want that Verizon is out for its own economic ends, but the carrier through its FTTP program has ratcheted up the broadband in the United States and created a reason for going to the fiber solution. That thinking at least in part is being driven by the benefits derived by citizens fortunate enough to get it.

It also has been tremendously heartening to see smaller carriers such as SureWest, jurisdictions including Lafayette, La., and real estate developments going to fiber. Certainly in each instance they have seen some benefit for themselves. But they also have seen the advantages to those they serve.

Those espousing a national broadband policy look to the changing economic conditions that have seen hundreds of thousands of American jobs migrate overseas. Even as new jobs are created as the result of the broadband revolution, they very well may end up in India or The Philippines. Those are often the call centers we find ourselves connected to when we have a question of our carrier or Internet Provider.

One reason at least in part for that is that the major telecom carriers are forcing vendors to shrink margins further and further so they can offer more competitive rates or provide a greater return to shareholders. So, yes, there is a direct connection between our carriers and the loss of U.S. jobs. To rectify the situation, these carriers need to provide the greatest opportunity for their citizens to remain competitive by providing reasonable, fiber-rich broadband.

While that is happening with carriers such as Verizon, it is not with AT&T, Qwest and the major cable TV providers. Clearly, they are putting their own interests before those of their citizens, and that is why we and proponents of a national broadband policy have so bitterly disagreed with them.

As the richest telephone company in America, AT&T stands out as the primary villain in this drama. The fact that it has compounded its stupidity by developing a complex non-FTTH architecture that not only does not provide its citizens with the best chance to succeed but also simply is not scaling up to the levels it has promised has also gotten the notice of Wall Street, which AT&T has apparently attempted to convince of the wisdom of its approach to begin with.

In reality, there is no thought being given to the public citizens it serves in the AT&T approach. It simply is a several billion dollar band-aid that is being applied so it can temporarily say it is not spending more billions that it knows it will have to pay eventually anyway for FTTH. In the meantime, in real time, it is crippling the people it so desperately needs to be helping.

Compounding this lack of vision is AT&T's desire to show the world that it really isn't that bad after all. Perhaps Wall Street will like it better if AT&T acquires another carrier. Perhaps the people will like it if it teams with cool company Apple and offers exclusive service on the i-Phone.

The fact of the matter is that this is little more than a "Let them eat bread" attitude that will ultimately gravely hurt the citizens AT&T serves. Broadband access is the oxygen of the telecom revolution. Direct fiber is the way to resolve this issue. Communities that have it will thrive; those that

don't will wither. {For validation, look at the nation's research and education network. Internet2, an all-fiber network, is rapidly replacing Internet1.]

Those who would frame this debate in terms of letting the free market work versus encouraging encroaching socialism are not on spot in our opinion. Desperate times do call for desperate measures and America is reaching that point in this broadband revolution. While we understand that there are various ways to “read” the international polls that continue to see a slipping America, we also understand that it is vital for this nation to have broadband capabilities if we truly are going to take away a good portion of its manufacturing base.

Various studies are showing that national broadband penetration in America is slowing. For Q2 07, the four largest phone and cable operators -- AT&T, Verizon, Comcast and Time Warner Cable -- added a total of 1.2 million broadband subscribers, 21 percent fewer than they added during the year-earlier quarter, and short of Wall Street analysts' projections. That is at least in part because the prices being charged by the major carriers for broadband is too high. So Comcast not only is charging too much, it also is delivering inferior service, for example. Such a policy, which in effect places its citizens last, in our opinion is destined to lose, while the Verizon policy, which places citizens first, will win.

The efforts by AT&T and Comcast to stop smaller communities and municipalities from developing fiber-rich broadband infrastructure through legal maneuvering have shown how pathetic these efforts have become. Can anyone on either side of this debate condone putting the citizens last for the sake of the arrogance of power being wielded by these larger carriers? Is this not the final solution of companies that put themselves first at the expense of the citizens they so proudly say they are serving?

Carriers like AT&T and Qwest, which continue to fail to recognize they are living in the 21st century (check out the continuance of old telecom guy policies being perpetuated by their replacement CEOs) are blowing the biggest opportunity carriers have had in perhaps a century.

We are in favor of anything, anything, that will let American citizens—or citizens throughout the world for that matter—flourish using the new e-economy and that will put an end to this backwards monopolistic thinking and the companies that perpetuate it.

Fiber optics throughout its impressive drive into global networks in three short decades has had to temporarily deal with lukewarm responses to its benefits by major carriers that should have known better. In fact, one of those was the original AT&T which also suffered from monopolistic thinking. The original AT&T to its credit did attempt to build the revolutionary Northeast Corridor fiber optics project in the early 1980s connecting the Boston area with the Washington, D.C. area. The problem was that it (again acting as a monopoly) used its own multimode fiber and its own slow optronics. It took a competitor known as MCI, using enlightened vendors including Corning and Fujitsu, to build the superior single-mode fiber network. The end result was a blown opportunity for AT&T as it eventually became entangled in a race with Sprint, the National Telecommunications Network and MCI to build a national fiber optics grid connecting the continental United States with the single-mode fiber that Corning pioneered and the faster electronics supplied by Fujitsu.

In similar fashion, the new AT&T also has blown its opportunity as Verizon passes millions of homes with fiber while AT&T still fiddles with an inferior technology. The only question remaining is how long it will take this time for AT&T to join in the national FTTH race. In the meantime, America's citizens have the right to demand more.

[Copies of the above are being sent to key executives at AT&T, Comcast, and Qwest, as well as the FCC Commissioners and members of Congress. Please feel free to send this article to whomever you desire. We are lifting any copyright infringement policies for this purpose.]

* * * * *

Furukawa Electric North America [FENA], parent of OFS Fitel, says it has settled its patent-infringement case with FiberCore on terms “extremely favorable” to FENA subsidiary OFS Fitel.

“FiberCore did not dispute the position of OFS, that the asserted patents were both valid and infringed,” said Timothy Murray, president of operations and engineering for OFS. “We are pleased with the outcome, since OFS invests millions of dollars each year in research and development to create new patented inventions that bring significant value to our customers.”

* * * * *

Photonic Products Group [OTC Bulletin Board: PHPG] said revenues and profits were both up for the second quarter and first six months of the year. Net income before taxes was a record \$871,300 for the first half of 2007 on revenues of \$7.2 million.

Gross profit margin was 37.9 percent for Q2 07, up from 31.8 percent in Q2 06.

"Net income for the first half was up four-fold and a new record, exceeding our highest full-year results, while we extended our string of positive quarters to eight," said Dan Lehrfeld, president and CEO."Our backlog is strong, and I expect revenues in the third quarter to trend moderately higher."

The company makes products and services for use in diverse photonics industry sectors, including crystal-based optical components and devices, laser accessories and instruments.

* * * * *

AT&T says it has developed a “breakthrough capability” that the company says allows businesses to access a storage area network (SAN) directly over SONET. AT&T says it is among the first SONET service providers to offer a storage-over-SONET solution “that does not require significant capital investments in new fiber and equipment.”

The carrier says its storage-over-SONET interfaces eliminate the need for new equipment by enabling a customer's existing SONET equipment to recognize traffic "tagged" specifically for a SAN. The interfaces are available to customers of AT&T SMARTRing and LightGate optical transport services.

"Customers are telling us that they want more choices and more flexibility in optical solutions for their ring services," said Sanford Brown, vice president of AT&T Connectivity and Metro Network Solutions. "By being the first to offer storage interfaces for SONET services, AT&T is adding a new dimension to its SMARTRing and LightGate SONET ring services that complements our existing portfolio of optical solutions for storage."

NOTES: Leading speakers at the FTTH Council conference annual meeting will include Bret Swanson, a senior fellow at Seattle's **Discovery Institute** and coiner of the term “exaflood;” John Smedley, president of **Sony Online Entertainment**; and Eric Klinker, **BitTorrent** CTO...**Alloptic** says it is moving to a larger facility in Livermore, Calif. The company says its relocation is “the direct result of strong demand for its products and services around the world.”...**JDSU** has announced the general availability of its 2495-L3 Series 808 nm fiber-coupled diode laser for industrial uses.

Sincerely,

David Chaffee