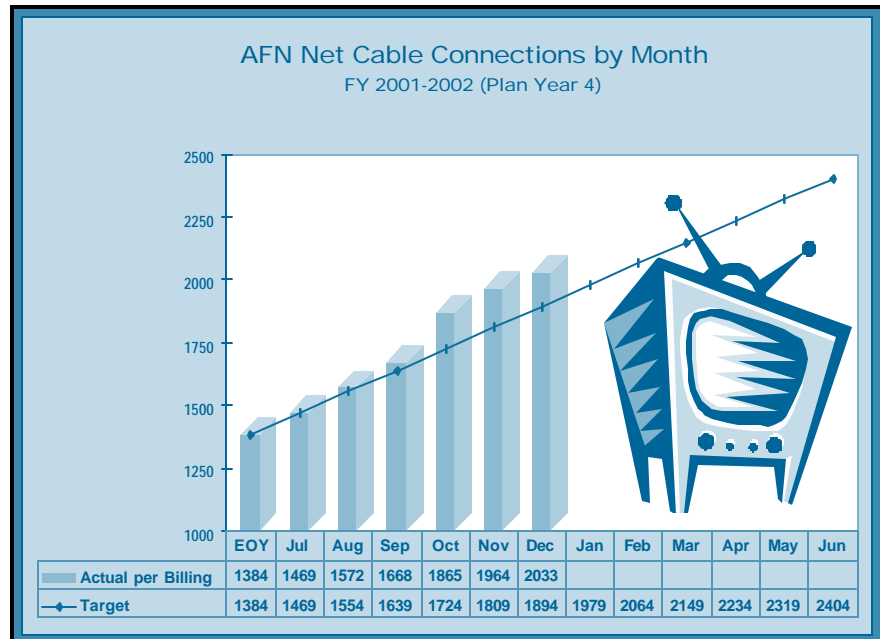


afn QUARTERLY REPORT

2001-2002
SECOND QUARTERLY
REPORT

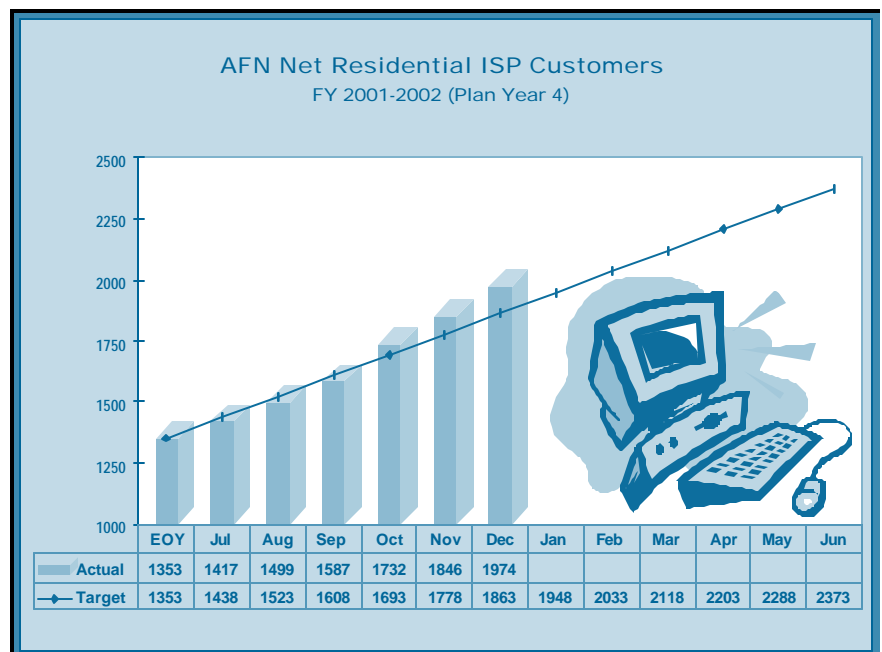
Active Cable TV Connections

AFN Cable connections in the business plan are projected to be 2,404 by July 2002. As of December 31, 2001, there are 2,033 connections, which means AFN needs 371 new net customers to meet this target. AFN needs only 62 net connections per month to meet the target.



Active Residential Cable Modem Customers

AFN Residential Cable Modem Service. As of December 31, 2001, AFN had 1,974 active residential cable modem accounts and the target for July 2002, is 2,373 residential accounts. This means AFN needs 399 new accounts, or about 67 per month to meet this goal.

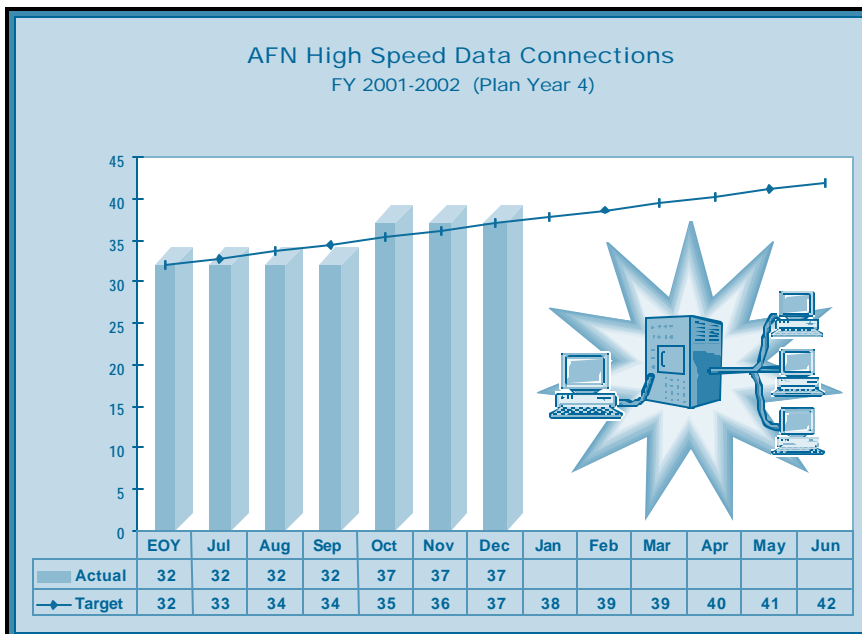


ashland fiber network

afn QUARTERLY REPORT

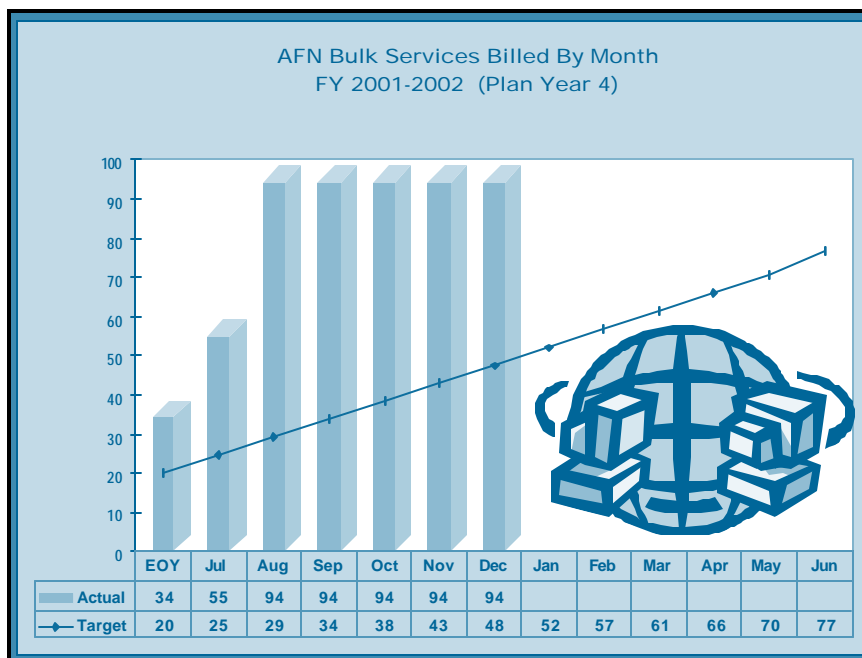
Active High Speed Data Equivalents

AFN High Speed Data accounts in the Business Plan are projected to be 42 data equivalents by July 2002. At the end of December, AFN had 37 data equivalents.



Active Bulk Service Equivalents

AFN Bulk Service Contracts (hotels and motels) are projected by the plan to be at 75 equivalents by July 2002. AFN is currently at 93 bulk service equivalents, which already exceeds the July target.

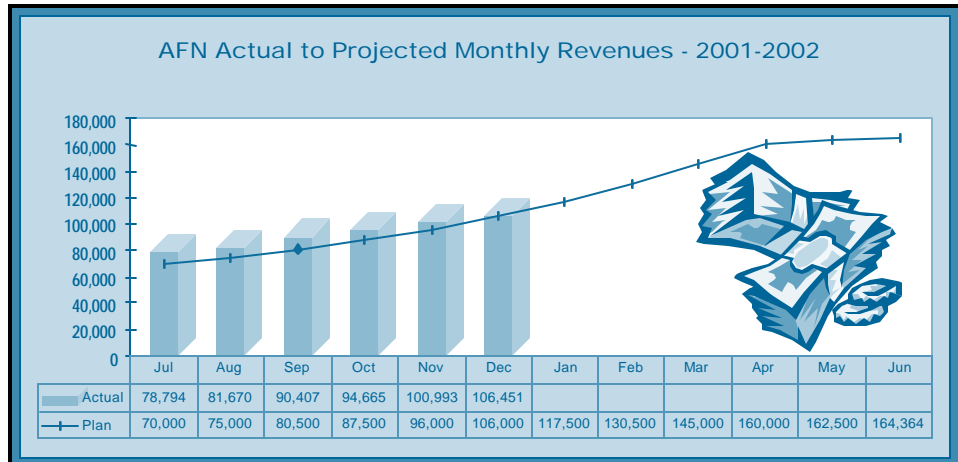


afn QUARTERLY REPORT

Business Plan Revenues and expenses.

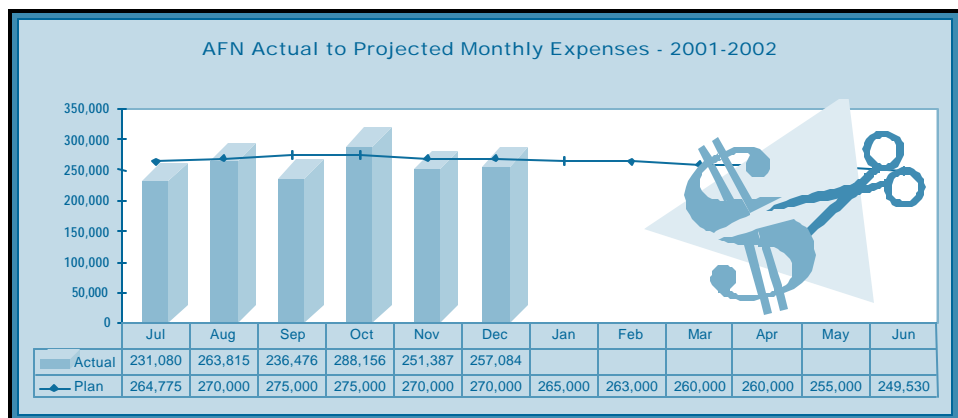
This graphic presents estimated **monthly revenues** totaling to the annual amount included in the base plan. The projected revenue potential for each month is compared to actual revenues posted. The projection reflects growth in revenue potential related to increases in "passings" and connections due to continued expansion of the system. A leveling of income is anticipated in the last quarter when potential customers tend to focus more on outside activities. AFN has kept pace with projected revenue

Actual AFN to Projected Monthly Revenues



Year to date **Actual expenses** continue to average slightly less than projected monthly expenses for the year based upon the business plan. Presented expenses exclude capital outlay and other capitalized costs that also draw down on AFN's cash position. The plan recognizes this cash draw down for operating expense and construction thus includes a larger internal borrowing to fund the Operations Division activities, including build out. A transfer will be requested during the next quarter to maintain consistency with the business plan.

AFN Actual to Projected Monthly Expenses



Construction Update

The Ashland Fiber Network's construction build out is now focused solely on the few underground areas remaining in the City. Since July there has been one full time Hunter crew and three AFN laborers working on the underground construction. From October through December, a total of 11,000 feet of underground plant was completed and services made available in these areas. There are two large subdivisions remaining to be constructed as the next priority. There are also 14 smaller areas that have been identified and work will be directed there next. In addition, there is also another list of much smaller areas that comprise the final construction necessary to complete the build out. The last part of the construction is clearly the most difficult, time consuming and expensive to complete. As a part of the revised Business Plan developed in conjunction with the AFN Advisory Committee, additional money was allocated for construction. With a budget transfer of these additional funds, we hope to further accelerate our build out and complete most of the 14 smaller areas by June 30, 2002.

Competition

Charter's much publicized loss of @home has resulted in significant demand for AFN services. We have increased the working hours of our installation staff and assigned other AFN personnel to installation to keep up with increased demand. Charter never actually lost service in Ashland and was able to switch its customers to its own ISP, but this new service is considerably slower than @home was, which was about half as fast as AFN.

The loss of @home has been beneficial to AFN while Charter has suffered a major credibility problem because of the way it was handled. This should help continue the trend of customers switching to AFN because our product is now even more superior to Charter's. Also, customers feel confident that AFN's open network and our partnership with local ISPs will not be impacted by the kind of corporate bankruptcy that occurred with @home.

