

March 30, 2001

*No evident reason to repurchase Winstar shares.*

Yesterday, SGC Advisory Services Inc. issued a press release concerning Winstar Communications, Inc. (NASDAQ Symbol: WCII \$2 9/32). SGC's president is a former Winstar executive. SGC and its president "maintain an interest" in Winstar stock. In the release SGC opined that, "the likely departure of short sellers may create a possible short squeeze." First, there has been no shortage of buying opportunities for any buyers, short or long. Since first trading under \$3 per share seven trading days ago, Winstar stock has traded over 65 million shares. This volume traded almost entirely below \$3 per share. Second, Winstar's secured bank debt is trading at prices lower than those in our March 19, 2001 research report. This high ranking debt is clearly discounting a large bankruptcy risk and low asset recoverability. The press release did not contain any financial information explaining how Winstar will survive.

Winstar's secured bank debt traded yesterday below the 70 price level. Winstar's secured bank debt indicates a total value for all of Winstar's assets of less than \$900 million. Winstar has total debt, liabilities and preferred obligations of approximately \$6.5 billion. This results in an implied negative common shareholder value of approximately \$5.6 billion. We believe that Winstar's stock price will be more affected by its negative shareholder's value and debt crisis than by any short-seller buying.

A book on Asensio & Company's short selling work is scheduled to be published by John Wiley & Sons, Inc. on May 18, 2001. The book titled "Sold Short" can be ordered on the Internet at [www.asensio.com](http://www.asensio.com) and [www.wallstreetbabylon.com](http://www.wallstreetbabylon.com), or [www.amazon.com](http://www.amazon.com).