
C O R P O R A T E C O M M U N I C A T I O N S

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TOLLGRADE'S CENTRALIZED BROADBAND NETWORK TEST SOLUTIONS DISPLAYED AT SUPERCOMM IN CHICAGO

Pittsburgh, PA, (June 22, 2004) Tollgrade Communications, Inc. (NASDAQ: TLGD), a leader in communications test and management solutions will exhibit at Booth # 10206 at SUPERCOMM 2004 in Chicago, June 22-24. For the first time at SUPERCOMM, Tollgrade will demonstrate broadband solutions for both the telecommunications and cable industries, including automated support for the installation and maintenance of IP-based Voice, Video and Data services.

Tollgrade will demonstrate its DigiTest® EDGE™ broadband test platform for DSL networks, which combines a precision narrowband and wideband metallic testing platform with multi-layered DSL, ATM, IP, and HTTP performance tests. This powerful combination of test capabilities, when managed under Tollgrade's LoopCare™ Test OSS, enables service providers to efficiently isolate DSL troubles between the customer's PC and DSL modem, metallic loop, DSLAM/ATM serving network, and the ISP.

“As our customers continue to experience strong consumer demand for IP-based broadband services, they are looking for innovative ways to better automate their installation and maintenance processes,” said Greg Quiggle, EVP of Marketing for Tollgrade Communications. “Foreseeing this need, our solution was built upon Tollgrade's LoopCare Test OSS, currently managing the highly-automated test process for over 150 million POTS subscribers within North America. When coupled with Tollgrade's DigiTest EDGE, this architecture allows premier DSL service providers to extend their existing, highly-efficient POTS installation and maintenance procedures to a growing DSL business – maximizing new deployment revenues while minimizing operations costs.”

In addition to its DSL test solution, Tollgrade will be featuring live demonstrations of its expanded Cheetah™ Cable Status and Performance Monitoring Solutions that address the unique challenges of IP-based service deployments within the HFC environment. The new CheetahIP Service Assurance Solution verifies quality of service for VoIP and VoD subscribers, proactively manages network performance and remotely isolates multi-layered service troubles by identifying and correlating faults within customer, outside plant, headend and core network locations. When coupled with Cheetah's new DOCSIS®-compatible Transponder, Tollgrade provides

premier MSOs with the industry's first solution which integrates HFC, DOCSIS-compatible, and IP fault/performance data into a single Cable Status and Performance Monitoring System.

About Tollgrade

Tollgrade Communications, Inc. is a full-system provider of leading hardware and software testing solutions for the global telecommunications and cable broadband industries. Tollgrade designs, engineers, markets and supports test systems, test access and status monitoring products. The Company, which is headquartered in the Pittsburgh suburb of Cheswick, Pa., recorded 2003 revenues of \$65.1 million. The Company's web address is www.tollgrade.com.

Forward-Looking Statements

The statements contained in this release which are not historical facts are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements, which may be expressed in a variety of ways, including the use of forward-looking terminology, relate to, among other things, expected revenue and earnings results. The Company does not undertake any obligation to publicly update any forward-looking statements.

These forward-looking statements and other forward-looking statements contained in other public disclosures of the Company are based on assumptions that involve risks and uncertainties and are subject to change based on the considerations described below. These risks, uncertainties and other factors may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements. The Company wishes to caution each reader of this release to consider the following factors and certain other factors discussed herein and in past reports including, but not limited to, prior year Annual Reports and Form 10-K and Form 10-Q reports filed with the Securities and Exchange Commission ("SEC"). The factors discussed herein may not be exhaustive. Therefore, the factors discussed herein should be read together with other reports and documents that are filed by the Company with the SEC from time to time, which may supplement, modify, supersede or update the factors listed in this document.

- Due to the Company's dependence upon a few major customers for a majority of our revenues, the loss of any of these customers or continued decreases in the capital budgets of these customers, would significantly reduce our revenues and net income. The capital budgets of our customers, are dictated by a number of factors, most of which are beyond our control, including:
 - the conditions of the telecommunications market and the economy in general;
 - subscriber line loss and related reduced demand for telecommunications services;
 - disputes between our customers and their organized labor groups;
 - the failure to meet established purchase forecasts and growth projections; and
 - competition.

If the financial strength of our major customers should deteriorate, or if they have difficulty acquiring investment capital due to any of these or other factors, a substantial decrease in our revenues would likely result.

- A large portion of the Company's sales are attributable to our core proprietary MCU technology, and those sales largely depend upon the rate of deployment of new, and the retrofitting of existing, Digital Loop Carrier (DLC) systems in the United States. Further, if our customers implement certain next generation network improvements that do not require the use of our MCU products, it could materially impact our MCU sales. If our major customers fail to continue to build-out their DSL networks and other projects requiring DLC deployments, or if we otherwise satisfy the domestic telecommunications market's demand for MCUs, our future results would be materially and adversely affected.
- The Company depends upon a relatively narrow range of products for the majority of our revenue. Our success in marketing our products is dependent upon their acceptance by our customers, which in some cases have their own proprietary requirements. The adoption of industry-wide standards, such as the HMS and DOCSIS cable standards, may result in the elimination of or reductions in the demand for many of our proprietary products, like our Cheetah

head-end hardware products and other Cheetah products. Furthermore, if we are unable to forecast the demand for, and to develop new products or to adapt our existing products to meet, evolving standards and other technological innovations, or if our products and services do not gain the acceptance of our customers, there could be a negative effect on our future results.

- Changes in the telecommunications or cable regulatory environment that, among other results, increase our costs of doing business, require our customers to share assets with competitors or prevent the Company or our customers from engaging in business activities they may wish to conduct, could significantly reduce the demand for our products and adversely affect our future results.
- Although we seek to protect our technology through a combination of copyrights, trade secret laws, contractual obligations and patents, these protections may not be sufficient to prevent the wrongful appropriation of our intellectual property, nor will they prevent our competitors from independently developing technologies that are substantially equivalent or superior to our proprietary technology. If we are unable to successfully assert and defend our proprietary rights in the technology utilized in our products, or if third parties are able to successfully assert that our use of technology infringes upon the proprietary rights of others, our future results could be adversely affected.
- Some of our products require technology that we must license from the manufacturers of systems with which our products must be compatible. If we are unable to obtain and retain these license agreements on favorable terms, there could be a material adverse effect on our business.
- We depend upon a limited number of third party subcontractors to manufacture certain aspects of our products and we procure components from a limited number of outside suppliers. If we were to encounter a shortage of key manufacturing components from limited sources of supply, or experience manufacturing delays caused by reduced manufacturing capacity or integration issues related to our acquisition of the Cheetah product line, the loss of key assembly subcontractors or other factors, our ability to produce and ship our manufactured products and therefore our future results could be materially adversely affected.
- We have recently completed, and we may pursue additional, acquisitions of companies, product lines and technologies, which acquisitions involve numerous risks, including the disruption of our business, exposure to assumed or unknown liabilities of the acquired target, and the failure to integrate successfully the operations and products of acquired businesses. Goodwill arising from acquisitions may result in significant charges against our operating results in one or more future periods. Furthermore, we may never achieve the anticipated results or benefits of an acquisition, such as increased market share or the successful development and sales of a new product. The effects of any of these risks could materially harm our business and reduce our future results of operations.
- The carrying value of certain of our intangible assets, consisting primarily of goodwill related to our LoopCare software and Cheetah product line acquisitions from Lucent Technologies, Inc. and Acterna, LLC, could be impaired by changing market conditions. We are required under generally accepted accounting principles to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may indicate that the carrying value of our intangible assets may not be recoverable include a decline in stock price and market capitalization and lower than anticipated cash flows produced by such intangible assets. If our stock price and market capitalization decline, or if we do not realize the expected revenues from an intangible asset, we may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of that intangible asset is determined.
- Our future sales in international markets are subject to numerous risks and uncertainties, including local economic and labor conditions, political instability including terrorism and other acts of war or hostility, unexpected changes in the regulatory environment, trade protection measures, tax laws, our ability to market current or develop new products suitable for international markets, obtaining and maintaining successful distribution and resale channels and foreign currency exchange rates. Reductions in the demand for or the sales of our products in international markets could adversely affect future results.
- Any significant product defect, error or failure could jeopardize our relationships with our customers, resulting in substantial costs for both the Company and our customers as well as the cancellation of orders, warranty costs, product returns and legal actions that could adversely affect our future results.
- If third parties with whom we have entered into OEM and other partnerships should fail to meet their own performance objectives, customer demand for our products could be adversely affected, which would have an adverse effect on our revenues.
- There is a trend for some of our customers to place large orders near the end of a quarter or fiscal year, in part to spend remaining available capital budget funds. Seasonal fluctuations in customer demand for our products driven by budgetary and other reasons can create corresponding fluctuations in period-to-period revenues, and we therefore cannot assure you that our results in one period are necessary indicative of our revenues in any future period.
- The markets for some of our products are very competitive. Some of our competitors may have greater technological, financial, manufacturing, sales and marketing, and personnel resources than we have and may have an advantage in responding more rapidly or effectively to changes in industry standards or technologies and may better withstand the pricing pressures that increased competition may bring. If our introduction of improved products or

services is not timely or well received, or if our competitors reduce their prices for products that are comparable to ours, demand for our products and services could be adversely affected.

- The successful development of a secondary market for our products by a third party could negatively affect demand for our products, reducing our future revenues.
- If the Company is unable to identify and hire the personnel that we need to succeed, or if one or more of our present key employees were to cease to be associated with the Company, our future results could be adversely affected.

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