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- JD Power ranks VZ Highest in Customer Satisfaction among Customers who Spend >$50 per month on LD Calls

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Auction 35 - Objective

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- Status
  - Sept. 12, 2002 - FCC issued Public Notice indicating intent to develop a process to allow winning bidders to opt-out.
    - Two scenarios entertained-complete opt-out or selective opt-out
  - This action and Chairman Powell's comment demonstrate FCC's resolve to fix the problem.
  - Next steps:
    - Comment period closes: Oct. 11
    - Reply comments due: Oct. 21
    - FCC decision to follow

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Auction 35 - Political Support for Opt-out

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UNE Network Unbundling

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Status

- FCC currently reviewing all network unbundling requirements in UNE Triennial Review
  - Decision expected by end of year or early 1Q03
  - DC Circuit Court decision has added pressure to complete proceeding by 1/2/03
    - Court rejected FCC's orders establishing a national list of UNEs and requiring line sharing for broadband service
    - Court found that the FCC failed to adequately determine whether carriers were impaired when imposing unbundling requirements
    - Court stayed orders until 1/2/03, giving FCC time to complete UNE Triennial Review

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UNE Triennial Review

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- Expectations

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- UNE pricing

❖ Encouraging statements from FCC Chairman Powell

"The greatest challenge in promoting broadband is deciding how to stimulate the enormous investment required to turn the promise of broadband into reality. In order to overcome this challenge, we must: (1) limit the risk and uncertainty of regulation; and (2) lower the cost of infrastructure investment...

This is not the time for timidity. The Commission for too long has cracked open the door, but frightened by the dark, slammed it shut again. The time now is for action." (Statement accompanying release of wireline broadband NPRM • Dec. 12, 2001)

"Broadband very likely holds the key for the long-term recovery of the telecommunications industry and for our Nation's long-term economic growth and its ability to compete on the global stage. The Commission is committed to demonstrating leadership in this area by seeing through our core broadband policy proceedings initiated at the end of last year and the beginning of this year, and we will strive to complete those proceedings by year-end." (Testimony before the Senate Commerce Committee • July 30, 2002)

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($Billions)

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Verizon Access Line January 2000 to December 2002

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Total Access Lines & Loops

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Jan00 - Dec02
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DSL Market Penetration

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National Snapshot by Provider March 2002

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Verizon Access Line January 2000 to December 2002

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Some Things Verizon is doing to Counterattack

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Some Things Verizon Can Do To Be Competitive

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