

Deploying Broadband: *the Infrastructure of Innovation*

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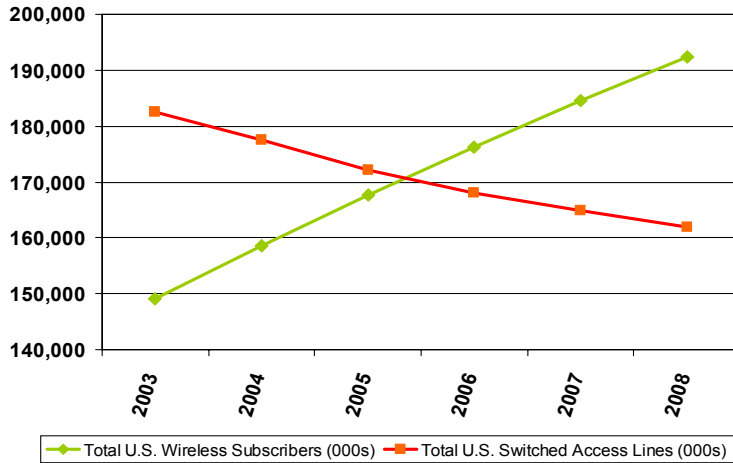


The World Really HAS Changed

- **Consumers Benefiting from Remarkable Strides in R&D**
- **Competition Among Telecom Providers**
- **Competition Among Communications Technologies**
- **An Unparalleled Range of Choices**
 - *Voice Telephony*
 - *E-mail & Instant Messaging*
 - *Wireless Voice and Data*
 - *Broadband*
 - *VoIP*
 - *Cable Telephony*
- **Demand for Even Greater Innovation from R&D**



Wireless to Surpass Switched Wireline by '06

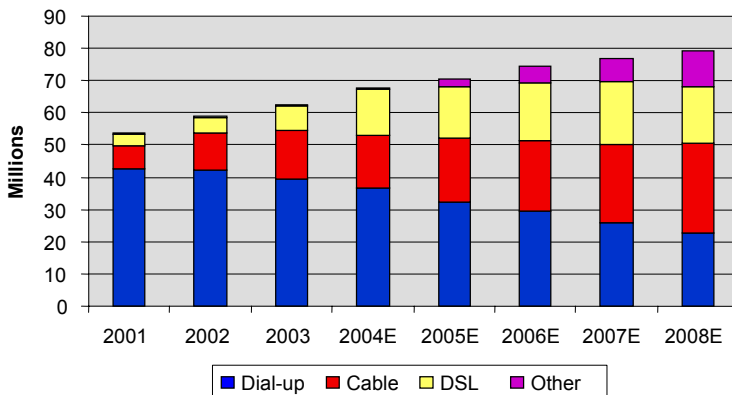


Source: Instat MDR, 'Cutting the Cord', February 2004



Broadband Rapidly Replacing Dial-Up

Online Households



Source: Smith Barney, 'Cable MSOs Leaving A Lot of Food on the Table', April 28, 2004



Verizon has changed, too.

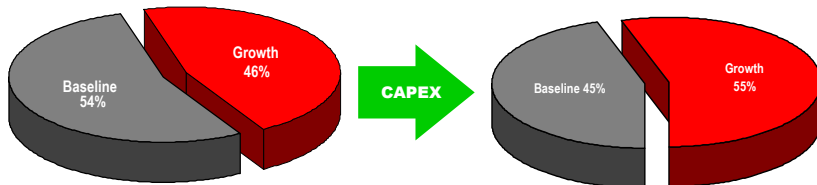
- America's #1 wireline service provider (in 29 states)
- America's #1 wireless brand (nationwide service)
- World's #1 directories publisher
- America's #2 long-distance provider to consumers
- \$68 billion in revenues; \$12+ billion in CAPEX in 2004
- 208,000 employees; Verizon presence in 22 nations

And now...

- Leading the industry in fiber-to-the-premises
- Leading the industry in wireless broadband (EV-DO)

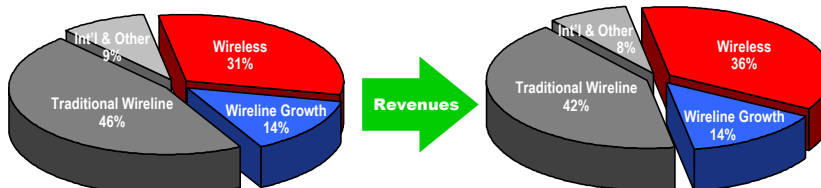


Transformation: Investing for Growth



1Q03

1Q04

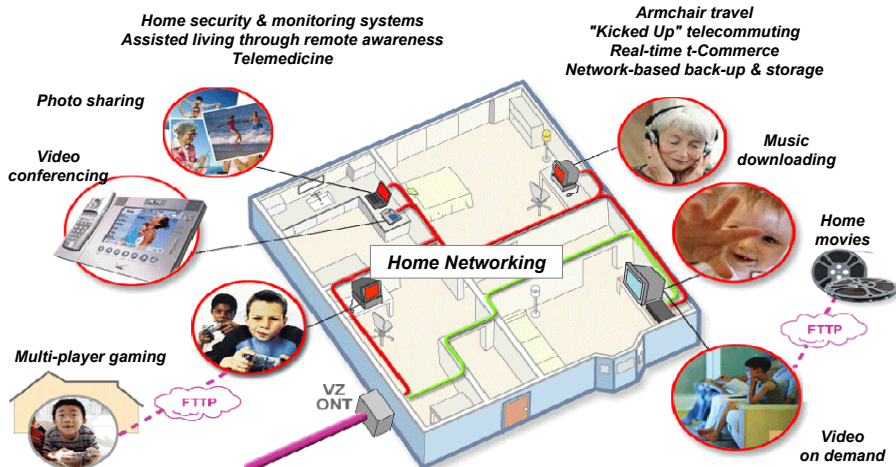


Research, Develop, Deploy... and Repeat.

- Verizon Technology Organization and Verizon Labs hold over 1,000 patents, with more pending
- Constant drive to develop innovative applications of network technology
- Spur R & D among supplier companies by demanding fresh new capabilities
- Validate deployment readiness of new technology (FTTP, EV-DO, iobi, etc)
- Apply technical innovation to increase quality, reliability and value



Fiber Offers a Quantum Leap in Services



FTTP Enables the Smart Home



iobiSM: Manage it all – anytime, from anywhere



iobi

When your phone and PC get together, anything's possible.



Rethinking Personal Communications

verizon Products & Services Customer Support About Verizon My Account

Verizon VoiceWing

Broadspeed Phone Service

VoiceWing™ is a powerful new way to communicate. Voice Over IP (VoIP) technology enables you to make calls over your DSL or cable internet connection using your existing phone and your router. Sign up for VoiceWing and pay one low monthly fee to get:

- Unlimited local and long distance calling
- Star feature calling (includes free voice mail, call waiting, and caller ID)
- Ability to choose your area code
- Great VoIP based calling features that you can access from anywhere

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How Much? **Special Web Offer** Get VoiceWing for as low as **\$29.95/month** Order online by **October 31** package pricing >

Great Calling Features

- Caller ID
- Three-Way Calling
- Enhanced Call Forwarding
- Save text with e-mail notification

Learn more >

Low International Rates

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UK	4¢
India	21¢
Japan	17¢
Italy	4¢
Brazil	10¢

See more rates >

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Forgot Your Username? Click here >

Forgot Your Password? Click here >

Sign Up Now

Verizon reserves the right to modify rates of service for the possible amount of service. More than \$2000 includes a month of considered beyond normal use and may be investigated, resulting in potential limitation of service.

VoiceWing VOIP

VerizonOne

2-way Multimedia Communication



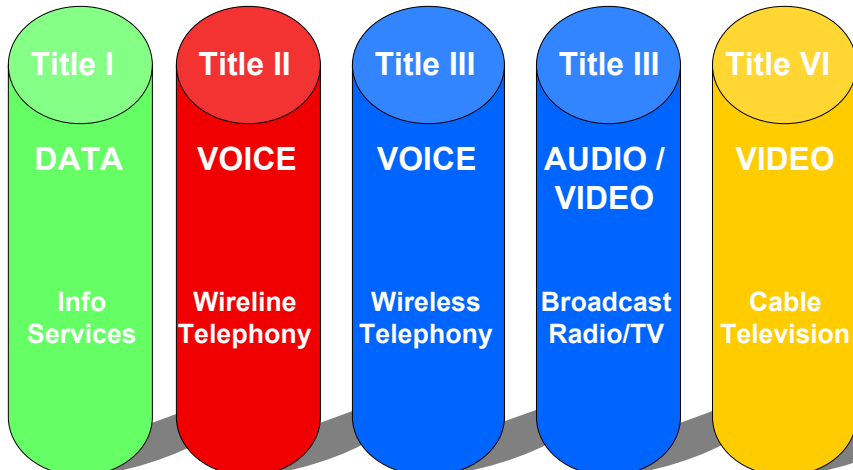
Verizon Wireless BroadbandAccessSM

Available Today in 12 Major Markets & 26 Airports
System-wide by year-end 2005

The screenshot shows a Microsoft Internet Explorer browser window displaying the Verizon Wireless BroadbandAccess website. The page features the Verizon logo and navigation tabs for Overview, Service Usage, Service Maps, How Fast, and FAQs. A 'Sign Up' button is visible in the top right. The main content area is titled 'VZACCESS How Fast' and includes a 'Sign Up' button. Below this, there are two maps of the United States: the top one is labeled 'NATIONALACCESS SERVICE AREA' and shows red coverage across the country; the bottom one is labeled 'BROADBANDACCESS COVERAGE AND RATE AREA' and shows red dots indicating service locations. A central graphic shows a laptop with a speedometer overlay indicating 'TYPICAL DOWNLOAD SPEED 300 - 500 Kbps Up to 2 Mbps'. Text on the left side of the laptop graphic states: 'BROADBANDACCESS OFFERS TYPICAL DOWNLOAD SPEEDS OF 300-500 Kbps CAPABLE OF REACHING SPEEDS UP TO 2 Mbps. BBA Speed Disclaimer: Because of the difference in upload speeds, we do not recommend using Verizon Wireless BroadbandAccess for video conferencing or other applications that require faster upload speeds.' Below this text is a 'CDMA EvDO' logo. At the bottom of the laptop graphic, it says 'COMPETITOR'S WIRELESS NETWORK BroadbandAccess Coverage not available in all areas. Claims based on published speeds. Excludes 800.44 and 800.4444.



Convergence Challenges Old Regulatory Silos





A New Policy Framework for Broadband

- **Objective in the U.S. – similar elsewhere**
 - Develop a public policy framework to facilitate broadband and the innovation it fosters
- **Finish the national broadband policy framework**
 - Place all broadband services (*including DSL, FTTP and cable modem*) in the same lightly regulated category
 - Remove narrowband regulatory burdens (for example, unbundling) from broadband
 - Adopt **connectivity principles** to preserve the benefits of the open internet without regulation that stifles innovation
 - Strike balance among different levels of regulatory bodies



A New Policy Framework for Broadband

- **Regulators and lawmakers must lay out a single, clear policy for broadband**
 - No economic regulation of broadband networks and services
 - E911, CALEA compliance, universal service support, etc. must be addressed
 - Rules can protect the public interest goals while recognizing the nascent nature and current limitations of the technologies
- **We need clear rules on taxes, fees and surcharges imposed at any level of government**
- **Update remaining regulation of narrowband services – critical role for state governments in the U.S.**
 - Broadband VoIP and wireless services likely to be mostly unregulated
 - Regulation of narrowband must be relaxed to reflect new competitive environment





The High Tech Broadband Coalition Principles

- To encourage maximum investment and innovation, apply only to light regulation to broadband where needed
- All broadband participants should embrace a set of **connectivity principles** to ensure that consumers can...
 - Gain access to any content on the internet
 - Run the applications they choose
 - Have adequate information regarding their service capabilities
 - Attach any devices to broadband connection that don't harm network
- Regulators retain general statutory authority and can step take action enforce principles and protect public interest



Good Policy: Engine of Consumer Benefits

