

February 21, 2002

EXCEPTION #7 DISPOSITION REPORT

KPMG Consulting was informed that even though Verizon had deployed four Electronic Data Interchange (EDI) servers for use by its wholesale customers—BEDDIPRE 3, 4, 5, and 6—only the BEDDIPRE 5 and 6 servers were being polled to calculate the PO-1, Response Time OSS Pre-Ordering Interface, and PO-2, OSS Interface Availability, metrics.

In response to the exception, Verizon implemented changes to its internal procedures to collect and use data from all EDI servers to calculate metrics PO-1 and PO-2. In addition, Verizon supplied KPMG Consulting with the relevant metrics change control documentation, which outlines changes to its data collection procedures.

By successfully replicating metric results for December 2001 and validating the integrity of the underlying data, KPMG Consulting confirmed that data used in calculating these metrics are now being collected from the four EDI servers (i.e., BEDDIPRE 3, 4, 5, and 6) deployed for CLEC use.

Based upon the results of our retest efforts, KPMG Consulting considers this exception closed as of February 21, 2002.