

February 21, 2002

EXCEPTION #15 DISPOSITION REPORT

On January 14, 2002, KPMG Consulting issued Exception #15, which stated that Verizon did not meet the retail parity performance results for installation quality of high capacity circuits.

Verizon's response, dated February 7, 2002, indicated that one item in KPMG Consulting's evaluation fell outside the 30-day period under evaluation. KPMG Consulting agrees that the trouble on circuit # S36/HCFU/862909/CD was reported 30 days and 10 hours following service activation. Excluding this circuit from the observation sample, Verizon's wholesale 30-day trouble rate performance becomes 8.28% from 8.97%, which was the original percentage listed in the exception.

Verizon further indicated that the retail installation quality rate contains a different mix of products than the mix of wholesale circuits that KPMG Consulting observed and that when like products are compared, the retail 30-day trouble rate performance is 1.58%.

However, since KPMG Consulting's observed 30-day trouble rate performance for wholesale of 8.28% exceeds the retail performance of 0.78% for the months of September, October, and November of 2001, KPMG Consulting does not have any further analysis to conduct and considers this exception closed as of February 21, 2002.