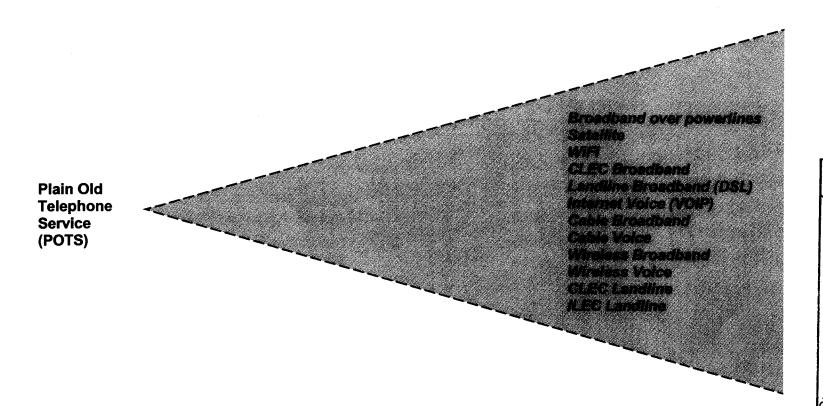
Telecommunications:

It's a new world



Document consists of 6 pages

ize limitations, pages through provided complete document is available through the Research Library

Industry Focus Industry Focus Incumbent Pricing Incumbent Pricing Incumbent Pricing Incumbent Pricing Incumbent Incu		
Trends Trends ent ent ent		1933-1984
Focus Trends Trends ent ent rket rket rrant on		51 years
Trends ent ent ent rket rket on	Industry Focus	Universal Service
Trends ent ent rket rket on		No competition
Trends ent ent rket rket gr		
ent rket rheet ant on	Pricing Trends	Very Low Local prices
ent rket rrant on		Very High Toll prices
rket rket on		
rket from ant	Incumbent	AT&T rural and local
rket from ant	Pricing	service are subsidized by
rket from ant		AT&T toll service. Prices
rket from ant		are sustainable because
rket from ant on		there is no competition.
rket from ant er		
from ant	New Market	None
er er	Entrant	
on on	Subsidy from	None
on gr	new entrant	
on Y		
on	Customer	Universal service achieved.
on	Impact	Uniform pricing.
on		No discounts
0n		
	Focus of	AT&T
No pricing flexibility	Regulation	
		No pricing flexibility



	1984-1996
	12 years
Industry Focus	Long Distance
	Competition
Pricing Trends	Low Local prices
	High Toll prices
Incumbent	High margin pricing on
Pricing	features, local toll and
	business lines to subsidize
	rural and local service.
New Market	AT&T, MCI, Sprint, other
Entrant	LD carriers
	Analog/Cellular wireless
Subsidy from	LD carriers pay access
new entrant	charges
Customer	Alternatives for long
Impact	distance service. Volume
	discounts
Farmar	
Focus of	Access charges.
Regulation	ILECs get minimal pricing
	flexibility. IXC's get full
	pricing flexibility.

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Industry Focus	7 years Local Competition
Pricing Transc	I aw I and Dring
Pricing Trends	Low Local Prices Discounted toll prices
Incumbent	High margin pricing on
Pricing	features, toll and bus lines -
	but there is competition
	from CLECs due to very
	low wholesale pricing.
New Market	CLECs
Entrant	
	Digital Wireless
Subsidy from	CLECs collect Universal
new entrant	Service surcharge
Customer	Some alternatives for local
	service. Volume discounts
	and some limited bundling.
Focus of	UNE prices.
Regulation	ILECs get limited pricing
	flexibility. IXCs and CLECs
	get full pricing flexibility.































Advanced TelCom

Trends Rational Loc Very low tol ent Competition alternatives difficult for high-margir services. trket Cable Voice Wireless Voi Internet Voice Satellite, DSJ from All provider fees to subsir lifeline servi lifeline servi entertainmen Adopt sustai rural and life Parity in pri		all providers.	
et et		Parity in pricing flexibility for	
et et et		rural and lifeline service.	Kegulation
ry Focus g Trends bent g from trant trant		Adopt sustainable funding for	Focus of
Try Focus g Trends bent larket at frant rant			
Ty Focus g Trends bent larket at trant rant		entertainment. Full bundles.	
n nds		features, broadband,	Impact
n nds ocus		Many alternatives for toll, local,	Customer
n nds			
n ds nds		lifeline services.	
ds us		fees to subsidize rural and	new entrant
ds us		All providers should collect	Subsidy from
y Focus Trends Trends ent		Satellite, DSL.	
y Focus Trends Tent		Internet Voice (VOIP), WIFI	
y Focus Trends Trends ent		Wireless Voice and Broadband	Entrant
y Focus Trends Trent		Cable Voice and Broadband,	New Market
y Focus Trends ent			
y Focus Trends Tends		services.	
y Focus Trends ent		high-margin pricing on any	
y Focus Trends		difficult for ILECs to sustain	
y Focus Trends Tends		alternatives make it very	Pricing
		Competition from many	Incumbent
		Very low toll prices	
 		Rational Local Prices	Pricing Trends
			
+		Intermodal Competition	industry Focus
	т.	2004 +	

It's A Whole New World





Sprint. One Sprint. Many Solutions.

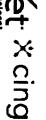


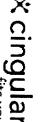












































It's a Whole New World

	1933-1984	1984-1996	1996 -2003	2004 +
	51 years	12 years	7 years	
Industry Focus	Universal Service No competition	Long Distance Competition	Local Competition	Intermodal Competition
Pricing Trends	Very Low Local prices Very High Toll prices	Low Local prices High Toll prices	Low Local Prices Discounted toll prices	Rational Local Prices Very low toll prices
Incumbent Pricing	AT&T rural and local service are subsidized by AT&T toll service. Prices are sustainable because there is no competition.	High margin pricing on features, local toll and business lines to subsidize rural and local service.	High margin pricing on features, toll and bus lines - but there is competition from CLECs due to very low wholesale pricing.	Competition from many alternatives make it very difficult for ILECs to sustain high-margin pricing on any services.
New Market Entrant	None	AT&T, MCI, Sprint, other LD carriers Analog/Cellular wireless	CLECs Digital Wireless	Cable Voice and Broadband, Wireless Voice and Broadband Internet Voice (VOIP), WIFI Satellite, DSL.
Subsidy from new entrant	None	LD carriers pay access charges	CLECs collect Universal Service surcharge	All providers should collect fees to subsidize rural and lifeline services.
Customer Impact	Universal service achieved. Uniform pricing. No discounts	Alternatives for long distance service. Volume discounts	Some alternatives for local service. Volume discounts and some limited bundling.	Many alternatives for toll, local, features, broadband, entertainment. Full bundles.
Focus of Regulation	AT&T No pricing flexibility	Access charges. ILECs get minimal pricing flexibility. IXC's get full flexibility.	UNE prices. ILECs get limited pricing flexibility. IXCs and CLECs get full pricing flexibility.	Adopt sustainable funding for rural and lifeline service. Parity in pricing flexibility for all providers.