



## **News Release**

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### **As the 45-Day Negotiation Period Ends, AT&T Proposes Binding Arbitration to Break Deadlock in UNE Negotiations**

#### **FOR RELEASE: FRIDAY, MAY 14, 2004**

WASHINGTON – Frustrated by the lack of progress in reaching commercial agreements that would preserve local telephone competition and allow for a smooth transition to its own facilities, AT&T today asked each of the four Bell companies – Verizon, SBC, BellSouth and Qwest – to agree to a binding arbitration process that results in long-term commercial agreements to preserve competition and break the impasse. AT&T also expects that the independent arbiter will provide status reports to federal regulators and government officials.

“The industry is fast approaching the witching hour and something must be done now to bring these negotiations to a successful close,” said AT&T Chairman and Chief Executive Officer David W. Dorman. “Private one-on-one negotiations and even a mediated process have not resulted in the desired outcome. We are frustrated by the lack of progress in negotiations to date, and the absence of any positive response to our offer to move to our own facilities.”

On March 31, the FCC urged all telecommunications carriers to begin a 45-day period of good-faith commercial negotiations “designed to restore certainty and preserve competition in the telecommunications market.” AT&T welcomed the opportunity to negotiate fair, economically viable, long-term agreements with the Bell companies to lease access to the facilities they control. In an effort to further advance the negotiations, on April 29, AT&T proposed a plan to transition itself away from the Bell facilities – a goal often expressed by regulators and Bell company executives. The AT&T proposal was summarily dismissed by the Bell companies. To date, no major agreements have been reached and the 45-day negotiation period is about to expire. If the D.C. Circuit Court decision takes affect, the Bells have made

clear their intent to raise wholesale rates. This will inevitably impact what consumers and small businesses pay for telephone services. Studies have shown that consumers and small businesses save as much as \$15 billion annually from lower prices and better service offers available in a competitive local marketplace.

“We must not lose sight of the real purpose of these negotiations – to ensure that consumers and small businesses continue to realize the benefits of local telephone competition today,” said Dorman “and that this industry has a genuine opportunity to transition to facilities competition tomorrow.”

While some have indicated that wholesale rate increases could be delayed until later this year, competitive carriers must make their decisions now. AT&T’s decision on whether it can continue to serve consumers across the country depends on whether it has viable serving arrangements over the business-planning horizon.

“It is AT&T’s hope that, despite past difficulties, this approach will preserve and enhance the competition currently enjoyed by tens of millions of Americans. But, we must act quickly and with a commitment to advance competition in this industry,” said Dorman.

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About AT&T

*For more than 125 years, AT&T (NYSE "T") has been known for unparalleled quality and reliability in communications. Backed by the research and development capabilities of AT&T Labs, the company is a global leader in local, long-distance, Internet and transaction-based voice and data services.*