



USAC and the Universal Service Fund

Overview

January 2010

The Universal Service Fund (USF) is one fund with four programs

USAC is a not-for-profit corporation selected as the permanent administrator of the federal USF

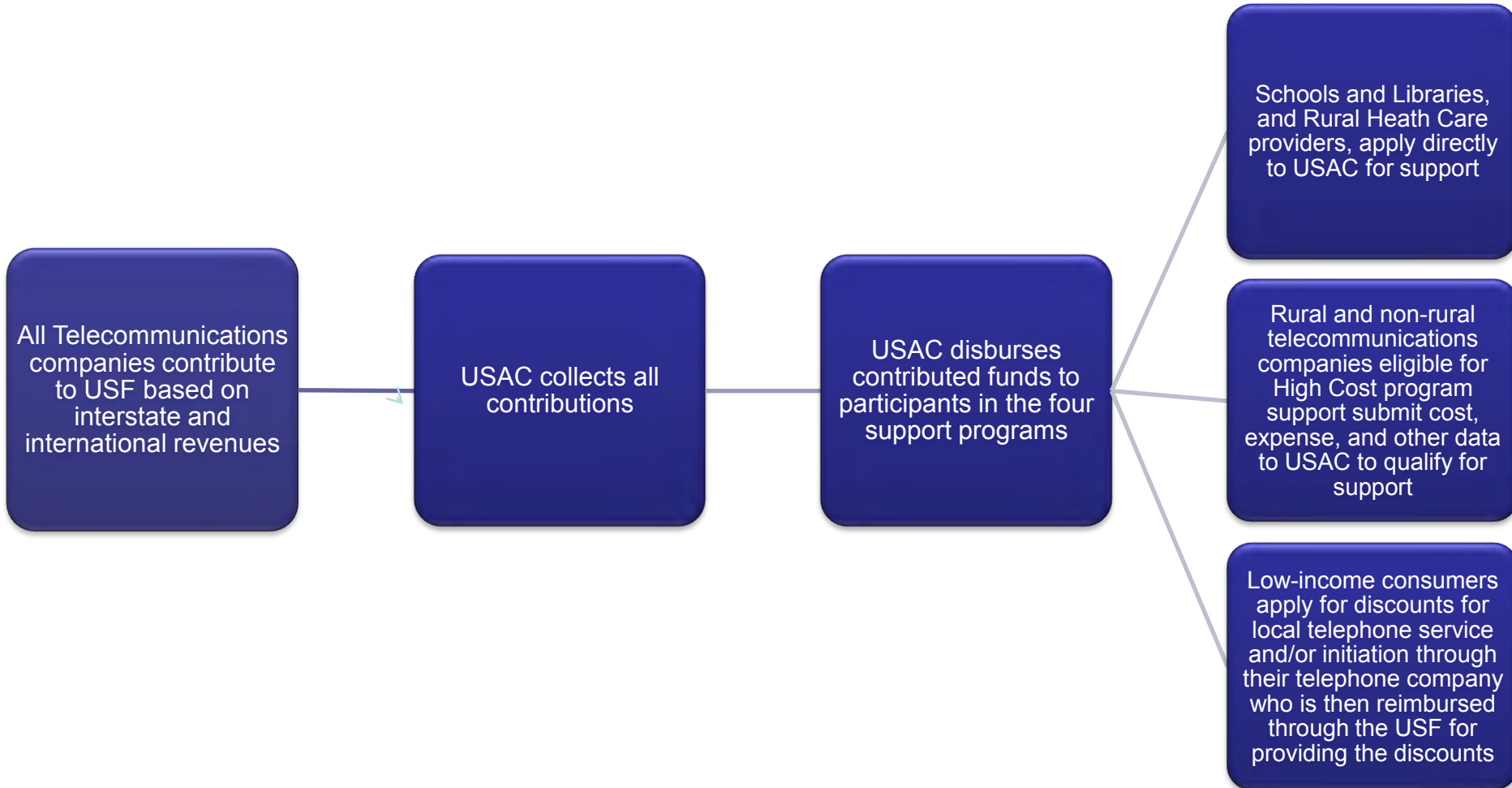
In 2009, USAC disbursed approximately \$7.25 billion in universal service support

USAC administers support programs for:

- High cost companies serving remote and rural areas
- Low-income consumers
- Rural health care providers
- Schools and Libraries

Through USAC, the USF provides communities across the country with affordable telecommunications services

How does the USF Work?



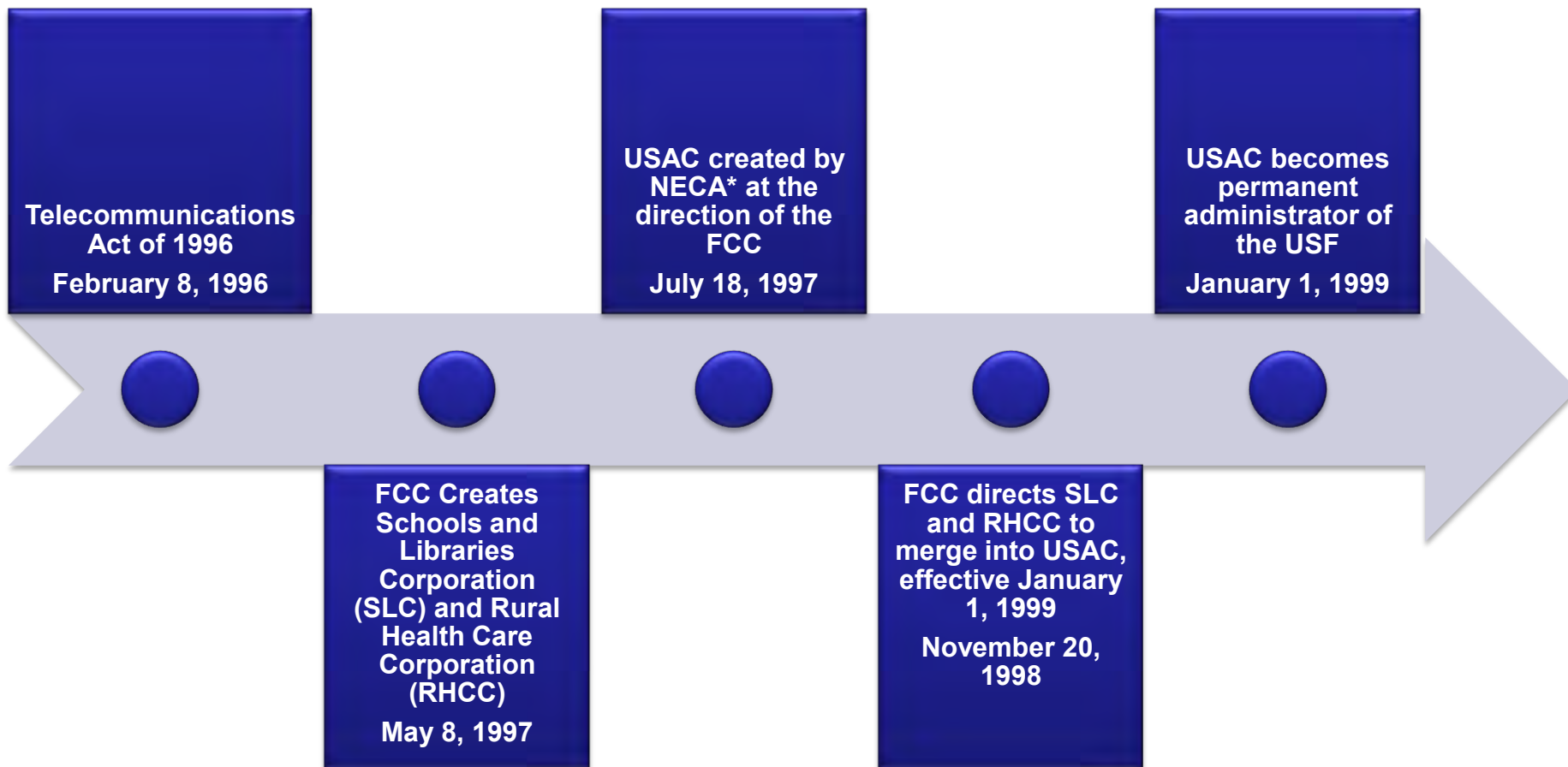
USAC's functions and responsibilities include:

- Administering each of the USF programs
- Billing contributors, collecting contributions, and disbursing universal service support
- Reporting quarterly to the FCC on disbursement of USF support

USAC may not:

- Make policy
- Interpret unclear provisions of the statute or rules
- Interpret the intent of Congress
- Advocate policy positions before the FCC or its staff, but may advocate positions on administrative issues relating to the programs

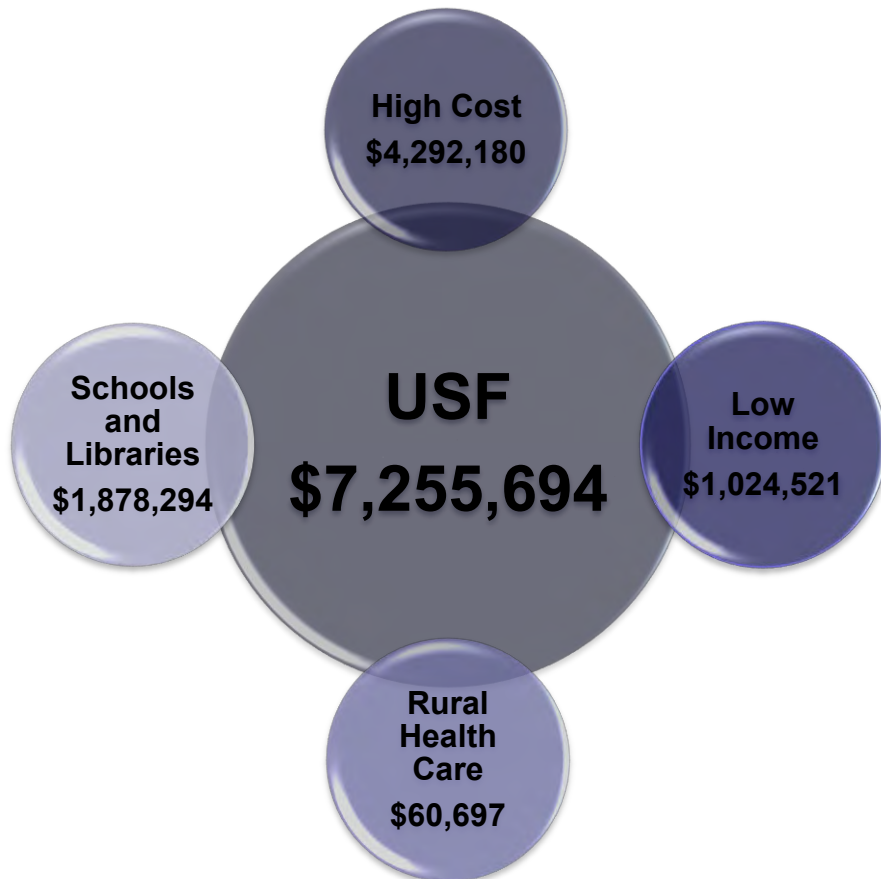
USAC Timeline



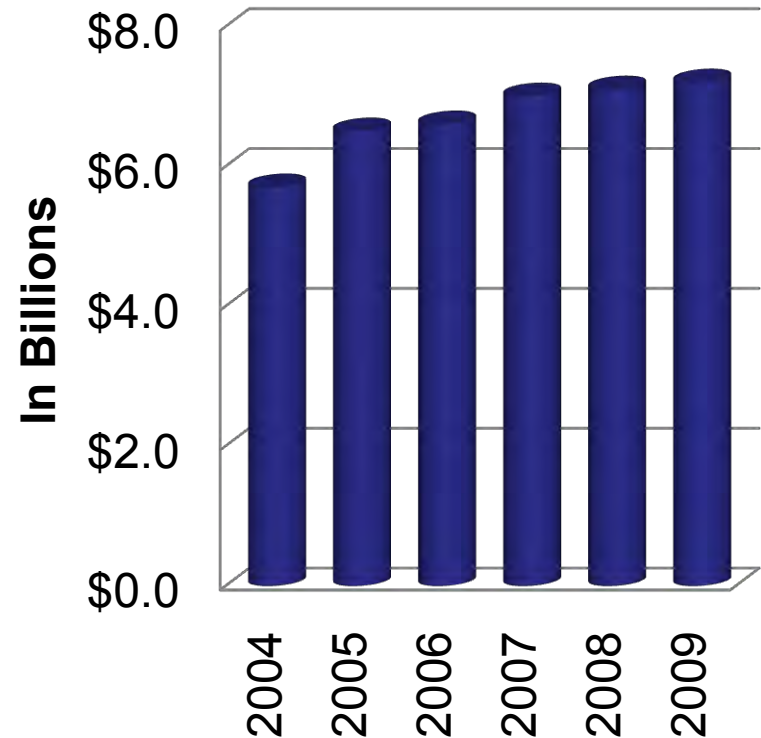
* USAC is a wholly-owned subsidiary of the National Exchange Carrier Association (NECA). However, pursuant to FCC regulations, NECA has no management or operational control over USAC.

USF – One Fund, Four Programs

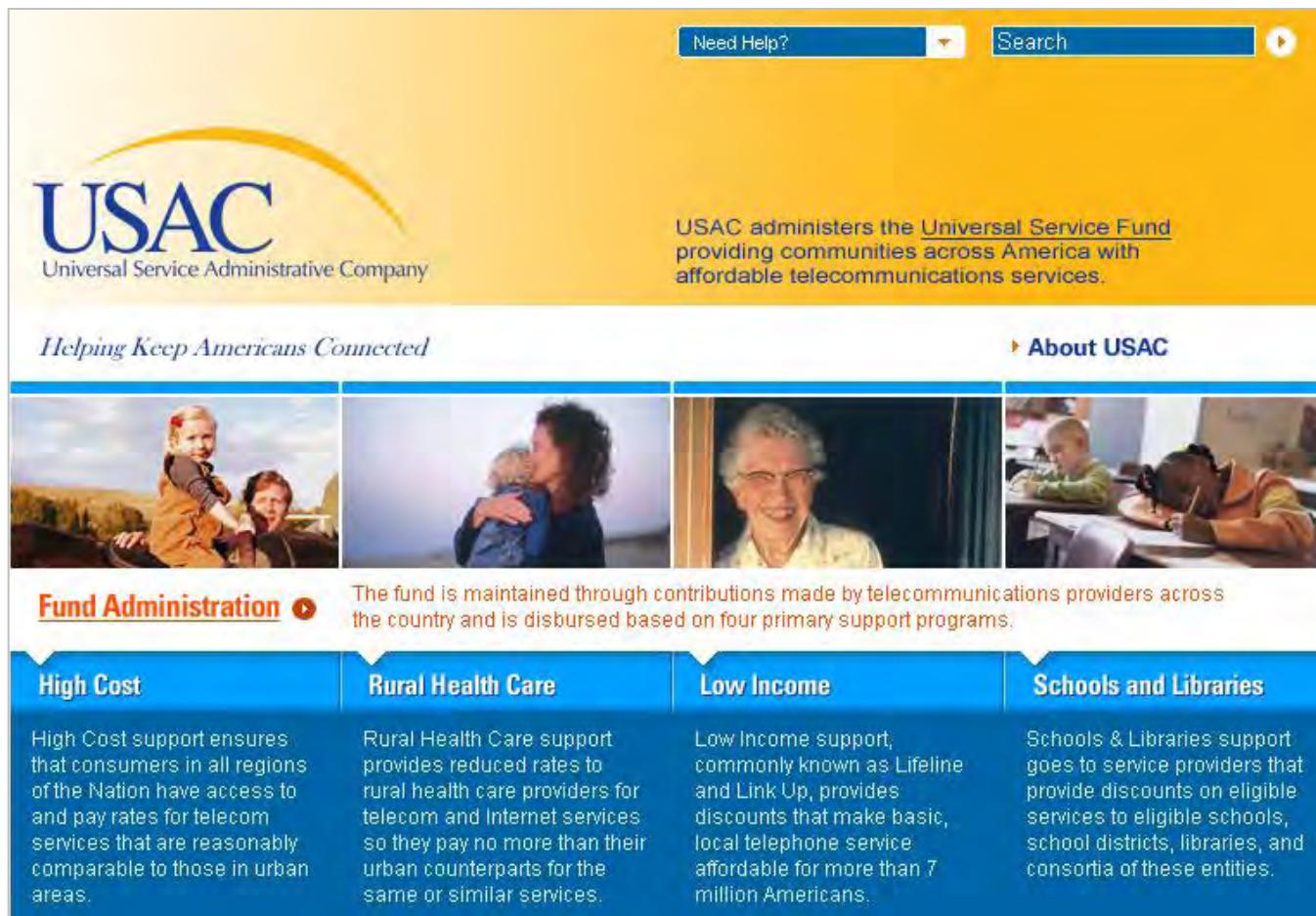
Approved Disbursements by Program as of December 31, 2009 (unaudited – in thousands)



Overall USF Disbursements (unaudited)



Visit us on the Web at www.usac.org



The screenshot shows the USAC website homepage. At the top right, there is a navigation bar with a "Need Help?" dropdown menu and a "Search" input field with a play button icon. Below this is a large yellow banner featuring the USAC logo on the left and the text "USAC administers the Universal Service Fund providing communities across America with affordable telecommunications services." on the right. Underneath the banner is a white navigation bar with the tagline "Helping Keep Americans Connected" on the left and a "About USAC" link on the right. Below the navigation bar is a row of four images: a woman holding a child, a woman holding a baby, an elderly woman smiling, and two children at a desk. Below the images is a section titled "Fund Administration" with a play button icon, followed by the text: "The fund is maintained through contributions made by telecommunications providers across the country and is disbursed based on four primary support programs." At the bottom, there are four blue columns, each representing a support program: "High Cost", "Rural Health Care", "Low Income", and "Schools and Libraries". Each column contains a brief description of the program's support.