

- 2.10.10. Charges rendered to the Customer by SWBT for SWBT Customer Bill Format services are included in the rate element for Bill Rendering and will be included in the SWBT payment process **as** described in Section 3.

## 2.11. MESSAGE INVESTIGATION CENTER

2.11.1. SWBT will provide Message Investigation Center (MIC) services to the Customer for the investigation of the Customer's messages which are unbillable under certain error codes to an End User (pre-billing errors). In these instances, SWBT will utilize its methods and procedures to determine the dollar level at which investigation of messages will occur and/or for the return of messages to the Customer. SWBT will not be liable to the Customer for the revenue associated with messages that are unbillable.

2.11.2. Customer messages determined to be lost, **as** a result of Message Investigation Center services will be recovered at no charge by SWBT. In the event, the messages cannot be recovered by SWBT procedures defined in 2.1.2 and 2.1.6 of this Exhibit B will be utilized to estimate an adjustment to the Customer's **Amount Due**.

2.11.3. In the event the Customer requests data that has previously been successfully provided by SWBT, the data, if available, will be reprovided to the Customer through the Time and Cost procedure **as** defined in Section 6 of **this** Exhibit B.

## 2.12. BILLING INFORMATION

**As** ordered by the Customer, SWBT will provide Billing Information to the Customer from SWBT's End User records, billing files and account data base.

2.12.1. Billing Information Services is the provision of information to the Customer from SWBT record systems labeled **as** Customer Records Information System (CRIS) and Customer Name and Address Bureau (CNA). Such Billing Information Service will be limited to the provision of information to the Customer relating exclusively to End User services provided by the Customer. Information relating to services provided by SWBT or any other entity will not be provided.

2.12.2. When the Customer has ordered Bill Rendering Service, SWBT will provide billing information **from** its CRIS records **as** follows if ordered by the Customer:

2.12.2.1. Bill Data

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Bill data is a copy of the Customer's pages of the End User bill, billed by SWBT on behalf of the Customer.

- 2.12.2.2. Service Order Activity

Service Order Activity (SOA) consists of a report which provides information regarding activity on End User accounts to whom SWBT has issued a bill on behalf of the Customer.

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### 2.12.2.3. Unbillable message records

Unbillable message records are those Customer message records sent to SWBT for billing which SWBT does not recognize as being associated with a SWBT End User or has errored out of the system due to System edits.

### 2.12.3. CNA

Upon request of the Customer, SWBT will provide name and town information from its CNA bureau. The CNA name and town data, but not street address, will be provided only when the Customer needs the information to authorize a call, to bill a call, or to handle an emergency situation. The information will be provided on per-request basis by voice telecommunications. Name, town and state will be provided for a telephone number. A request includes the handling of one call and providing the data for one telephone number.

SWBT will specify the location where requests are to be received and the method in which the request is to be made.

2.12.3.1. If the name and address associated with the telephone number is restricted due to the request of the End User, legal authority or law enforcement agency, no name or town location will be provided.

**2.12.4.** The Customer shall order those Billing Information Services for the states where it wishes to receive the services and shall specify how often it wishes the services to be provided.

2.12.5. With each order, the Customer shall identify the authorized individual and address to receive the Billing Information Service output. When CNA information is requested, the Customer will identify in writing and include the account codes assigned by SWBT of all authorized individuals who will contact the CNA bureau.

**2.12.6.** The Customer shall take every effort to make sure that Billing Information Service output is provided only to authorized personnel of the Customer or third Parties performing billing services-related work for the Customer. The Customer shall treat the information as confidential and proprietary data, and will use the information only for the purpose of providing billing services to its End Users.

**2.12.7.** The Customer shall be responsible for all contacts and inquiries from its End Users concerning Billing Information Service.

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2.12.8. Charges rendered to the Customer by SWBT for the Billing Information Services will be included in SWBT payment process **as** set forth in Section 3.

Section 3. SETTLEMENT TERMS

3.1. AMOUNT DUE THE CUSTOMER

3.1.1. SWBT will purchase the Customer's accounts receivable due for bills rendered or to be rendered by SWBT to the Customer's End Users.

3.1.1.1. The Customer agrees to submit new billings to SWBT no less frequently than once a week.

3.1.1.2. The Customer and SWBT agree that in the event the calculation of any purchase of Accounts Receivable, **as** defined herein, results in a negative amount due the Customer, SWBT may hold payment or recalculate any pending accounts receivable **purchase(s)** **as** defined further herein.

3.1.2. Calculation of Amount Due the Customer

SWBT purchases the Customer's accounts receivable based on Pre **End** User Billing. The Customer will receive a Purchase of Accounts Receivable Statement (PARS) which will reflect the Customer's accounts receivables. The calculation of the dollar amount due the Customer for the purchase of accounts receivable when the Customer provides files of rated messages is **as** follows:

3.1.2.1.

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Calculation with netting of B&C charges

Total Current Billable Amount

- + Billed Taxes
  - + Rebills
  - Returns (Unbillables)
  - ± Recourse Adjustments (including taxes)
  - Uncollectible Bad Debt Allowance
  - + Customer messages lost by SWBT
  - ± Uncollectible True-Up Amounts (including any reserve requirements)
- 

= Amount due the Customer

- Amount due **SWBT** for Billing and Collection Services

= Net Purchase of Accounts Receivable Amount

3.1.2.2. Calculation without netting of B&C charges

Total Current Billable Amount

- + Billed Taxes
  - + Rebills
  - Returns** (Unbillables)
  - ± Recourse Adjustments (including taxes)
  - Uncollectible bad debt allowance
  - + Customer messages lost by SWBT
  - ± Uncollectible true up amounts (including any reserve requirements)
- 

- Amount due the Customer

3.1.2.2.1. At the request of the Customer, SWBT will purchase the accounts receivable, without netting, after the Customer has purchased more than eighteen months (18) of bill rendering services and has established a consistent service and billing pattern with end users. SWBT will have complete discretion in determining if the Customer's billing meets the criteria for which SWBT is willing to provide the purchase of the Customer's accounts receivable without netting.

3.1.2.3. Definitions of Elements on PARS

Total Current Billable Amount is the total amount billable to the Customer's End Users for the Customer services excluding any taxes applicable to such services. The total amount of billable revenue will be determined for the Customer for each file received.

Billed Taxes is the amount of taxes billed to End Users for Customer charges since the last settlement.

Rebills represent the value of messages that have been adjusted from an End User account and processed to be billed to the same or another End User account.

Returns (unbillables) represent the value of messages that have been rejected for billing by SWBT and returned to the Customer.

Recourse Adjustments are the amounts debited or credited each settlement period to the Total Current Billable Amount. Recourse adjustments include SWBT and Customer initiated End User Adjustments, and Uncollectible Adjustments, defined as follows:

3.1.2.3.1. End User Adjustments are the billed amounts which SWBT removes from End User balance due, in accordance with this Agreement.

3.1.2.3.2. Uncollectible adjustments are the amount of non-deniable revenues adjusted through SWBT's UAS on final accounts at time of write-off.

3.1.2.3.3. Customer Long Distance Certificates are processed as an End User payment in the same manner as End User checks are processed. Therefore, these certificates should not be included in the category of "Recourse Adjustments".

Uncollectible Bad Debt Allowance is an amount deducted from Total Current Billable Amount adjusted for Billed Taxes and Recourse Adjustments to compensate for losses resulting from failure of End Users to pay Final Customer Bill amounts due. Derivation of the Uncollectible Bad Debt Allowance is defined in Section 3.1.3.

Customer messages lost by SWBT will be estimated by SWBT based upon procedures defined in this Agreement as defined in Section 2.1.2 or 2.1.6., and, if not previously calculated in the Purchase of Accounts Receivable, SWBT will add to the Amount Due the Customer.

Uncollectible True-up Amounts are amounts resulting from quarterly true-up calculations as defined in Section 3.1.4.

Amount Due the Customer represents the Net Purchase amount for Accounts Receivable.

Amount Due SWBT equals all charges due or to become due to SWBT under this Agreement and any applicable tariff.

Net Purchase of Accounts Receivable amount is the Amount Due the Customer less the Amount Due SWBT.

### 3.1.3. Uncollectible Bad Debt Allowance (Discounted)

For each settlement, SWBT will subtract an uncollectible bad debt allowance amount for Uncollectibles from the Total Current Billable Amount, adjusted by Recourse Adjustments and Billed Taxes. Uncollectibles are amounts billed by SWBT to End Users on final End User bills that are added to the Uncollectible (realized) Accounts of SWBT. SWBT will determine the Customer's uncollectible bad debt allowance amount for Uncollectibles for each settlement by multiplying the Total Current Billable Amount, adjusted by Recourse Adjustments and Billed Taxes, by the Customer uncollectible factor as determined below:

#### 3.1.3.1. New Customers:

Until valid uncollectible data can be accumulated by SWBT on the Customer, normally six to nine months of realized

uncollectible monthly activity, the Customer's uncollectible factor will be set at **25%** for the first two months, defined **as** the Customer submitting billings to **SWBT** no less than eight consecutive weeks over a two calendar month time frame. After the first two months of billings **as** defined above, the factor will be set to **an** industry average for like billings or another surrogate factor acceptable to **SWBT**, and will be applied to the Customer's account receivables; provided however, the two month reserve will in no event be less than 50% of the largest one month's billing submitted to SWBT by the Customer.

**3.1.3.2.** Existing Customers:

To determine the Customer uncollectible bad debt allowance factor, SWBT will determine from its bill records the dollar amount billed on final End User bills which have been deemed as uncollectible. These amounts are added to the realized uncollectible accounts (uncollectible amount) for the most recent quarterly period **as** defined by SWBT. **This** uncollectible amount will include adjustments to accounts for any payments received by **SWBT** for outstanding final Customer billed amounts that were declared uncollectible prior to the most recent quarter. The uncollectible amount will not include uncollected late payment charges applied to the End User bill.

**3.1.3.3.** **An** uncollectible apportionment system will be used by SWBT each month to determine the total realized uncollectible amounts for each Customer which is provided Bill Processing Service by SWBT.

**3.1.3.4.** The realized uncollectible amount for the Customer determined through the apportionment system, will be divided by the Total Current Billable Amount, plus or minus returns, plus rebills, plus or minus Recourse Adjustments, plus taxes for the same quarter to develop the Customer uncollectible bad debt allowance factor.

**3.1.3.5.** **This** uncollectible apportionment system will utilize actual Customer realized uncollectible amounts from End User accounts in order to determine realized amounts.

**3.1.3.6.** The most recent uncollectible bad debt allowance factor will be used by SWBT until a revised uncollectible bad debt allowance factor is determined in the succeeding study period.



3.1.3.7. In the event a negative or zero uncollectible bad debt allowance factor occurs, SWBT may utilize either an industry average factor, the Customer's prior quarter factor, or another surrogate factor which represents the Customer's prior uncollectible history.

3.1.3.8. Notwithstanding the above SWBT retains the right to adjust the Customer's uncollectible bad debt allowance factor should the Customer's uncollectibles, adjustments and/or billable revenues fluctuate to such an extent as to appear unstable and insufficient to cover projected write offs, or abruptly change.

#### 3.1.4. Uncollectible True-Up

SWBT will determine the time at which the history of the Customer's realized uncollectibles is sufficient to establish the Customer specific uncollectible bad debt allowance factor (normally 6 to 9 months of realized uncollectible monthly activity). After this Customer specific factor has been developed and applied for a quarterly period, the following uncollectible true-up procedure will be implemented.

3.1.4.1. During the quarterly period, if the realized uncollectibles (write-offs) plus the required uncollectible reserve amount as defined below in Section 3.1.5 (reserve) differ from the total uncollectible bad debt allowance amount discounted from each settlement (discounted uncollectibles) plus the reserve currently held by SWBT, a true-up amount will be calculated. This difference shall equal the true-up amount. SWBT will net the true-up amount from the Purchase of Accounts Receivable Amount due the Customer. The formula for the true-up is as follows:

##### 3.1.4.1.1. Formula

Total Current Quarter's Realized Uncollectibles

+ The current quarter's required reserve amount

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= Total current quarter's realized uncollectible and reserve requirement

- The current quarter's discounted uncollectibles

- Prior quarter's reserve amount held by

## SWBT

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=  $\pm$  True-up amount

A positive true-up amount will be due SWBT and a negative true-up amount will be due the Customer

- 3.1.4.2. This formula allows for an actual true-up on realized uncollectibles and the maintenance of an ongoing required reserve amount.
- 3.1.4.3. The true-up amount will be calculated at the end of the month following the close of the quarterly period. The true-up settlement will be included in the calculation of the Amount Due the Customer.
- 3.1.4.4.A final true-up will be performed on 8 • 11 months of data following the termination of billing and collections Bill Rendering services. The formula for the final true-up is:

#### 3.1.4.4.1. Final True-Up Formula

All realized uncollectibles not previously true-up

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- All discounted uncollectibles not previously true-up
- Current reserve held by SWBT

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= Final true-up amount

A positive final true-up amount will be due SWBT and a negative final true-up amount will be due the Customer.

- 3.1.4.5. The final true-up will be calculated by the end of the 9th to 12th month following termination of billing and collections Bill Rendering services. The true-up settlement will be made within 31 days thereafter.

#### 3.1.5. Reserve Requirement

SWBT will apply the following procedures in calculating the required reserve amount:

- 3.1.5.1. Until such time **as** SWBT has established a Customer specific uncollectible factor, the reserve requirement will be based on no **less** than 50% of the largest one months billings submitted to SWBT by the Customer.
- 3.1.5.2. For Customers whose total adjustments exceed 10% of the Customer's billed revenues, the required reserve amount will be calculated **as** follows:

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3.1.5.2.1. Total realized uncollectibles for the current quarterly period x .667,

+ The amount of adjustments experienced in the prior three months of billings with respect to live accounts,

+ The amount of revenues adjusted in the prior three months through SWBT's Uncollectible Apportionment System (UAS) on final accounts at write-off.

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= Required Reserve Amount

3.1.5.3. The required reserve amount for Customers not subject to procedures defined in 3.1.5.1 and 3.1.5.2 above will be established and maintained by **SWBT** as a current reserve and will be determined by calculating the total realized uncollectibles for the current quarterly period x .667.

3.1.5.4. In addition to the Customer's reserve requirement defined above, the Customer's minimum annual purchase of service requirement will be reviewed on a quarterly basis and any prorated short fall will be maintained in the reserve requirement based on the following calculation:

3.1.5.4.1. Number of months of services for the current term of the Agreement (less any reduction of time for service start up) times one-twelfth (1/12) of the annual required minimum purchase of service,

- All annual billing and collection charges, as defined in I.C.2 of this Agreement

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= Required Minimum Reserve Amount

A positive amount will be calculated into the Customer's reserve requirement. A negative amount will not require a reserve requirement for the minimum annual purchase of service.

3.1.5.5. Notwithstanding the above, SWBT at its sole discretion reserves the right to increase the reserve amount, if the Customer's uncollectibles, adjustments, minimum annual purchase of

service, and/or billable revenues fluctuate to such an extent that the reserve no longer appears sufficient to cover the projected write-offs. This may be accomplished by increasing the bad debt allowance factor and/or by withholding payments due to the Customer. as SWBT shall deem necessary to cover the risk involved.

3.1.6. SWBT will issue the Purchase of Accounts Receivable Statement to the Customer no later than the fifteenth work day following the entry of message data into SWBT's Master File Maintenance system for program processing for all applicable SWBT data processing centers, (normally three to six work days from date of receipt).

3.1.7. Payment Date

For pre End User billing purchase of the Customer's accounts receivable, the net amount due the Customer from **SWBT** for each file of rated messages will be payable on the payment date which will be determined by adding 42 days to the date the files are processed by **SWBT**. Files will be processed in all data centers within three (3) to six (6) work days of receipt by SWBT.

3.1.7.1. If such payment date falls on a Sunday or on a Holiday which is observed on Monday, payment date shall be the first non-Holiday day following such Sunday or Holiday.

3.1.7.2. If such payment date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment date shall be the last non-Holiday day preceding such Saturday or Holiday.

SWBT may, for ease of administration, combine payments due for files received on different days within a 5 day period. The settlement date will then be determined by adding 42 days to the midpoint of the period (said period not to exceed five (5) days) over which the billable messages are received.

### 3.1.8. Payment Method

Any payment to the Customer ~~from~~ SWBT of one hundred thousand **dollars** (\$ 100,000) or more must be transmitted by SWBT to a designated bank account of the Customer (to be provided to SWBT by the Customer) by electronic funds transfer. Any payment to the Customer from SWBT less ~~than~~ one hundred thousand dollars (\$100,000) may be paid at SWBT's option by electronic fund transfer **as** described above or by check or **draft** to the payee's address (to be provided to SWBT by the Customer).

If any portion of the net settlement amount is received by the Customer in funds which are not immediately available to the Customer, then a late payment charge shall be due the Customer. **SWBT** will have full responsibility for ensuring that payment is received by the payment date.

### 3.1.9. Payment Detail

**Any** draft payment to the Customer from SWBT must be accompanied by the reference number utilized by SWBT for the Purchase of Accounts Receivable Statement being paid.

### 3.1.10. Late Payment Charge

Any payment received by the Customer after the payment date or any payment received in funds which are not immediately available to the Customer on the payment date will be subject to a late payment charge. The late payment charge shall be the portion of the Amount Due the Customer (**as** defined in 3.1) received after the payment date times a late factor. The late factor shall be twelve (12) percent per **annum** prorated on a daily basis (12% divided by 365), or the maximum rate allowed by law **in** each state jurisdiction, whichever is less. Any late payment charge may be remitted separately to the Customer or at SWBT's option combined with a Purchase of Accounts Receivable payment.

### 3.1.11. Late Payment Resulting From **Bank** Error

Any late payment resulting from bank error will not be subject to the late payment charge provided **SWBT** can verify that it was not at fault. Rather, the discrepancy will be resolved by the bank(s) involved. It is the responsibility **of SWBT** to notify the bank(s) involved and coordinate resolution of the discrepancy.

### 3.1.12. Negative Amount Due the Customer

The Customer and SWBT agree that in the event the calculation of **any** Purchase of Accounts Receivable results in a negative amount due the Customer, SWBT may at its **sole** discretion 1) recalculate and reduce the

amount of prior pending accounts receivable purchase(s) by the current negative amount due, or 2) hold payment of any pending account receivable purchase(s), otherwise due to the Customer, without penalty until such time as the Customer submits new billings which are sufficient to result in SWBT's calculation of a subsequent Purchase of Accounts Receivable with a positive amount due the Customer, taking into consideration the negative amount due **from** prior purchase(s) or 3) issue a bill to the Customer for the amount due SWBT.

3.1.12.1. The Customer and SWBT agree that the payment date for accounts receivable purchase(s) suspended for payment **as** defined above will be due the Customer five (5) additional workdays **from** the date on which a positive or recalculated amount due is calculated by SWBT or five (5) additional workdays from the original payment date, whichever is later.

3.1.12.2. In addition to any other remedies, should the Customer fail to submit new billings in the required weekly interval to offset the negative amount due, SWBT may apply the Customer's reserve amount to offset the negative balance and proceed with Termination of Services **as** defined in Section XX.

## 3.2. AMOUNT DUE SWBT

### 3.2.1. Calculation of Amount Due SWBT

The Amount Due SWBT equals all appropriate billing and collection service charges for services provided under this agreement, or tariffs, including amounts resulting from uncollectible true-up. These charges will be summarized for the Customer.

### 3.2.2. Billing Detail

Billing and Collection Service charges will be provided to the Customer in the format described in Section 4.0 of this Exhibit B.

### 3.2.3. Payment Date

#### 3.2.3.1. Based on Pre-End User Billing (with netting)

If the Amount Due the Customer is less than the amount due SWBT, the difference is due **from** the Customer to SWBT within 30 days following the date of the Purchase of Accounts Receivable statement. SWBT at its option may net any negative amount due SWBT **as** set forth in 3.1.12. If the payment date would cause payment to be due on a Saturday, Sunday or

SWBT/Customer Bank Holiday, payment for the amount due SWBT will be **as** defined in 3.2.3.2.1 or 3.2.3.2.2

3.2.3.2. Based on Pre End User Billing (without netting)

The payment date is determined by adding 30 days from the preparation date of the statement detailing the amount due SWBT (**ASBS** report). The statement is to be issued in accordance with Section 3.2.6. If the payment date would cause payment to be due on Saturday, Sunday or SWBT/Customer Bank Holiday the payment for the amount due SWBT will be defined in 3.2.3.2.1 or 3.2.3.2.2 below:

3.2.3.2.1. If such payment date falls on a Sunday or on a Holiday which is observed on a Monday, the payment date shall be the first non-Holiday day following such Sunday or Holiday.

3.2.3.2.2. If such payment date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday, or Friday, the payment date shall be **the** last non-Holiday preceding such Saturday or Holiday.

**3.2.4. Payment Method**

Any payment to SWBT from the Customer of one hundred thousand dollars (\$100,000) or more must be transmitted by the Customer to a designated bank account of SWBT (to be provided to the Customer by SWBT) by electronic funds transfer. Any payment to SWBT from the Customer less than one hundred thousand dollars (\$100,000) may be paid by check or draft to the payee's address (to be provided to the Customer by SWBT), or by electronic fund transfer to a designated bank account of SWBT (to be provided to the Customer by SWBT). If any portion of the net settlement amount is received by SWBT in **funds** which are not immediately available to SWBT, then a late payment charge shall be due SWBT. The Customer will have full responsibility for ensuring that payment is received by the payment date.

3.2.5. Payment Detail

Any payment to SWBT **from** the Customer must be accompanied by the SWBT invoice number being paid.

3.2.6. Timeframe for Statement Issuance

Statements detailing the Amount Due SWBT (ASBS Report) must be received by the Customer at least 20 days **prior** to the payment date to



allow the Customer adequate time to process payment. Statements not received within this timeframe will not be subject to the late payment charge for the number of days the statement ~~was~~ late. It is the Customer's responsibility to prove that a statement was received after the specified timeframe.

### 3.2.7. Late Payment Charge

Any payment received by SWBT after the payment date or any payment received in funds which are not immediately available to SWBT on the payment date will be subject to a late payment charge. The late payment charge shall be the portion of the Amount Due SWBT (as defined in 3.2.1) received after the payment date times a late factor. The late factor shall be twelve (12) percent per annum prorated on a daily basis (12% divided by 365), or the maximum rate allowed by law in each state jurisdiction, whichever is less.

Any late payment charge may be billed separately by SWBT or at SWBT's option netted against a Purchase of Accounts Receivable payment.

### 3.2.8. Late Payment Resulting From **Bank** Error

Any Late Payment Resulting from bank error will not be subject to the late payment charge provided the Customer can verify that it was not at fault. Rather, the discrepancy will be resolved by the bank(s) involved. It is the responsibility of the Customer to notify the bank(s) involved and coordinate resolution of the discrepancy.

### 3.2.9. Right to Net

Notwithstanding anything contained herein to the contrary, SWBT reserves the right to net against the Customer accounts receivable purchases those amounts separately billed by SWBT, for which SWBT has not received payment within **30** days after the date of the statement detailing the amount due SWBT (ASBS report), and to process all future Purchase of Accounts Receivable under netting. SWBT will apply any late payment penalty incurred by the Customer. SWBT will notify the Customer if such netting is required.

**3.2.9.1.** Should the Customer fail to submit new billings in the required weekly interval to offset the amount due, SWBT may apply the Customer's reserve amount to offset the amount due and proceed with Termination of Services as defined in Section XX.

## 3.3. SETTLEMENT OF DISPUTED AMOUNTS

### 3.3.1. Notification of Disputed Amount

Should either Party dispute any portion of the Amount Due (~~as~~ defined in Sections 3.1 and 3.3) then, prior to initiating formal dispute resolution proceedings under Section VII of this Agreement, said Party shall notify the other Party in writing of the nature and basis of the dispute. The Customer may file a substantiated claim with SWBT regarding Billing and Collection Charges or revenue billed and not remitted ~~as well as~~ revenue not billed under this Agreement. SWBT may file a substantiated claim with the Customer for acts taken under this Agreement. Such claims must provide detailed documentation.

### 3.3.2. Payment of Disputed Amount

#### 3.3.2.1. Payment Under Protest

Should a dispute arise regarding an amount due under this Agreement, a Party may, notwithstanding the continuing existence of the dispute, pay under protest the disputed amount due in accordance with settlement terms defined in Sections 3.1 and 3.2, but each Party shall reserve and have claim against the other Party for reimbursement should the dispute finally be resolved in favor of the claimant.

#### 3.3.2.2. Payment Withheld

The claiming Party at its option may withhold payment of disputed amounts, when such a claim is made in writing with documentation and received by the other Party prior to the payment due date. The claiming Party will pay all non-disputed amounts ~~as~~ described in Section 3.1 or 3.2 by the payment due date.

### 3.3.3. Ultimate Settlement of Disputed Amount

The Party receiving the claim shall have **30** days ~~from~~ the notification date, or other mutually agreed period, to process the claim and notify the claiming Party of the claim status.

#### 3.3.3.1. For payments made under protest

Should the claim, in whole or in part, ultimately be resolved in favor of the Party who has made payment under protest, that Party shall be entitled to a refund, with interest to the remittance date or ~~as~~ otherwise agreed to by the Parties, from the other Party. Interest on the settlement amount shall be calculated ~~as~~ follows:

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**3.3.3.1.1.** If the claim **is** received within six (6) months of the disputed charge(s), the interest will be calculated according to the late payment charge factor described in Paragraphs 3.1.10 or **3.2.7** from the date of the disputed payment amount.

**3.3.3.1.2.** If the claim is received after six (6) months of the disputed charge(s), the interest will be calculated from receipt of the claim notification according to the late payment charge factor described in Paragraph **3.1.10** or **3.2.7**. After written notice to the paying Party that the claim has been sustained, the total amount due, ~~with~~ interest, to the remittance date or **as** otherwise agreed to by the Parties, shall be remitted no later than **30** calendar days following resolution.

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**3.3.3.2.** For Payment of disputed **amounts** when payment has been withheld

Should the claim, in whole, ultimately be resolved in favor of the **Party** withholding payment, that **Party** will not be liable for the disputed amount of the claim. Should the claim, in whole or part ultimately be resolved in favor of the other Party the **Party** withholding payment shall immediately pay with interest to the remittance date or **as** otherwise agreed to by the Parties, to the other Party. Interest on the settlement amount shall be calculated **as** defined in 3.3.3.1.1 or 3.3.3.1.2 above.

Section **4.** CUSTOMER BILLING STATEMENT

The Customer's billing statement is produced through SWBT's Ancillary Service Billing System (**ASBS**).

4.1. Each Carrier Billing Statement will reflect prices for the following elements **as** ordered.

**4.1.1.** Bill Processing Service

*4.1.1.1. Message Bill Processing*

**This** per message charge is applicable for all MTS messages which are passed **from** SWBT's Master File Maintenance System to SWBT Bill Processing Program(s).

*4.1.1.2. Expanded Message Billing Charge*

A variable per message charge for SWBT approved telecommunications related services or products billed through SWBT.

*4.1.1.3. Pay Per Call Service Billing Charge*

**A** per message charge for services defined as Pay-Per-Call **as** described in Section **I.F.2.**

*4.1.1.4. Inquiry Services*

A per message charge for billed messages, when inquiry services are purchased

*4.1.1.5. Bill Rendering*

**A** per bill rendered charge for message billed services.

**4.1.1.6. End User Adjustment(Manual)**

**A** per adjustment charge for manual adjustments to End User accounts to adjust Customer charges when **SWBT** provides Support Services without Inquiry or initiated **by** the Customer when SWBT provides Support Services with Inquiry.

**4.1.1.7. Mechanized End User Adjustment**

**A** per adjustment record charge for adjustments which are sent in by the Customer in EMI format for mechanized adjustment processing.

**4.1.1.8. Marketing Message (five (5) lines).**

**A** per phrase requested, per bill rendered charge.

**Marketing Message (6 - 20 lines)**

**A** per-phrase requested, per bill rendered charge.

**4.1.1.9. Billing & Collection Development Charge (Management)**

Per-hour charge applicable for analysis, design, development, testing and implementation of the Customer requested work. Overtime per hour rates are two times the per hour rate.

**4.1.1.10. Clerical Staff Charge (Non-Management)**

Per-hour charge for clerical utilization required for the Customer requested work. Overtime per hour rates are two times the per-hour rate.

**4.1.1.11. CPU Utilization Charge**

Per-hour charge for CPU utilization required for the Customer requested work. Minimum one hour increments.

**4.1.1.12. Data Transmission Using CMDS I Network**

**A** per record charge for data sent or received when data transmission requires use of the CMDS I network.

**4.1.1.13. Data Transmission Using Customer Provided Networks**

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A per record charge for data sent or received when data is transmitted between the Customer provided network and SWBT.

**4.1.1.14. Overnight Delivery of Magnetic Tape(s)**

A per tape charge for overnight delivery of magnetic tape not prepaid by the Customer.

**4.1.1.15. Phrase Summary (Text) Record**

A per record charge applicable for EMI "015 127" records submitted by the Customer and processed by SWBT.

**4.1.2. Billing Information**

**4.1.2.1. Standard SWBT CRIS Billing Information**

A per record written charge to supply End User billing information created through normal daily system operations.

**4.1.2.2. Customer (End User) Name and Address Information**

A per request received for CNA services.

**4.1.3. ICB (Individual Case Basis)**

Additional ICB charges will apply **as** appropriate.

**4.1.4. PIU (Percent of Interstate Usage) Allocation of Charges**

The Customer provided PIU factor will be utilized for the allocation of charges to the appropriate jurisdiction when a service cannot be specifically identified **as** interstate or intrastate. The Bill Rendering service charge will allocate on a 50% PIU basis when both interstate and intrastate Customer services are present on the End User's bill.

**4.2. CUSTOMER BILLING FORMAT**

**4.2.1. Requirements for Customer Billing Statements (ASBS)**

Statements for Billing **and** Collection Services will be issued separately from access bills, and will include, but not be limited to, **the** following:

**4.2.1.1. All billed amounts detailed by rate element by jurisdiction, and associated with the period in which they were incurred.**

- 4.2.1.2. Adjustments (volumes and expenses) to billed amounts, in sufficient detail to permit the Customer to identify the reason for adjustment, the time period affected (with each adjustment broken out for the specific month covered), inter-intrastate jurisdiction. and rate element.
- 4.2.1.3. Charges will be identified by type of service category and by inter-intrastate jurisdiction.
- 4.2.1.4. Taxable/Surcharge amounts and percent of tax/surcharge amounts will be identified by state and local jurisdiction.

These statements are produced through the Ancillary Service Billing System (ASBS).

#### 4.2.2. Overall Identification Requirements for Customer Billing Statements

Each Customer Billing Statement will contain the following overall identification information:

- 4.2.2.1. *Company* - Name of the Customer
- 4.2.2.2. *Bill Date* - The date the statement is created.
- 4.2.2.3. *State* - The state in which the Billing and Collections Services were performed.
- 4.2.2.4. *Bill Period From and Through Dates* - Period of time in which the service was provided.
- 4.2.2.5. *Type of Account* - The identification of the type of account covered by the statement should read "Ancillary Services Billing System".
- 4.2.2.6. *Originating Company Code* - The name that uniquely identifies the Local Exchange Company issuing the statement (if applicable).

#### 4.2.3. Detail of Adjustment Requirements for Customer Billing Statements

Each Customer Billing Statement will contain the following Details of Adjusted Amounts by Rate Element:

- 4.2.3.1. *Adjustment Date* - The date the adjustment was applied. •

4.2.3.2. *Adjustment Phrase* - Description of the type of adjustment. Includes the previous billing period from and through dates to which the adjustment applies (month by month specific).

-  
**Also** includes the specific rate element being adjusted.

4.2.3.3. *Adjustment Amount/Volume Rate-Interstate* - The amount, volume and rate of the adjustment to interstate charges.

4.2.3.4. *Adjustment Amount/Volume Rate-Intrastate* - The amount, volume and rate of the adjustment to intrastate charges.

4.2.4. SWBT reserves the right, from time to time, to change the format of its Customer Billing Statement.

## Section 5. MANAGEMENT REPORTS

### 5.1. TAX REPORTS

5.1.1. Tax Reports are to be provided to the Customer to supply tax data for all applicable taxing authorities.

5.1.2. Included in the Billing and Collection procedure undertaken by **SWBT** on behalf of the Customer are the collection and forwarding to the Customer of those federal, state and local taxes which are imposed on services rendered by the Customer and itemized on bills rendered to End Users by SWBT.

5.1.3. SWBT will provide certain information, such as revenue billed subject to tax, actual tax billed, and exempt revenues by tax jurisdiction. **This** information will be provided on a monthly basis to reach the Customer's designated contact by the fifteenth day of the month following the month under report.

5.1.4. Tax application rules for new services offered by the Customer will be provided to SWBT in writing by the Customer and addressed through the Time and Cost Process.

5.1.5. Quarterly reports are to be produced by SWBT that list End Users who refuse to pay Federal Excise Tax (FET). The reports should contain the End User's name, address, amount of the FET tax, date of the bill, and the reason for refusing to pay the tax.

5.1.6. A separate line item will be provided on the Customer's tax reports containing data relating to final accounts deemed to be uncollectible.



5.1.7. The format for the provision of tax data reports will be made available to the Customer. Changes to this format or data provided may be made by SWBT as necessary.

5.1.8. Customer requested changes to existing reports or new reports will be through the Time and Cost process.

## 5.2. INFORMATIONAL REPORTS

Various informational reports are available to the Customer. These reports include, but are not limited to: NPA/NNX file with associated billing periods, identification of cellular NPA/NNXs, and uncollectible account detail.

5.2.1. Such reports are provided and charged on an individual case basis.

Section 6. TIME AND COST PROCESS

6.1. CHANGE REQUEST

-

The Parties anticipate that program modifications and enhancements may be requested by the Customer.

- 6.1.1. SWBT shall receive program modifications and enhancement specifications from the Customer detailing the requirements for SWBT Billing through a Time and Cost procedure (T&C).
- 6.1.2. SWBT shall develop a response to the specification/request by outlining costs to the Customer to design, develop, test, and implement the enhancement. The Time and Cost Estimate shall be forwarded to the Customer for review and approval within thirty (30) calendar days of receipt date and prior to SWBT's initiation of the project. Alternatively, SWBT will notify the Customer of any reason for rejection of the request or delay of the Time and Cost Estimate response within the thirty (30) day review period.

SWBT retains the right to deny change requests that in SWBT's sole opinion may degrade its data processing systems and/or operations.

- 6.1.3. The Customer will review the Time and Cost and notify SWBT of the acceptance or rejection of the Time and Cost estimate within thirty (30) days after the receipt of the Time and Cost estimate. If notification is not received within thirty (30) days, the T&C is void. No further action is required for a Customer rejection.
- 6.1.4. For a Customer accepted response, SWBT will make its best efforts to concur with the acceptance notice within ten (10) work days from receipt or indicate any changes to the proposal, which have been discovered subsequent to the original Time and Cost estimate .
- 6.1.5. SWBT agrees that all charges to the Customer will be based on the Customer's approved Time and Cost Estimate to implement the specific request. The Customer agrees to pay SWBT based upon this estimated amount. Once SWBT implements the request, the charges will appear on the next Carrier Billing Statement.

- 6.1.6. SWBT shall accept modifications to the original or enhanced/modified specifications in writing from the Customer whereby SWBT shall quote the additional costs associated with the enhancement/modification, if any, through a revised T&C. Upon the Customer's written acceptance of SWBT quoted costs, the Customer agrees to pay the contracted and approved amount for the changes.
- 6.1.7. SWBT may continually consult with the Customer for clarification of specifications during software design, development, testing and implementation stages.
- 6.1.8. The Customer may request **an** expedited implementation of their request. Overtime rates will apply for such requests accepted by SWBT.
- 6.1.9. Charges rendered to the Customer by SWBT for Time and Cost requests will be included in SWBT payment process **as** set forth in Section 3.

EXHIBIT C

BILLING AND COLLECTION SERVICES

INVOICE BILLING REQUIREMENTS

EXHIBIT C

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BILLING AND COLLECTION SERVICES

INVOICE BILLING REQUIREMENTS

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2.	TRANSMISSION
3.	UNBILLABLES
4.	TAXES
5.	PAYMENT DATE
6.	MARKETING MESSAGES

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## Section 1. DESCRIPTION OF INVOICE BILLING AND COLLECTION SERVICES

- 1.1. Invoice Billing and Collection Services consist of End User billing data records which have been invoice prepared and sent to SWBT as an End User invoice. The invoice will contain call detail that has been rated by the Customer and/or **summary** records which may contain credits, adjustments, promotions, discounts, other charges and taxes that have been calculated by the Customer. SWBT will not be required to perform any additional calculations on the Customer portion of the End User bill.
- 1.2. The Terms and Conditions of the Billing and Collections Agreement including all Schedules and Exhibit A and B to the Agreement are hereby incorporated into this Exhibit C as if they had been fully set out except where they are explicitly modified herein.
- 1.3. SWBT maintains the sole right to modify and/or require bill presentation formats in a manner consistent with SWBT's own bill presentation format.

## Section 2. TRANSMISSION

- 2.1. The Customer will transmit invoices in synchronization with the End User's billing cycle as assigned by SWBT. SWBT will not be required to alter existing cycles. The customer will transmit invoices no less than five (5) calendar days prior to **SWBT's** scheduled End User billing period dates (e.g., End User bill period 2/23/97 should be transmitted no later than 2/19/97).
- 2.2. Upon receipt of the invoices, SWBT will process them in such a way that they may be incorporated with an End User's next bill from SWBT according to SWBT's normally scheduled billing cycle.
- 2.3. If SWBT receives transmissions from the Customer for End Users who do not fall in SWBT's next billing cycle, SWBT will hold the Customer invoice for that End User until the appropriate billing cycle.
- 2.4. SWBT is to reroute the invoices to the correct SWBT billing cycle if the Customer has routed them to the incorrect SWBT billing cycle.
- 2.5. Invoice formatted messages will not be forwarded to SWBT with non-invoice formatted messages. If the Customer submits messages for both invoice and non-invoice presentation on the end user bill, a separate entity (CIC Code) will be required for each.

### Section 3. UNBILLABLES

SWBT will process unbillables **as** stated in Exhibit B, Section 2.

- 3.1. For purposes of invoice billing error investigation, the invoice will not be split apart by SWBT if some of the messages are billable and some are not. The entire invoice will be returned to the Customer with the appropriate error code.

### Section 4. TAXES

Section IV (B) and IV (C) of this Agreement, Exhibit B, Section 3.1.2.3, Billed Taxes definition, and Exhibit B, Section 5.1 are deleted in their entirety and replaced with the following provisions:

- 4.1. The Customer will apply all applicable taxes to the End User invoice data. SWBT will not calculate additional taxes on the Customer invoice data. SWBT will bill the End User in the format provided by the Customer within its invoice.
- 4.2. The Customer acknowledges that SWBT will not maintain tax reports for invoice billing. The Customer is solely responsible to maintain all required tax information within their own system.
- 4.3. SWBT will remit payment to the Customer for the collected taxes **as part** of the purchase of accounts receivables payment **as** set forth in Exhibit B, Settlement Terms, Section 3.1 of this Agreement.
  - 4.3.1. Billed Taxes are defined for invoice billing to represent the billed taxes (federal, state, and local) associated with all the Customer revenue amounts included in the transmission. The Customer is responsible for determining, calculating, and advising SWBT of all taxes.

### Section 5. PAYMENT DATE

Exhibit B, Section 3.1.7 is deleted, exclusive of 3.1.7.1 and 3.1.7.2, and replaced with the following provision:

- 5.1. When the Customer provides to SWBT, at least five **(5)** calendar days **prior** to a given SWBT End User bill cycle, Invoice Packs and SWBT accepts the Packs, the net amount due the Customer from SWBT will be payable by adding **thirty-one (31) calendar** days subsequent to the associated End User bill cycle. For invoices not received by SWBT at least five **(5)** calendar days **prior** to a given End User bill cycle, and not

- billed, the amounts for such invoices will be payable to the Customer from SWBT sixty (60) calendar days subsequent to the associated End User bill date. Should SWBT, for ease of administration, combine payments due for files received on different days the settlement date will then be determined by adding the appropriate number of days to the first End User bill cycle if two (2) files are being combined or if more than *two* (2) files are being combined to the midpoint of the period (said period not to exceed five (5) business days) over which the invoice data was received.

## Section 6. MARKETING MESSAGES

- 6.1. **A** Marketing Message is a message printed at the beginning or end of the Customer invoice. The Marketing Messages are printed by SWBT, **as** sent by the Customer, using standard print characteristics and spacing. The Marketing Message may contain promotional, informational, or legally required communications ~~from~~ the Customer which are acceptable to SWBT.
- 6.2. SWBT will apply the messages to End User invoices based on the message code passed to SWBT in the Phrase *Summary* records.
- 6.3. The messages which may be printed are the Customer messages that comply with SWBT requirements. SWBT reserves the right, at its sole discretion to reject any Marketing Message which in SWBT's opinion does not conform to the requirements or is advertising a service competitive with a service offered by SWBT or one of its affiliates.
- 6.4. The Customer will forward a monthly text file in EMI format, containing proposed Marketing Messages. The proposed text will be forwarded at least three (3) weeks in advance of the starting bill date. The Customer will be allowed one text file per month for marketing messages.
  - 6.4.1 Additional updates or changes to the monthly file will be considered **an** emergency update and will be charged in accordance with the rate elements **as** provided in Schedule II of this Agreement.
- 6.5. SWBT will provide a report by invoice number confirming to the Customer the accepted and rejected **status** of codes and text for marketing messages, and phrase records. This is confirmation of receipt of the file which will be submitted for SWBT approval, **as** stated in **6.6** below.
- 6.6.



SWBT will notify the Customer of any rejections or requested revisions within five (5) business days of receipt of proposed text.

- 6.7. The Customer will provide final message proof of Marketing Messages acceptable to SWBT no later than seven (7) business days prior to the starting bill date.
- 6.8. SWBT will exercise all reasonable efforts to accommodate an accelerated time frame for acceptance of the Customer Marketing Message which is mandated by any governmental authority with appropriate jurisdiction.
- 6.9. SWBT will not print a disclaimer for Marketing Messages.
- 6.10. The Customer may use up to two Marketing Messages per invoice. The maximum space available for each Marketing Message text is twenty (20) lines, sixty five (65) characters per line. A maximum of forty (40) lines, including blank lines, may be utilized through Marketing Messages.
- 6.11. All information submitted to SWBT pursuant to the Marketing Messages procedures as described herein are confidential to the Customer prior to inclusion on the End User bill and will be treated by SWBT in a manner consistent with Exhibit A of this Agreement.
- 6.12. The rates for Marketing Messages will be charged in accordance with the rate elements as provided in Schedule II of this Agreement.
- 6.13. The Customer will be charged for all Marketing Messages after the service has been provided and the charges will be included in the Customer's monthly carrier billing statement as described in Section 4 of Exhibit B. All charges for Marketing Messages are subject to the Late Payment Charges.
- 6.14. **If** a Marketing Message is omitted from all or a portion of the applicable End User invoice, and if such omission is due to the fault or negligence of **SWBT**, SWBT will include the Marketing Message on the next month's bill following discovery by SWBT of the omission. The Customer will timely retransmit the omitted Marketing Message upon notification to do so from SWBT in order for SWBT to include it on the next month's bills.

If due to the time sensitivity of the original marketing Message, that is, having for its principle subject some imminent event (e.g., Mother's Day), and the foregoing remedy will not result in the End Users receiving the

- Marketing Message before the occurrence of such event, and accordingly
- the Customer does not desire to utilize the Marketing Message in the next mailing, the Customer will not send the Marketing Message.

**This** Section 6.14 will constitute the Customer's sole and exclusive remedy for the omission of a requested Marketing Message from all or a portion **of** its End User invoices.

- 6.15. The Customer agrees to defend, indemnify, and hold SWBT, its officers, directors, and employees harmless **from** and against all loss, cost, liability, claims, demands, actions, penalties, and damages, including but not limited to attorneys' fees and costs, resulting from or arising in connection with the Customer's Marketing Messages including but not limited to claims or actions for defamation, trademark, or trade secret **infringement**, invasion of privacy, or use of false, deceptive, or misleading advertising or practices.

SWBT assumes no responsibility for reviewing or editing the Customer's Marketing Message.

- 6.16. In the event **SWBT** misprints a Marketing Message, SWBT will use reasonable efforts to correct the error before the Marketing Message is mailed and at no charge to the Customer. The Customer will timely retransmit the misprinted Marketing Message upon request from SWBT if it will help SWBT in correcting the error prior to mailing. If a Marketing Message is mailed with a material error caused by SWBT, at the Customer's request SWBT will in order to correct the error, mail a corrected version of the Marketing Message **as** retransmitted by the Customer and **as** agreed upon by both Parties in writing on the next month's bill following discovery by SWBT of the misprint. There will be no charge to the Customer for the SWBT activities described in this Section 6.16. The corrected version of the Marketing Message will not impact the space available to the Customer for Marketing Message text **as** set forth in Section 6.10 above.

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**SERVICE: BUSINESS OFFICE SUPPORT**

The following provisions will apply to the Business Office Support (the "Services") furnished to Buyer by Seller pursuant to this Schedule and the General Services Agreement (the "Agreement") to which it is attached and of which it forms a part;

**SECTION 1. SCOPE OF SERVICES**

Services covered under this Schedule will consist of business service support which includes the sale of long distance from the Business Service Center (BSC).

**SECTION 2. PRICE**

Buyer agrees to pay for the Services provided by Seller in accordance with the fee schedule set forth in the Pricing Addendum attached hereto and by this reference made a part hereof.

**SECTION 3. TERM**

This Schedule will cover the period from January 1, 1998 to December 31, 1998, and will continue thereafter until canceled in writing by either party, as provided in the Agreement.

**SECTION 4. LIMITATION OF LIABILITY**

SWBT WILL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, ATTRIBUTABLE TO OR RESULTING FROM ITS PERFORMANCE HEREUNDER. In no event will SWBT's liability for damages caused by its failure to supply material or perform services in a proper or timely manner exceed the amount paid by Customer to SWBT for such materials or services.

IN WITNESS WHEREOF, the parties have caused this Schedule to be executed, in duplicate, by their duly authorized representatives as of the dates set forth below.

BUYER:  
Southwestern Bell Communications  
Services, Inc.

SELLER:  
Southwestern Bell Telephone Company *Per*

BY: *John P. Lohr*

BY: *Ann H. Long, Jr.*

TITLE: DIRECTOR - REGULATORY

TITLE: JV MGR FEDERAL ISSUES & AFFILIATE ADMIN.

DATE: 3-10-98

DATE: 2/26/98

Southwestern Bell Communications Services, Inc.  
(\*Client\*)  
BY: *Jackie Lohr*  
TYPED NAME: Jackie Lohr

**BUSINESS OFFICE SUPPORT**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 975 will be as follows:

<u>Bill Reference No.</u>	<u>Service</u>	<u>Price/Cost Method</u>
300-975-061	SALE OF LONG DISTANCE FROM BUSINESS SERVICE CENTER (BSC)	\$18.68 /sale F
300-975-064	SALE OF LONG DISTANCE DATA PRODUCTS	\$56.13 hour M

ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

Seller:

Rolando Cortez  
Southwestern Bell Telephone Company  
530 McCullough, R. 4-N-6  
San Antonio, TX 78215

BUYER: Dennis Hall

SELLER: J. Narramore

PRINT NAME: TENNIS HALL

PRINT NAME: J. Narramore

TITLE: CORP. MGR. - REGULATORY

TITLE: Corporate Manager-Affiliate issues

DATE: 06/15/00

DATE: 6/15/00

\*For internal use only

\*Cost Method: F = Fully Distributed, M = Fair Market Value, C = Change, A = Add

Invoices will be due and payable not thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.

**BUSINESS OFFICE SUPPORT**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 975 will be as follows:

<u>Bill Reference No.</u>	<u>Service</u>	<u>Price/Cost Method<sup>1</sup></u>
300-975-061	SALE OF LONG DISTANCE FROM BUSINESS SERVICE CENTER (BSC)	\$18.26 /sale F
300-975-064	SALE OF LONG DISTANCE DATA PRODUCTS	\$54.56 /hour M

ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

**Buyer:**

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

**Seller:**

Rolando Cortez  
Southwestern Bell Telephone Company  
530 McCullough, R. 4-N-6  
San Antonio, TX 78215

BUYER: Dennis Hall  
PRINT NAME: DENNIS HALL  
TITLE: CORP. MGR. - Am  
DATE: MARCH 16

SELLER: J. Narramore  
PRINT NAME: J. Narramore  
TITLE: Corporate Manager-Affiliate issues  
DATE: 3/26/00

<sup>1</sup>For internal use only

<sup>2</sup>Cost Method: F= Fully Distributed, M = Fair Market Value, C = Change, A = Add

Invoices will be due and payable net thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.

**BUSINESS OFFICE SUPPORT**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by *Southwestern Bell Communications Services, Inc.* (Buyer) for Services provided by *Southwestern Bell Telephone Company* (Seller) pursuant to this Schedule 975 will be as follows:

<u>Bill Reference No.</u>	<u>Item No.</u> <sup>1</sup>	<u>Service</u>	<u>Price/Cost Method</u> <sup>2</sup>
300-975-061		SALE OF LONG DISTANCE FROM BUSINESS SERVICE CENTER (BSC)	\$18.26 /sale F

ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer:

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

Seller:

Rolando Cortez  
Southwestern Bell Telephone Company  
530 McCullough, R. 4-N-6  
San Antonio, TX 78215

BUYER: Dennis Hall

SELLER: J. Narramore

PRINT NAME: DENNIS HALL

PRINT NAME: J. Narramore

TITLE: CORP. MGR. - REGULATORY<sup>3</sup>

TITLE: Corporate Manager-Affiliate Issues

DATE: 02/16/2000

DATE: 2/14/2000

<sup>1</sup>For internal use only

<sup>2</sup>Cost Method: F = Fully Distributed, M = Fair Market Value, C = Change, A = Add

Invoices will be due and payable net thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.

**BUSINESS OFFICE SUPPORT**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 975 will be as follows:

<u>Bill Reference No.</u>	<u>Item No.</u> <sup>1</sup>	<u>Service</u>	<u>Price/Cost Method</u> <sup>2</sup>
300-975-061		SALE OF LONG DISTANCE FROM BUSINESS SERVICE CENTER (BSC)	\$21.76 /sale F

**ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.**

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer:

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

Seller:

Donna Bronson  
Southwestern Bell Telephone Company  
800 N. Harvey, Room 287  
Oklahoma City, OK 73102

405-291-7832

BUYER: J Dennis Hall

SELLER: J Narramore

PRINT NAME: DENNIS HALL

PRINT NAME: J. Narramore

TITLE: CORP. MGR. - REGULATORY

TITLE: Corporate Manager-Affiliate Issues

DATE: 02/08/2000

DATE: 1/29/00

<sup>1</sup>For internal use only

<sup>2</sup>Cost Method: F = Fully Distributed, M = Fair Market Value, C = Change, A = Add

Invoices will be due and payable not thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.



**BUSINESS OFFICE SUPPORT**  
**PRICING ADDENDUM**  
**1999**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 975 will be as follows:

<u>Bill Reference No.</u>	<u>Item No.</u>	<u>Service</u>	<u>Price/Cost Method</u> <sup>2</sup>
300-975-061		SALE OF LONG DISTANCE FROM BUSINESS SERVICE CENTER (BSC)	\$4.93 /sale F

**ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.**

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

**Buyer:**

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

**Seller:**

Donna Bronson  
Southwestern Bell Telephone Company  
800 N. Harvey, Room 287  
Oklahoma City, OK 73102  
405-291-7832

BUYER: Dennis Hall

PRINT NAME: DENNIS HALL

TITLE: CORP MGR - REGULATORY

DATE: 01/08/99

SELLER: Jan Smith

PRINT NAME: Jan Smith

TITLE: Corporate Manager-Affiliate Issues

DATE: 1/8/99

<sup>1</sup>For internal use only

<sup>2</sup>Cost Method: F= Fully Distributed, M= Fair Market Value, C= Change, A= Add

Invoices will be due and payable net thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.

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**CALLING CARD AGREEMENT  
BETWEEN  
SOUTHWESTERN BELL COMMUNICATION SERVICES, INC.  
*AND*  
SOUTHWESTERN BELL TELEPHONE *COMPANY***

-  
**CALLING CARD AGREEMENT  
 BETWEEN  
 SOUTHWESTERN BELL COMMUNICATION SERVICES, INC.  
 AND  
 SOUTHWESTERN BELL TELEPHONE COMPANY**

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**CALLING CARD AGREEMENT  
BETWEEN  
SOUTHWESTERN BELL COMMUNICATIONS SERVICES, INC.  
AND  
SOUTHWESTERN BELL TELEPHONE COMPANY**

This Agreement is entered into between Southwestern Bell Communications Services, Inc., a Delaware corporation, having its principal place of business at **5850 W. Las Positas, Pleasanton, CA 94588** (doing business as Southwestern Bell Long Distance and herein referred to as "SBLD") and Southwestern Bell Telephone Company, having its principal place of business at **175 E. Houston Street, San Antonio, Texas 78205** (herein referred to as "SWBT"). In this Agreement, **SBLD** and **SWBT** individually may be referred to as "Party", and collectively, as "Parties".

WHEREAS, SWBT currently issues a local exchange company calling card supporting the billing of SWBT Calls primarily on a "0+" basis, and interexchange carrier Calls on a "0+" or access code basis; and

WHEREAS, SWBT desires to alter the functionality of its calling card program so that an 800 number access code can be used to enable customers to be billed for Calls from telephones both in and outside of the SWBT Franchised Region; and

WHEREAS, SBLD is willing and able to provide the agreed upon services to handle the transmissions of telecommunications originated outside certain states, described herein, through the use of the new 800 Number access code;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, **SWBT** and SBLD hereby covenant and agree as follows:

**I. DEFINITIONS**

1. **Defined Terms.**

1.1. As used in this Agreement, the following terms shall have the meanings indicated:

1.2. "800 Number" shall mean **1-800-600-BELL (2355)** and **800-632-3022**, the use of which shall be toll-free to all **SWBT** Calling Card users, or such other toll-free access number as the Parties may mutually agree in writing.

1.3. "ABS Platform" shall mean the means by which alternate billed services are provided.

1.4. "ABS Platform Services" shall mean those services provided to an **800** Number user as a means of placing, completing and paying for telecommunications services, including, but not limited to, services provided using the ABS Platform.

1.5. "Call(s)", when not modified by the terms "SWBT", "SPRINT" or "SBLD", shall mean all telephone calls originated through the use of the 800 Number.

1.6. "Calling Card" shall mean an identifying number or authorization code unique to the individual, that is issued to an individual or business by a common carrier and enables the individual to be charged by means of a phone bill for charges incurred independent of the location used to place the call.

When such Calling Card is issued by SWBT as contemplated by this Agreement, it may be referred to herein as either a **SWBT** Calling Card or the **800-600-Bell Card**.

- 1.7. "DTMF" shall mean Dual Tone Multi-Frequency (commonly known as touch-tone service).
- 1.8. "InterLATA" shall mean any telephone call that originates in one local access and transport area and terminates to a point outside that originating local access and transport area.
- 1.9. "IntraLATA" shall mean any telephone call that originates and terminates in the same local access and transport area.
- 1.10. "LIDB" shall mean the SWBT Line Information Database, unless otherwise provided.
- 1.11. "Operator Support Services" shall mean all services which facilitate the completion of Calls in the same scope and quality that SPRINT provides to its SPRINT Calling Card customers.
- 1.12. "SBC Communications, Inc.," shall mean the Delaware corporation that is the parent of SWBT and SBLD.
- 1.13. "Responsible Organization" shall mean the organization that has the right to use a particular 800 number and has the authority to direct the location at which the 800 Number transmission is translated and terminated.
- 1.14. "SBLD Calls" shall mean all Calls originated outside of the states of Arkansas, California, Kansas, Missouri, Nevada, Oklahoma and Texas ("In Region"), except that when SBLD gains authority to and begins to provide service in any or all of said In Region states, InterLATA and IntraLATA calls originating in In Region state(s) for which authority has been obtained shall also be SBLD Calls. To the extent that no subsidiary of SBC Communications Inc. is permitted to provide interexchange service in any state other than an In Region state, said state shall be treated as if it is an In Region state under this agreement.
- 1.15. "SPRINT", shall mean Sprint Communications Company L.P., a Delaware Limited Partnership, having its principal place of business at 8140 Ward Parkway, Kansas City, Missouri 64114.
- 1.16. "Sprint Calls" shall mean all InterLATA Calls originated through the 800 number in the states of Arkansas, California, , Kansas, Missouri, Nevada, Oklahoma, and Texas that are not SBLD Calls and all IntraLATA Calls within those states that are not SWBT Calls. SPRINT Calls shall include Calls originated in Connecticut until further notice from SWBT or SBLD, at their sole discretion, said notice to be given forty-five (45) days in advance.
- 1.17. "Sprint Operator" shall mean an individual employed by Sprint or an agent of Sprint as a telephone operator who assists a customer of SBLD, by personal interaction not by or through a voice response unit ("VRU"), in completing Calls.
- 1.18. "SWBTCalls" shall mean all local and IntraLATA Calls originated through the use of the 800 Number within the areas in which SWBT or an affiliate is authorized to provide such services.
- 1.19. "SWBT Franchised Region" shall include any location where SWBT is permitted to provide local exchange telephone service.
- 1.20. "Voice Recognition" shall mean the ability for the voice response unit ("VRU") to accept an oral response from the called Party.

## II. CALL PROCESSING

### 2. 800 Number

2.1. SBLD acknowledges that **SWBT** is the Responsible Organization for the **800** Number.

2.2. SBLD acknowledges that, ~~as between~~ SBLD and SWBT, **SWBT** shall have an unconditional possessory right, at its option, and without additional cost, to become the subscriber or designate another subscriber for the **800** Number and to use it for any lawful purpose thereafter.

2.3. SWBT will retain the right to route all local and ~~Local~~ **ATA** traffic on **SWBT's** network using the **800** Number.

### 3. ABS Platform

3.1. The ABS Platform used by the Parties shall be able to interact with customers on both a DTMF and Voice Recognition ~~basis~~. Branding, menu options, and other Call processing details shall be provided ~~as set forth in Exhibit C-1, C-2, C-3, and C-4~~. The Parties may modify the requirements of Exhibits C-1, **C-2**, **C-3** and **C-4**, from time-to-time by mutual written ~~agreement~~ without formal contract amendment.

3.2. When required (by the user or the phone equipment ~~from~~ which the user is calling), the ABS Platform used by the Parties shall transfer Calls to a SBLD Contractor/Operator, for further Call handling ~~as agreed to~~ by both Parties.

### 4. Branding

4.1. The ABS Platform used by SBLD will provide an opening and closing brand, ~~as~~ described in Exhibit D.

### 5. Validation

5.1. The ABS Platform used by SBLD will launch queries to the appropriate LIDB to validate all SBLD Calls. A separate query will ~~be~~ launched for each SBLD Call.

5.2. Except during ~~shon~~ periods of technical problems, ~~known~~ in the industry as "time-outs," the ABS Platform used by SBLD will not complete Calls unless a ~~positive~~ response from the appropriate LIDB is received.

5.3. The ABS Platform used by SBLD will provide both calling and called number information with all Calling Card, collect, and bill to third number validation queries that ~~are~~ launched to the appropriate LIDB for ~~each~~ call over the 800 Number.

### 6. Operator Support Services

6.1. As of the effective date of this Agreement, SBLD shall provide Operator Support Services to **800** Number users for all SBLD Calls. This support shall include, but not ~~be~~ limited to, automated VRU responses, manual operator responses, requests for ~~rate~~ information and providing the caller with the capability of transferring to a live operator.

6.2. All Operator Support Services ~~contacts~~ provided by SBLD will ~~be~~ branded ~~as set forth in~~ Section 5, Branding.



6.3. The Parties will work together to ensure that monthly reports describing operator services support statistics will be provided, as soon as reasonably practical, as described in Exhibit A.

6.4. SBLD shall insure that live language assistance in English, Spanish, and Mandarin will be provided for SBLD calls.

6.5. SBLD shall be responsible for all costs for Operator Services Support related to SBLD Calls.

7. Customer Care

7.1. Customer care will be provided by SBC Operations, Inc. SBLD shall make its personnel or subcontractors available on a real-time basis to resolve any customer question or problem related to SBLD Calls. SBLD will pay for SBC Operations, Inc. Customer Care Calls related to SBLD calls according to the following formula: total billable messages for SBLD calls (including HCD) shall be the numerator and the sum of the billable messages for Sprint, SWBT, and SBLD calls (including HCD) collectively shall be the denominator, with the resulting fraction to be multiplied by total customer care costs incurred by SBC Operations in connection with the SWBT Calling Card. The product of said multiplication shall be the amount SBLD shall pay to SBC Operations, Inc.

8. Technical Billing and Performance

8.1. The ABS Platform shall be continuously capable of processing all Calls with a Bellcore Standard P.01 grade of service.

8.2. The ABS Platform shall comply with the Technical Requirements and Performance Standards and reporting requirements set forth in Exhibit E.

8.3. SBLD or its third party vendor shall use SWBT billing services where appropriate and shall comply with the Billing Requirements set forth in Exhibit F.

8.4. SBLD or its third party vendor shall record appropriate call detail for all SBLD Calls, assemble and edit the messages, and transmit them to SWBT, rated in Exchange Message Interface (Bellcore Standard EMI) format in the billing format as directed by SWBT no longer than one week from the date the messages are first recorded.

8.5. For purpose of exchanging message detail, summary records, and other pertinent files, SBLD or its third party vendor shall utilize Network Data Mover (NDM) communication protocol to transport files to SWBT or its third party vendor. SBLD and SWBT or their vendors will use error checking functions in NDM to confirm that the data transmitted is complete.

8.6. In fulfilling its billing-related responsibilities under this section, SBLD may use the services of any third party it chooses so long as such third party meets SWBT's message processing standards as specified in Exhibit F and as verified by a test or tests, conducted by SWBT, SBLD and SBLD's or its third party vendor, and approved by both parties in writing.

8.7. SBLD shall be responsible for paying all applicable tariffed SWBT charges for originating and terminating access and validation in connection with all SBLD Calls.

9. Payphones

9.1 SBLD will keep records of all SBLD Calls using 800 Number made from a payphone and pay all compensation required by FCC orders and regulations for such Calls.

10. Fraud-

**10.1.** SWBT shall provide domestic and international fraud detection and prevention capabilities satisfactory to SBLD. SWBT will screen all SBLD Calls based on LIDB validation.

**10.2.** In order to protect itself from fraud, SBLD may deny use of particular locations or SWBT Calling Cards on a selective basis in accordance with the same reasonable standards used by SBLD in setting thresholds to deny Calls made using any of its other calling cards.

**10.3** SBLD and SWBT shall work cooperatively to reduce and control fraud, in accordance with the Fraud Control Procedures set forth in Exhibit G.

**10.4** SBLD shall provide services so that SWBT customers may use the SWBT Calling Card to originate SBLD Calls and terminate those Calls in the countries listed in Exhibit B-1, B-2, and B-3. SBLD will be permitted to cease service to a particular listed country should the both parties agree that, as a result of fraud, it would soon be unprofitable to continue providing service to said country. SWBT will not unreasonably withhold its agreement to cease service to a particular listed country due to the incidence of fraud.

11. Other Carriers' Participation

**11.1.** Except as otherwise provided below, if SWBT adds additional carriers (other than SBLD and SPRINT) to the SWBT Calling Card, SBLD's prospective payment obligations for ongoing card issuance under Section 17.1 of this Agreement shall be reduced to a pro rata share of such obligations, based on the number of carriers participating.

**11.2** SBLD shall have no obligation to pay for any costs associated with a subsequent general reissuance of the SWBT Calling Card which was previously issued with the 800 Number provided the subsequent reissuance is a result of adding another carrier's name or access code.

### III. SBLD CALLS

12. SBLD Calls

**12.1.** All SBLD Calls will be processed, carried and branded by SBLD, according to Section 5, Branding, rated and sent to SWBT to be billed to end users as SBLD Calls.

**12.2.** SBLD will contract with SWBT or a clearing house which contracts with SWBT as the billing and collections agent for all SBLD Calls originated using the 800 Number. Calls will be rated by SBLD or a billing clearinghouse and forwarded to SWBT for billing.

**12.3.** SBLD will have billing and collections or clearinghouse arrangements in place for billing to other LECs, as appropriate.

**12.4.** With respect to SBLD Calls, except as otherwise provided, SBLD shall be solely responsible for complying with all applicable federal and state laws, certification, tariffing, and other regulatory requirements; rating and billing all such Calls; calculating, collecting and remitting any applicable taxes and surcharges; handling any inquiries or complaints from end users regarding billing or service, provided that SWBT agrees to provide reasonable assistance (using existing procedures for message-ready billing as currently defined in the Billing and Collection Agreement for message ready billing) as SBLD may require to handle such inquiries or complaints; and making any credits or adjustments to customer accounts.

12.5. SBLD shall be responsible for any revenue short falls attributable to unbillables, uncollectibles, or fraud in connection with SBLD Calls.

13. Rates

13.1. SBLD represents and warrants that it will at no time charge 800 Number users total rates and surcharges for SBLD Calls that are greater than those charged to users of any SBLD Calling Card, as such charges are defined in its federal or state tariffs, where applicable, unless accepted by SWBT in writing.

13.2. SBLD will notify SWBT in writing of rate changes within one week of any tariff filings.

**IV. OTHER**

14. Alternative Routing Arrangements

14.1. SBLD acknowledges that SWBT may elect, where technically feasible, to route all SBLD Calls originated through the 800 Number to a platform to be operated by SWBT or an Affiliate for processing.

15. Sequential Calling

15.1 The ABS Platform used by SBLD will process sequential Calls.

16. Misdial Correction

16.1 The ABS Platform used by SBLD will allow for customer misdial correction.

**V. CARD ISSUANCE, REISSUANCE AND PROMOTION**

17. Card Issuance and Reissuance

17.1. SWBT shall make arrangements to have produced and distributed a plastic card displaying the 800 Number in association with the launch of the 800 number.

17.2. SWBT Calling Cards bearing the 800 Number will be issued on an ongoing basis, as needed, to accommodate end user moves, end user requested changes, and new orders. SBLD shall be responsible for the cost of printing, storing and ongoing issuance to customers residing within those states where SBLD is carrying the retail InterLATA traffic at the time of issuance.

17.3 SWBT reserves the right to make a further general reissuance of the SWBT Calling Card during the term of this Agreement.

18. Card Design

18.1. The front and back of the reissued SWBT Calling Card shall appear substantially as depicted in Exhibit H.

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19. Advertising

19.1. SWBT will, and SBLD may, advertise the **SWBT Calling Card** and the **800 Number** through ~~direct mail~~, outdoor, radio, and other media. The nature and scope of SWBT's advertising program will be substantially as described in the ~~Southwestern Bell Global~~ Communications Plan, Exhibit I. The Party which plans to advertise shall submit the advertising to the other party for its approval reasonably in advance of its use, and the other Party will not unreasonably withhold its approval.

19.2. Neither Party shall display or use any trade name, service mark, brand or trademark ("Mark") of the other Party (the "Mark Owner") in any advertising or promotional materials relating to this Agreement, except with the specific prior written consent of the Mark Owner, said consent not to be unreasonably withheld. All Marks shall be considered proprietary to the Mark Owner, and nothing in this Agreement constitutes an assignment, transfer or waiver of any rights of the Mark Owner with respect to any Mark, except as may be specifically agreed to in writing. Under no circumstances shall SBLD state, suggest or imply that its services are endorsed by SWBT, without SWBT's prior written consent. The foregoing notwithstanding, SBLD hereby authorizes SWBT to use SBLD's name and Mark on the SWBT Calling Card as depicted in Exhibit H, and in all advertising as described in Exhibit I.

19.3. SBLD will fund promotion and advertising costs incurred by SWBT ("Advertising Costs") associated with the SWBT Calling Card in the following formula: The total billable messages for SBLD Calls (excluding Home Country Direct Calls) shall be the numerator and the sum of the billable messages for SPRINT, SWBT and SBLD Calls (excluding Home Country Direct Calls) collectively shall be the denominator, with the resulting fraction to be multiplied by the total Advertising Costs. The product of said multiplication shall be the amount of Advertising Costs SBLD shall pay to SWBT during the term of this Agreement. Should SWBT add another carrier (other than SBLD and SPRINT) to the SWBT Calling Card, the denominator in the formula set forth above shall include billable messages for Calls provided by the additional carrier, for purposes of calculating Advertising Costs to be paid to SWBT by SBLD.

19.4 SBLD shall pay its share of Advertising Costs to SWBT on a monthly basis, as set forth in the immediately preceding subsection, with the first payment due on May 31, 1998, and subsequent payments due on the last business day of each subsequent month. Any disparity in amounts owed and payments made shall be made up in the month's payment following discovery of the disparity. SWBT shall provide to SBLD an invoice for its share of the advertising costs at least 30 days prior to the payment due date.

19.5 SBLD and SWBT agree to share the Advertising Costs, which are estimated to be \$5.5 million (five million, five hundred thousand dollars) during 1998, and \$5.0 million (five million dollars) during 1999 (half of which will be spent in the first six months of 1999). Should this Agreement be renewed under Section 26.1, the Advertising Costs will be \$4.0 million (four million dollars) per year, during the length of the renewal. The parties acknowledge that such Advertising Costs are estimates and may vary, but in no event will they vary by more than 5% of such estimates.

## VI. OTHER PROVISIONS

20. Term

20.1. This Agreement shall be effective beginning February 25, 1998, and shall remain in effect until February 25, 2000, but may be renewed in one year increments, on written notice thirty (30) days notice prior to the anniversary of the last execution date of this Agreement.

21. Termination

21.1. Either Party may terminate this Agreement on written notice to the other, in the event the other Party materially breaches this Agreement and fails to cure said material breach within thirty (30) days after receiving written notification thereof, ("Event of Default"). Should the existence of an Event of Default be disputed by the Parties, each Party shall continue to perform its obligations under this Agreement, and shall not discontinue, disconnect, or in any other fashion cease to perform under this Agreement, unless directed by the other Party, until the matter is resolved through the procedure set forth in the "Resolution of Disputes" and/or "Arbitration" Sections of this Agreement, to the extent applicable.

22. Cooperation

22.1. Each Party agrees to cooperate fully with the other in furnishing any information or performing any action reasonably requested by such Party to enable the requesting Party to perform its obligations under this Agreement and to comply with applicable laws and regulations.

23. Resolution of Disputes.

23.1. SWBT and SBLD agree that it is their desire to use their best efforts to resolve amicably any and all disputes or disagreements that may arise between them with respect to the interpretation of any provision of this Agreement or with respect to the performance by each Party of its obligations under this Agreement, in order to avoid an early termination of this Agreement and in order to avoid litigation between the Parties. Toward that end, the Parties agree that in the event any dispute or disagreement arises that cannot be resolved at the operating level by the employees of each Party having direct responsibility for the performance or operating function in question, each of the Parties will promptly appoint a senior manager from each Party to confer within 14 days for the purpose of resolving such dispute. Any disputes that, if not resolved at the senior manager level, may lead to an allegation by one party that an Event of Default has occurred by the other Party shall be referred to an officer of SBLD and an officer of SWBT or its affiliate, respectively, who shall confer within 14 days and diligently attempt to find reasonable methods of correcting the condition giving rise to the asserted Event of Default. No arbitration proceedings of any such dispute shall be commenced until such officers have so conferred, and unless and until a Party concludes, in good faith, that amicable resolution through continued negotiation of the matter at issue does not appear likely, and such Party provides written notice of same to the other Party. Any dispute that, if not resolved at the Senior Manager level, would nonetheless not lead to an allegation by one Party that an Event of Default has occurred by the other Party, may be arbitrated as set forth herein.

24. Nonexclusive

24.1. This Agreement is not exclusive. Nothing herein shall prevent SWBT or SBLD from entering into similar arrangements with one or more other telecommunications providers during the term of this Agreement, except that the 800 Number shall be exclusively dedicated to SWBT during the term of this Agreement. Subject to any order, ruling or directive from a court, or state or federal regulators or officials acting within their official capacity ("Order"), any agreement between SWBT and any additional carrier (other than SBLD and SPRINT) to provide service to SWBT Calling Card users will not be at terms and conditions that are more favorable to the additional carrier than those binding SBLD under this Agreement. If an Order permits other carriers to provide service to SWBT Calling Card users at terms and conditions that are more favorable than those binding SBLD under this Agreement, then SBLD shall be permitted to amend this Agreement to make it consistent with the terms and conditions applicable to said other carriers

25. Legal Considerations

25.1. Nothing in this Agreement shall be construed to require any act or omission by SWBT or SBLD that would violate any applicable statute, court order, or administrative regulation or decision,

including but not limited to, the Communications Act of 1934, as amended, and the 1996 Telecommunications Act, 47 U.S.C. §§ 151, et seq.

**25.2.** In the event that either party is found to be in violation of any applicable statute, court order, or administrative regulation or decision, including but not limited to, the Communications Act of 1934, as amended, and the 1996 Telecommunications Act, 47 U.S.C. 151, et seq., that party shall indemnify and hold harmless the other party for any claims, losses or damages directly resulting from said violation, consistent with the Limitation of Liability provisions herein.

**25.3** In the event that SBLD is required, by regulatory or legal decision to implement additional customer charges for SWBT Calls, SBLD may pass such charges through to SWBT.

## **26. Use of Customer Information**

**26.1.** SBLD shall not use any customer information gathered or obtained during the course of honoring the SWBT Calling Card to market a competitive calling card other than a card provided by an affiliate of SWBT.

**26.2.** SWBT shall not use any customer information gathered or obtained solely as a result of billing and collecting SBLD Calls to market any competing SWBT service, or for any other purpose other than SWBT's performance of this Agreement, except as permitted by the end user.

## **27. Independent Contractors**

**27.1.** The Parties declare and agree that each Party is engaged in a business which is independent from that of the other Party and each Party shall perform its obligations hereunder as an independent contractor and not as the partner, joint venture, employee, or servant of the other Party.

**27.2.** Neither Party nor any person furnished by such Party shall be deemed employees, agents, or servants of the other Party or entitled to any benefits available under the plans for such other Party's employees unless the Party is a subsidiary of the other.

**27.3.** Notwithstanding any other provision in this Agreement, each Party retains full control over the employment, direction, compensation, and discharge of its employees assisting in the performance of such obligations. Each Party shall be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes, ERISA and all other regulations governing such matters. Each Party shall be responsible for its own acts and those of its employees, agents, and subcontractors during the performance of that Party's obligations hereunder.

## **28. Limitation of Liability**

**28.1.** Except as provided herein, neither Party is liable for any indirect, special, or consequential damages, including but not limited to, loss of profits, income, or revenue.

## **29. Indemnification**

**29.1.** To the extent not prohibited by law, each Party shall indemnify and hold harmless the other Party from and against any loss, cost, claim, injury or liability brought by a person not a Party to this Agreement to the extent caused by the negligent or intentional acts or omissions of the indemnifying Party or its employees, agents, or contractors in connection with the performance of this Agreement.

## **30. Assignment**

**30.1.** Any assignment by either Party of any right, obligation or duty, in whole or in part, or of any other interest hereunder shall be void without the written consent of the other Party, which shall not

unreasonably be withheld. All obligations and duties of any Party under ~~this Agreement~~ shall be binding on all successors in ~~interest~~ and assigns of such Party.

31. Subcontracting

31.1. Neither Party may subcontract all or any part of its ~~performance~~ hereunder without the prior written approval of the other, which shall not ~~be unreasonably~~ withheld.

32. Force Majeure

32.1. Neither Party shall ~~be~~ held liable for any delay or failure in performance of any part of this Agreement ~~from~~ any cause beyond its ~~control~~ and without its fault or negligence, such as acts of ~~God~~, acts of civil or military authority, government ~~regulations~~, embargoes, epidemics, ~~war terrorist~~ acts, ~~riots~~, insurrections, fires, explosions, earthquakes, nuclear accidents, ~~floods~~, power blackouts, or unusually severe weather conditions.

33. Severability

33.1. In the event that any one or ~~more~~ of the provisions contained herein shall for any ~~reason~~ be held to ~~be~~ invalid, unenforceable, or void in ~~any respect~~ under the laws of the jurisdiction governing this Agreement, the remainder of this Agreement shall not ~~be~~ affected thereby and shall continue in full force and effect.

34. Arbitration

34.1. Any controversy or claim arising out of or relating to the Agreement, or breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any such dispute shall be submitted to ~~three arbitrators~~ selected ~~from~~ the panels of Arbitrators of the American Arbitration Association with each ~~Party~~ having the right to designate one arbitrator and both Parties jointly designating the third. A judgment upon the award rendered by the arbitrators may ~~be~~ entered in any court having jurisdiction. The ~~resolution~~ of any disputes under this clause shall be determined by the laws of the State of Texas.

35. Governing Law

35.1. This Agreement shall ~~be~~ deemed to ~~be~~ a ~~contract~~ made under the laws ~~of the State of~~ Texas, and the ~~construction~~, interpretation, and performance of this Agreement and all transactions hereunder shall ~~be~~ governed by the substantive law of the state ~~of Texas~~.

36. Executed in Counterparts

36.1. This Agreement is executed in ~~two (2)~~ counterparts, each of which shall be an original; such ~~counterparts~~ shall together constitute but one and the same document.

37. Headings

37.1. The headings and numbering of sections and paragraphs in this Agreement are for convenience only and shall not ~~be~~ construed to define or limit any of the terms herein or affect the ~~meaning~~, or interpretation of this Agreement.

38. Entire Agreement

**38.1** This Agreement, including Exhibits A through J attached hereto and incorporated herein by reference, constitutes the entire Agreement between the Parties and supersedes all prior oral or written agreements, representations, statements, negotiations, understandings, proposals, and undertakings with respect to the product offerings/services identified herein. There shall be no understandings, agreements or representations, express or implied, with respect to such product offerings/ services not specified herein.

**39.** Amendments: Waivers

**39.1.** This Agreement may be amended only by Written agreement signed by authorized representatives of both Parties.

**39.2.** No waiver of any provisions of this Agreement and no consent to any default under this Agreement shall be effective unless the same shall be in writing and signed by or on behalf of the Party against whom such waiver or consent is claimed.

**39.3.** No course of dealing or failure of any Party to strictly enforce any term, right, or condition of this Agreement shall be construed as a waiver of such term, right or condition.

**39.4.** Waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.

**40.** Notices and Demands

**40.1.** Except as otherwise provided under this Agreement or in the Attachments hereto, all notices, demands, or requests which may be given by any Party to the other Party shall be in writing and shall be deemed to have been duly given on the date delivered in person or deposited, first class postage prepaid, in the United States mail via certified mail return receipt requested and addressed as follows:

If to SBLD:

Southwestern Bell Communication Services, Inc.  
Sherril Nelson, Senior Manager-Vendor Relations  
5850 W. Las Positas Blvd., Rm. 342  
Pleasanton, CA 94588

With a copy to:

Southwestern Bell Communication Services, Inc.  
Legal Department  
Stan Moore, Vice President  
5850 W. Las Positas Blvd.  
Pleasanton, CA 94588

If to SWBT:

SBC Operations, Inc.  
Cathy Coughlin  
Vice President-Consumer Markets  
SBC Operations  
530 McCullough, Room 7-A-10  
San Antonio, Texas 78215

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With a copy to:

**Timothy P. Leahy**  
**Senior Counsel**  
**175 E. Houston Street**  
**Fourth Floor**  
**San Antonio, Texas 78205**

**005566**

7/13/98

#### 41. Intellectual Property

41.1. Except ~~as~~ expressly provided ~~herein~~, nothing contained in ~~this Agreement~~ shall be construed ~~as conferring upon either Party by implication, estoppel, or otherwise any license or right to any patent, trade name or copyright of the other.~~

#### 42. Affiliates

42.1. SBLD agrees that SWBT shall have the right to assign this Agreement to an Affiliate of SWBT, ~~as~~ hereinafter defined. However, SWBT shall not have a right to assign ~~this Agreement~~ to Pacific Bell, even if Pacific Bell qualifies ~~as~~ an Affiliate of SWBT.

42.2. The Parties ~~agree~~ that the term "Affiliate" includes (1) a company, whether incorporated or not, which ~~owns~~, directly or indirectly, a majority interest in either Party (a "parent company"), or (2) a company, whether incorporated or not, in which a 10% or ~~greater~~ interest is owned, either directly or indirectly, by: (i) a ~~Party~~ to this Agreement, or (ii) a parent Company of a ~~Party~~ to ~~this Agreement~~.

#### 43. Change of Control

43.1. Should SWBT or an Affiliate ~~acquire~~, merge, or ~~be acquired~~ by, an entity that ~~possesses~~ the capability of providing the ~~services~~ that SBLD is obligated to provide ~~under this Agreement~~, SWBT may terminate this Agreement, at its sole discretion, ~~on 120 days (one hundred, twenty days) prior written notice.~~ Should such termination ~~occur~~ on or before February 25, 1999, SWBT shall pay SBLD a termination fee of \$2 million (~~two million dollars~~). Should such termination occur after February 25, 1999 and on or before February 25, 2000, SWBT shall pay SBLD a termination fee of \$1.0 million (one million dollars). Any payment made under this subsection shall be in consideration for ~~SBLD'S release~~ and discharge of SWBT for any ~~claims~~ related ~~to~~ early termination of ~~this Agreement~~.

#### 44. Compliance With Laws

44.1. The Parties agree to comply with the provisions of the Fair Labor ~~Standards Act~~, the Occupational Safety and Health ~~Act~~, and all other applicable federal, ~~state~~, county and local laws, ordinances, regulations and codes (including the identification and procurement of ~~required~~ permits, certificates, approvals and inspections) in during their ~~respective~~ performance under this Agreement. ~~The Parties further agree to comply with all applicable Executive Orders and Federal regulations.~~ Each Party will defend, indemnify and hold the other harmless from any ~~loss, liability, damage or expense~~ (including attorneys' fees and ~~court costs~~) sustained because of the indemnifying ~~Party's~~ noncompliance.

#### 45. Infringement

45.1. Each Party agrees to indemnify and hold the other harmless from and against any loss, liability, damage or expense (including increased damages for willful ~~infringement~~, punitive ~~damages~~, attorneys' fees and court costs) that may result by reason of any ~~infringement, or claim of infringement~~, of any trade secret, patent, trademark, copyright or other proprietary interest of any third party based on the normal use or installation of any intellectual property services furnished ~~to~~ the other hereunder.

45.2. Each Party warrants to the other that it has made reasonable independent investigation (including obtaining legal opinions) to determine the legality of its respective right to provide and sell ~~the~~ services provided herein.

45.3. If ~~an~~ injunction or order is obtained against ~~SBLD'S~~ use of any intellectual property or services, or if in SBLD's opinion, any intellectual property or service is likely ~~to~~ become the subject of a claim of infringement, SBLD will, at its expense:

- (i) - Procure for SWBT the right to continue using the intellectual property or service; or
- (ii) After consultation with SWBT, replace or modify the intellectual property or service to make it a substantially similar, functionally equivalent, noninfringing intellectual property or service.

45.4. If the intellectual property or service is purchased or licensed and neither (i) or (ii) above is possible, SWBT may immediately terminate this Agreement notwithstanding the Termination, Resolution of Disputes and Arbitration clauses herein.

45.5 In no event will SWBT be liable to SBLD for any charges after the date that SWBT no longer uses any such intellectual property or service, because of actual or claimed infringement.

45.6. Each Party hereto agrees to defend or settle, at its own expense, any action or suit against the other Party hereto for which it is responsible under this clause. Each Party further agrees to notify the other Party promptly of any claim of infringement for which the other Party is responsible hereunder and cooperate in every reasonable way to facilitate the defense thereof.

45.7 In the event that SBLD, after notification pursuant to Section 46 of any claim for which SBLD is responsible, does not assume the defense of such action, SBLD will reimburse SWBT for all of its costs incurred in the defense of the claim, including, but not limited to attorneys' fees and interest on such SWBT's payment of said amounts from the date of SWBT's payments of said amounts.

46. Insurance

46.1. With respect to performance hereunder, SBLD agrees to maintain, at all times during the term of this Agreement, the following insurance coverage and any additional insurance and/or bonds required by law:

Workers' Compensation insurance with benefits afforded under the laws of the state in which the services are to be performed.

Employer's Liability insurance with minimum limits of \$100,000 for bodily injury by accident, \$100,000 for bodily injury by disease per employee and \$500,000 for bodily injury by disease policy aggregate.

General Liability insurance with the minimum limits of \$1,000,000 per occurrence for bodily injury and property damage arising out of Premises/Operations, \$1,000,000 per occurrence Personal Injury and \$1,000,000 General Policy Aggregate (applicable to Commercial General Liability Policies), and \$1,000,000 per occurrence/aggregate for Products/Completed Operations. Coverage must include Blanket Contractual, Independent Contractor's Liability and Broad Form Property Damage. SWBT is to be named as an "Additional Insured" as respects General Liability.

Insurance companies affording coverage hereunder must have a Best's Rating of B+VII or better.

Upon SWBT's request, SBLD agrees to furnish certificates or other acceptable proof of the foregoing insurance which will provide for SWBT to be notified in writing at least (30) days prior to cancellation of or any material change in any of the insurance evidenced thereby.

SWBT may consent to allow SBLD to self insure the requirements under this Agreement. In that event, SBLD must provide appropriate written notice to SWBT, with the understanding that the self insurance will provide at least the same protection to SWBT as the insurance requirements set forth in this Section. SWBT's consent will be conditioned on SBLD furnishing financial

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information demonstrating its ability to respond in the **ordinary course** of business to a loss equivalent to at least the amount of the proposed self insurance levels. SBLD also shall forward to SWBT copies of any consents to self insure issued by a state regulatory agency that comply with provisions of this Section.

**47. Records And Audit**

**47.1.** SBLD agrees that it will:

Maintain complete and accurate records of all amounts billable to SWBT and SWBT Calling Card users and payments made hereunder in accordance with standard recognized accounting practices.

Retain such records and reasonable billing detail for a period of three (3) years from the date of each payment.

**48. Taxes**

**48.1.** In the event SWBT is liable for excise taxes or sales tax collected by SBLD on the services delivered under this Agreement. SBLD agrees to bill such taxes as separate items, listing each tax jurisdiction involved. SWBT will have the right to require SBLD to contest with the imposing jurisdiction, at SWBT's expense, any taxes or assessments which SWBT may deem to be improperly levied. SBLD further agrees, on request of SWBT, to furnish statements evidencing that taxes and assessments for which SWBT is responsible hereunder have been paid. However, SBLD will not bill for taxes in any situation where SWBT has provided SBLD with either a Direct Payment Exemption Certificate or a Sales Tax Exemption Certificate.

**49. Use Of Information**

**49.1.** All confidential or proprietary information disclosed by either Party during the term of this Agreement shall be protected by the Parties as set forth in Exhibit J, attached hereto and made a part of this Agreement.

**50. Warranty**

**50.1.** Both parties agree to perform the Services delivered under this Agreement in a first-class, workmanlike manner, with care, skill and diligence, and in accordance with applicable standards currently recognized by the telecommunications industry. Each party further agrees to be responsible for the professional quality, technical accuracy, completeness and coordination of all reports, information, specifications and services it furnishes under this Agreement. If a party fails to meet applicable professional standards, it will, without additional compensation, correct or revise any errors or deficiencies in its reports, drawings, specifications, designs or other items or services furnished hereunder.

**51. Work Done By Others**

**51.1.** If any part of the services to be delivered under this Agreement is dependent upon work done by others, SBLD agrees to inspect such work and promptly report to SWBT any defect that renders same unsuitable for SBLD's proper performance hereunder. SBLD's silence will constitute approval of such other work as being fit, proper and suitable for SBLD's performance of the services. SBLD will be completely responsible for all persons furnished by SBLD working in harmony with all others when working on behalf of SWBT.

**52. Survival**

52.1. Provisions contained in this Agreement that by their sense and context are intended to survive the performance, termination or cancellation of this Agreement shall so survive.

IN WITNESS WHEREOF, the Parties have executed this Agreement through their authorized representatives as of the date first above written.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

SOUTHWESTERN BELL COMMUNICATIONS SERVICES, INC.

By: 

Name: Mike Turner

Title: EVP-Corporate Planning & Capital Mgmt.

Date: 8-10-98

SOUTHWESTERN BELL TELEPHONE COMPANY 

By: 

Name: John Atterbury

Title: President & Chief Executive Officer

Date: 2-15-99

SOUTHWESTERN BELL GLOBAL 800-600-BELL  
SCHEDULE OF EXHIBITS

EXHIBIT A:	REPORTS
EXHIBIT B-1, B-2, B-3:	INTERNATIONAL TERMINATING COUNTRIES
EXHIBIT C-1:	CALLMG CARD <b>FLOW</b> DIAGRAM
EXHIBIT C-2:	COLLECT CALL <b>FLOW</b> DIAGRAM
EXHIBIT C-3:	BILL TO <b>THIRD</b> CALL <b>FLOW</b> DIAGRAM
EXHIBIT C-4:	PERSON-TO-PERSON CALL <b>FLOW</b> DIAGRAM
EXHIBIT D:	BRANDING
EXHIBIT <b>E</b> :	TECHNICAL <b>REQUIREMENTS</b> AND PERFORMANCE STANDARDS
EXHIBIT F:	BILLING <b>REQUIREMENTS</b>
EXHIBIT <b>G</b> :	<b>FRAUD</b> CONTROL PROCEDURES
EXHIBIT <b>H</b> :	<b>CARD</b> DESIGN
EXHIBIT I:	<b>1998</b> COMMUNICATIONS PLAN
EXHIBIT J:	RECIPROCAL, NON-DISCLOSURE <b>AGREEMENT</b>

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SOUTHWESTERN BELL GLOBAL 800-600-BELL  
REPORTS

REPORT SWB001: 800 NUMBER CALL STATISTICS REPORT (Monthly)  
Report of 1/100 sample of the number and type of calls that accessed the platform through the 800 number.

REPORT SWB002: OPERATOR SERVICES SUPPORT REPORT (Monthly)  
Indicates the number of calls requiring agent assistance segmented by type of request.

REPORT SWB003: CARD PENETRATION REPORT (Monthly)  
Indicates the number of unique cards that were used segmented by number of calls.

REPORT SWB004: TOLL SUMMARY REPORT (Weekly and Monthly)  
Indicates the billable Messages, Minutes, and Revenue segmented by Public, Non Public, Calling Card, Collect and Billed to Third. This is a report based on the records that were sent to Southwestern Bell Telephone to be billed.

REPORT SWB005: USAGE REPORT (Monthly)  
Indicates the Attempts and Completed Messages segmented by Public, Non Public, Calling Card, Collect and Billed To Third number. This is a report based on the records that were sent to Southwestern Bell Telephone to be billed.

REPORT SWB006: CALL BLOCKING REPORT (Weekly)  
indicates the Total Attempts and Total Blocked Calls segmented by Public and Non Public. This is a report based on the total calls that accessed the platform through the 800 number.

REPORT SWB007: SPANISH LANGUAGE REPORT (Monthly)  
Indicates the total number of calls where the customer pressed 4 for the Spanish menu segmented by Public, Non Public, Calling Card, Collect and Billed to Third Number.

REPORT SWB008: SPANISH COMPLETION REPORT (Monthly)  
Indicates the Attempts and Completed Messages resulting from the customer pressing 4 for the Spanish menu.

OPEN COUNTRIES FOR SWBT 800-600-BELL CALLS  
**PHASE 1, Effective 2/20/98**

COUNTRY	COUNTRY	COUNTRY
1. Afghanistan	47. Georgia*	93. New Zealand
2. Albania*	48. Germany	94. Niger
3. Andorra	49. Gibraltar	95. Nigeria*
4. Angola	50. Greenland	96. Niue Island
5. Anguilla	51. Grenada*	97. Norway
6. Antigua	52. Guadeloupe	98. Palau
7. Armenia*	53. Guantanamo Bay	99. Papua New Guinea
8. Aruba	54. Guinea-Bissau*	100. Paraguay*
9. Ascension Island	55. Hungary	101. Portugal*
10. Australia	56. Iceland	102. Puerto Rico
11. Australian External	57. Ireland	103. Reunion Island
12. Austria	58. Italy	104. Russia*
13. Azerbaijan*	59. Japan	105. Rwanda
14. Belarus*	60. Kazakhstan*	106. Saipan
15. Belgium	61. Kenya*	107. San Marino
16. Benin*	62. Kiribati	108. Seychelles
17. Bermuda	63. Korea (North)	109. Slovakia*
18. Bhutan	64. Kyrgyzstan*	110. Solomon Islands
19. Botswana	65. Laos	111. Somalia
20. British Virgin Is.	66. Latvia*	112. South Africa
21. Brunei	67. Lesotho	113. Spain
22. Bulgaria*	68. Liberia*	114. St. Helena
23. Burkina Faso*	69. Liechtenstein	115. St. Lucia*
24. Cambodia	70. Lithuania*	116. St. Pierre & Miqu.
25. Canada	71. Luxembourg	117. Sudan*
26. Cape Verde Is.*	72. Madagascar*	118. Swaziland
27. Cayman Islands	73. Malawi	119. Sweden
28. Cntrl African Rep.*	74. Maldives	120. Switzerland
29. Comoros	75. Malta*	121. Tajikistan.
30. Congo	76. Marshall Islands	122. Tanzania*
31. Cook Islands	77. Martinique	123. Togo*
32. Cuba	78. Mauritania,	124. Tonga Islands
33. Czech Republic,	79. Mauritius	125. Turkmenistan*
34. Denmark	80. Mayotte Island	126. Turks & Caicos Is.
35. Diego Garcia	81. Mexico	127. Tuvalu
36. Djibouti	82. Micronesia	128. Virgin Is.
37. Dominica*	83. Moldova,	129. Uganda*
38. Equatorial Guinea	84. Monaco	130. United Kingdom
39. Estonia*	85. Montserrat	131. Uzbekistan*
40. Faeroe Islands	86. Mozambique	132. Vanuatu
41. Falkland Islands	87. Namibia	133. Vatican City
42. Fiji*	88. Nauru Island	134. Wallis & Futuna
43. Finland	89. Netherlands	135. Western Samoa*
44. France	90. Netherlands Ant.	136. Zambia
45. French Guiana	91. Nevis	137. Zimbabwe
46. French Polynesia	92. New Caledonia	138.



-  
**OPEN COUNTRIES FOR SWBT 800-600-BELL CALLS  
 PHASE 2**

These countries will be reviewed within ten (10) business days following implementation of the enhanced fraud system, known as Pre-Call 2, to jointly develop a plan to address and potentially open these countries or portions of these countries.

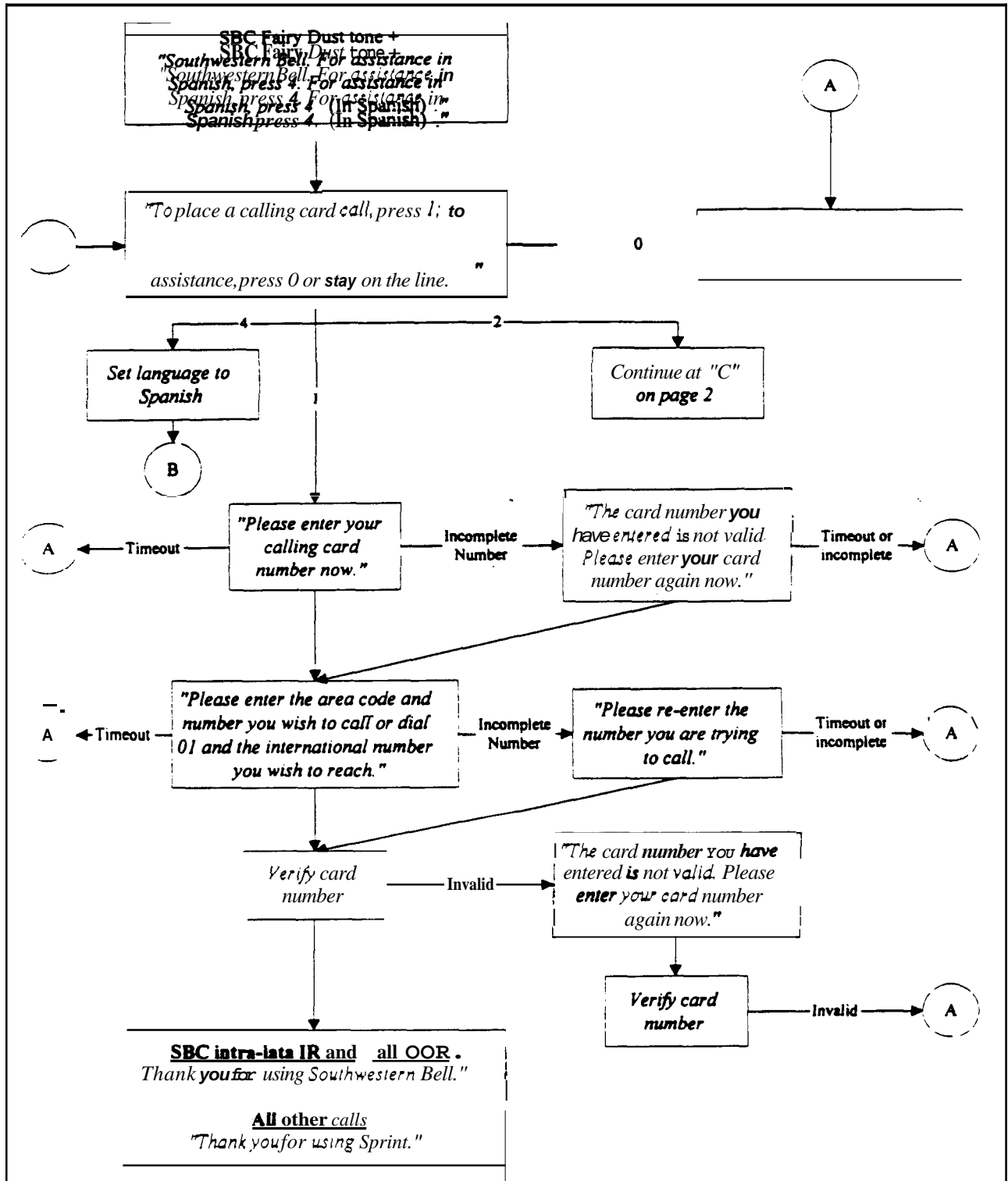
COUNTRY	
1. TAIWAN	
2. CHINA	
3. HONG KONG	
4. ISRAEL	
5. THAILAND	
6. BRAZIL	
7. ARGENTINA	
8. SINGAPORE	
9. CHILE	
10. POLAND	
11. GREECE	
12. INDIA	
13. VENEZUELA	
14. COSTA RICA	
15. CROATIA	

OPEN COUNTRIES FOR SWBT 800-600-BELL CALLS  
**PHASE 3**

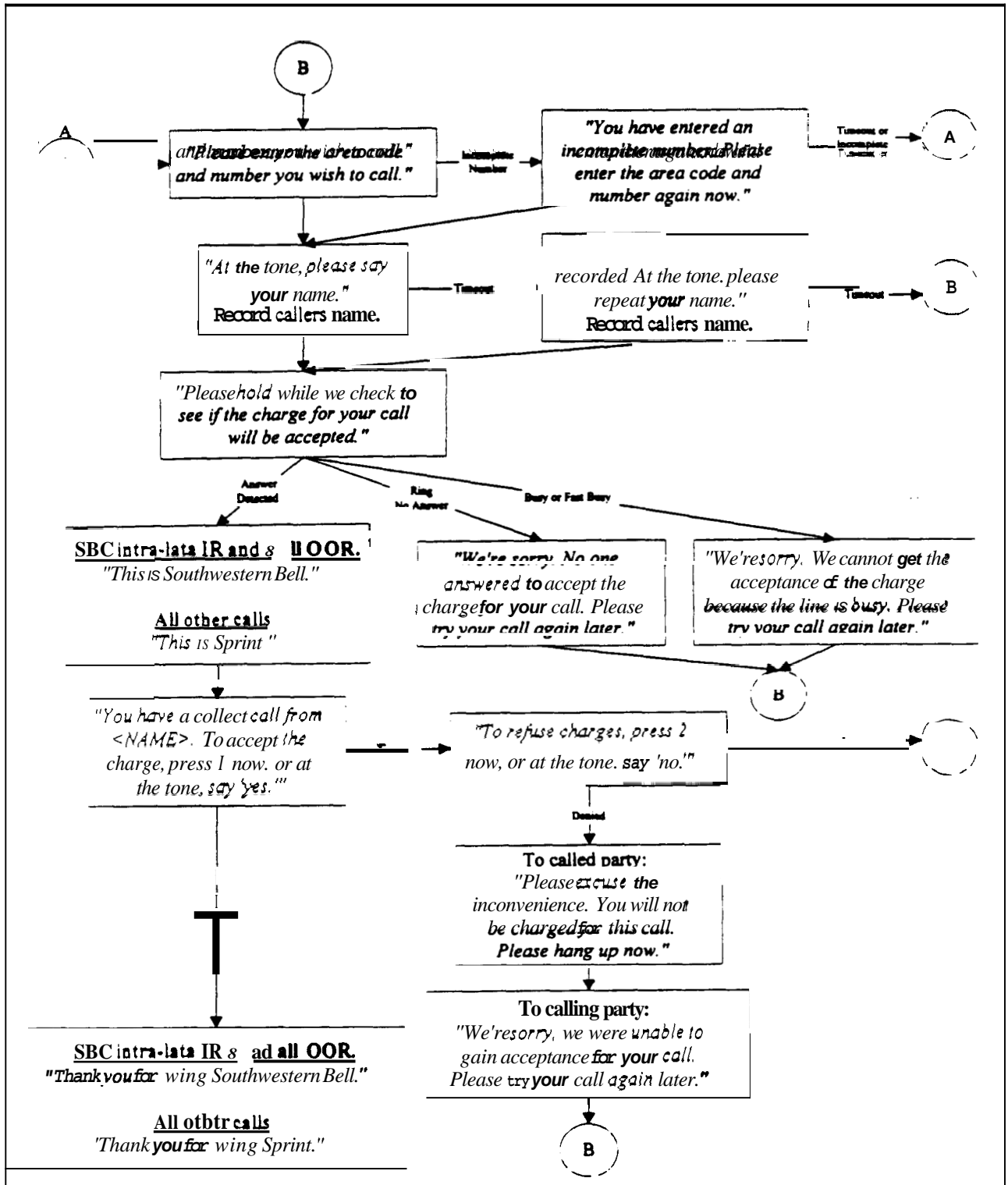
These countries will be reviewed within 30 days following implementation of PreCall 2 to jointly develop a plan to address and potentially open these countries or portions of these countries.

COUNTRY	COUNTRY
1. PHILLIPINES	46. ST. VINCENT
2. KOREASOUTH	47. TRINIDAD & TOBAGO
3. TURKEY	48. ALGERIA
4. VIETNAM	49. ANTARICA
5. PERU	50. BOSNIA-HERZ
6. IRAN	51. BURUNDI
7. INDONESIA	52. CHAD
8. COLOMBIA	53. ERITREA
9. NICARAGUA	54. FR. ANTILLES
10. DOMINICAN REPUBLIC	55. GABON
11. ECUADOR	56. GAMBIA
12. EGYPT	57. GUINEA
13. MALAYSIA	58. GUYANA
14. SAUDI ARABIA	59. IVORY COAST
15. JORDAN	60. LIBYA
16. ROMANIA	61. MACEDONIA
17. LEBANON	62. MALI
18. PANAMA	63. MONGOLIA
19. BELIZE	64. MOROCCO
20. BOLIVIA	65. MYANMAR
21. UNITED ARAB EMIRATES	66. NEPAL
22. ELSALVADOR	67. NORFOLK IS.
23. GUATEMALA	68. OMAN
24. PAKISTAN	69. OATAR
26. BANGLADESH	71. SIERRA LEONE
27. SYRIA	72. SLOVENIA
28. SAO TOME AND PRINCIPE	73. SRI LANKA
29. YEMEN	74. TUNISIA
31. ETHIOPIA	76. ZAIRE
32. UKRAINE	
33. URUGUAY	
34. MACAU	
35. SURINAME	
36. CAMEROON	
37. IRAQ	
38. CYPRUS	
39. BAHRAIN	
40. GHANA	
41. HAITI	
42. JAMAICA	
43. BAHAMAS	
44. BARBADOS	
45. ST. KITTS	

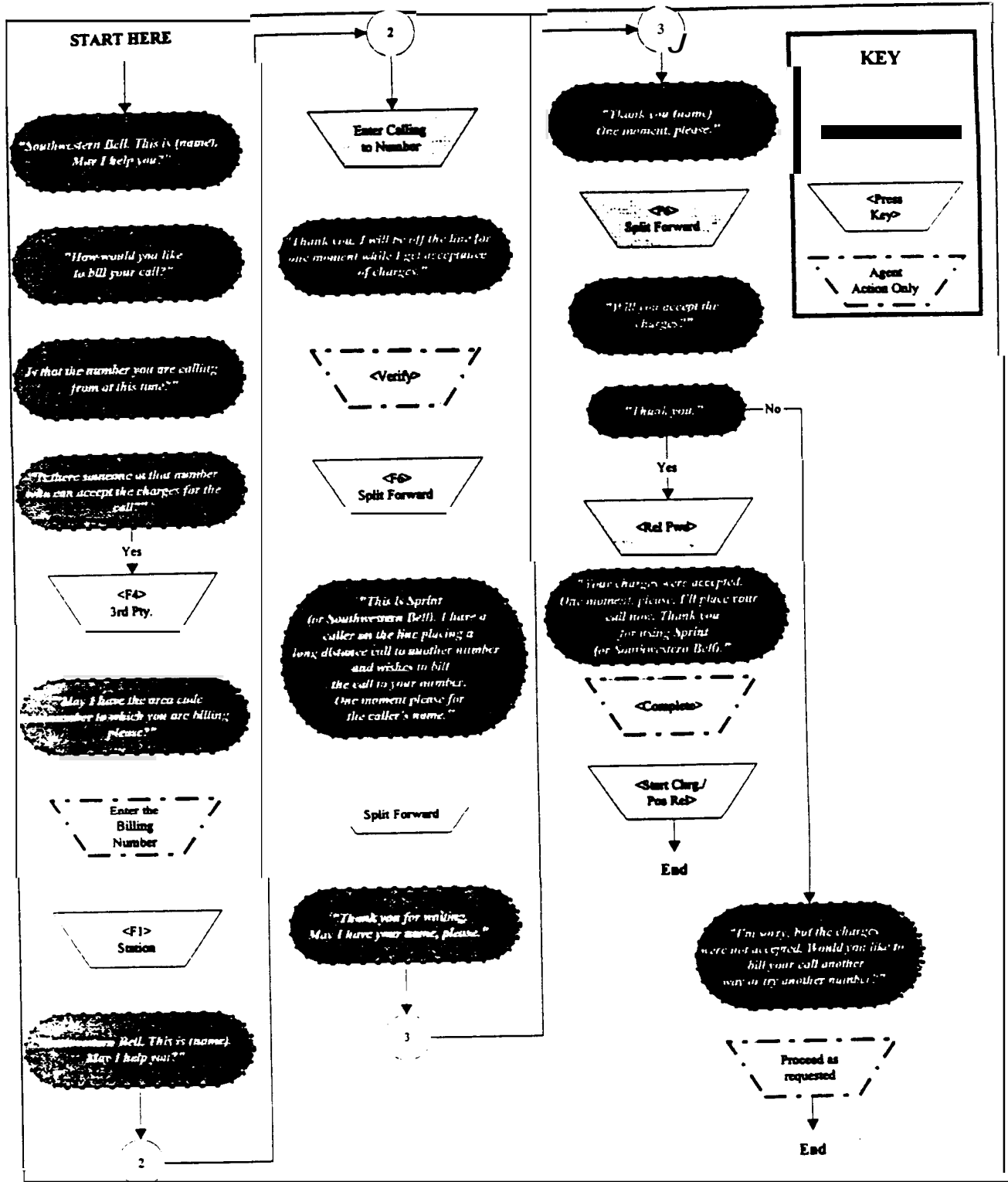
**SOUTHWESTERN BELL GLOBAL CARD 800-600-BELL  
CALLING CARD CALL FLOW DIAGRAM**



SOUTHWESTERN BELL GLOBAL CARD 800-600-BELL  
VRU FLOW DIAGRAM (COLLECT CALL)

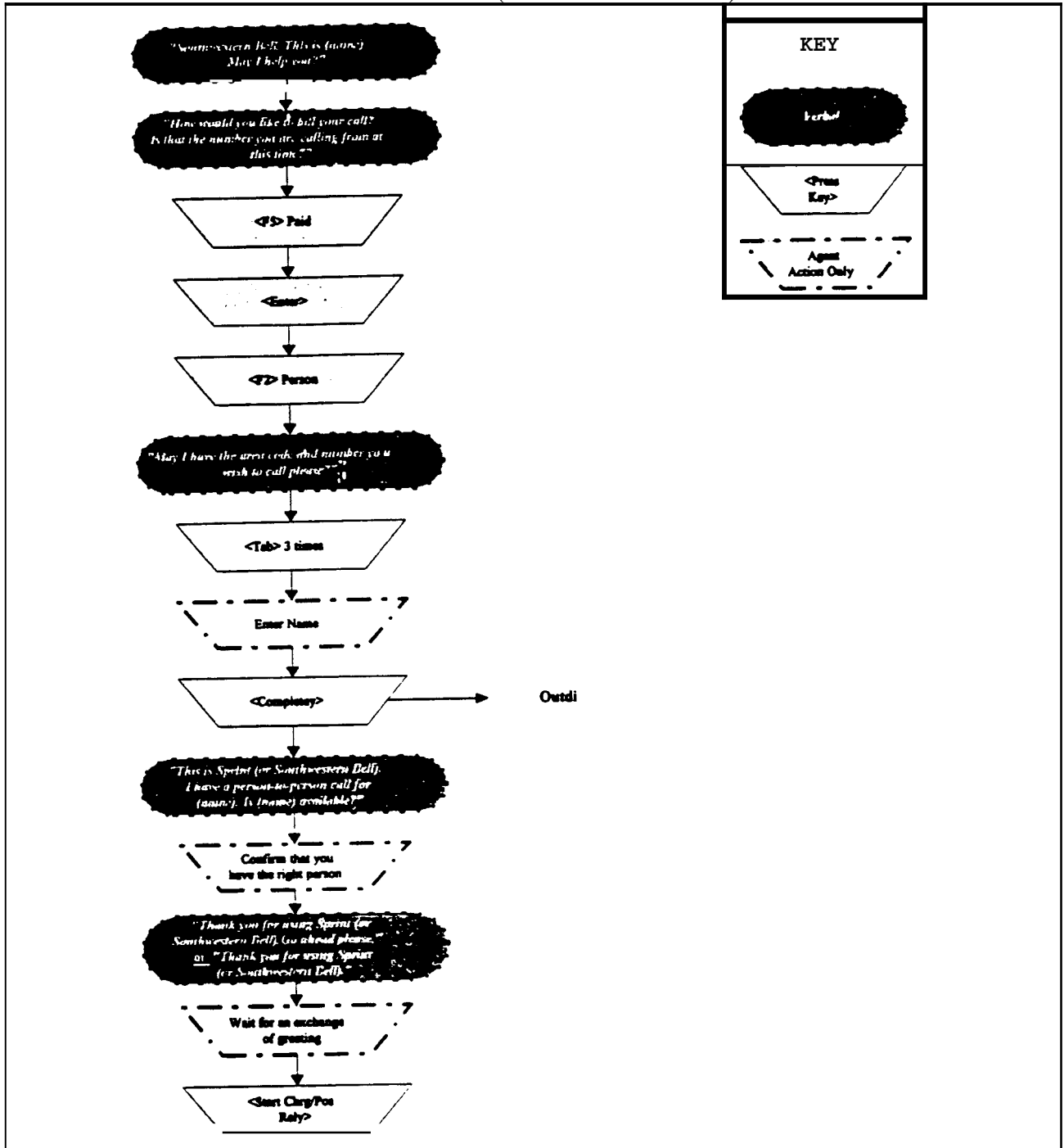


SOUTHWESTERN BELL BILL TO THIRD NUMBER  
CALL FLOW DIAGRAM



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SOUTHWESTERN BELL  
 PERSON TO PERSON CALL VRU FLOW DIAGRAM  
 PAID CALL PROCESSING (PERSON TO PERSON)



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**SOUTHWESTERNBELL GLOBAL 800-600-BELL  
BRANDING**

**I. PLATFORM BRANDING:**

**OPENING BRAND:**

“pixie dust”  
“Southwestern Bell”

**CLOSING BRAND:** Closing brands will be determined as follows:

Origination	Call Type	Brand
In-Region Franchised Territory	Local or IntraLATA	“Thank you for using Southwestern Bell”
in-Region Franchised Territory	InterLATA or International	“Thank you for using SPRINT”
in-Region “Non-Franchised Territory” (e.g., GTE)	Local, IntraLATA, InterLATA, or International	“Thank you for using SPRINT”
Out-of region	Local, IntraLATA, InterLATA, or International	“Thank you for using Southwestern Bell”

**II. OPERATOR SERVICES BRANDING:**

**Opening Brand:**

“Southwestern Bell, this is XX, may I help you?”

Origination	Call Type	Closing Brand
Anywhere	General Assistance	“Thank you for using Southwestern Bell”
In-Region SWBT Franchised Territory	Local or IntraLATA	“Thank you for using Southwestern Bell”
In-Region SWBT Franchised Territory	InterLATA or International	“Thank you for using SPRINT”
In-Region “Non-SWBT Franchised Territory” (e.g., GTE)	Local, IntraLATA, InterLATA, or International	“Thank you for using SPRINT”
Out-of region	Local, IntraLATA, InterLATA, or International	“Thank you for using Southwestern Bell”

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**SOUTHWESTERN BELL GLOBAL 800-600-BELL  
TECHNICAL REQUIREMENTS AND PERFORMANCE STANDARDS**

Purpose/Intent

The Calling Card, Collect and Bill to **Third Number** platform shall include both DTMF and Voice Recognition capabilities for customers to easily navigate through a menu of options. Facilities, databases, signaling and switching capabilities shall be provided to access the platform, verify billing, generate billing records and route the call as appropriate. This shall be referred to as the service.

Service Overview

The service shall provide Automated Voice Prompting Call Instructions with call scripts that are definable. These scripts shall be changed with **90** days of a **written** notice at no charge. All such requests shall be expedited.

Technical Requirements

Existing product change notice and engineering complaint procedures shall be used in resolving all engineering complaints with the suppliers of all hardware and software associated with the platform and the services supported by the platform. The suppliers' commitment to the timely and expeditious resolution of engineering complaints, reliability review forum issues, feature transparency issues, and field performance action registers shall be presented and described. Suppliers **must** make a commitment to correct all transparency issues and also commit to investigate and resolve issues as they are identified without faulting finite development resources.

All network elements associated with this service shall adhere to the service levels associated with existing services. The network shall be engineered to Bellcore **Standard P.01** grade of service based upon a ten busy day busy hour study and standard Poisson traffic engineering guidelines. Traffic under this agreement shall receive the same priority in call completion as available to other traffic.

All customers shall receive on the average a 4-second mean time to answer on the automated voice response unit or better. This is defined as the time elapsing once the customer reaches SBLD's ROC and is attached to the Voice Response Unit. Further, calls which either fall out of the system or select to speak to an agent shall receive on average a 4 second mid-call delay or better. 90% of all calls offered shall be answered in 10 seconds or less for English and Spanish.

The agents receiving calls via the Southwestern Bell 800 Number shall have an indication on their positions designating the customer carrier and use the proper methods and procedures for handling these calls. These procedures may be updated at no extra charge.

Additional capacity on any network element or facility interface shall be added expeditiously and in ample time to ensure that the service does not degrade.

The network elements associated with the service shall adhere to existing standards for existing similar services.

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**Line Information Database (LIDB) Validation**

A LIDB query for Calling and Called numbers, will be launched on a real-time, per-call basis. LIDB responses will not be cached. The term "cache" means storing of validation requests until a particular number of validations are required.

- o Nature of Number field will be populated with the correct "national" or "international" designation for Calling and Called numbers.
- o Calling and Called numbers will be the actual (not pseudo) originating ("calling") number and the actual (not pseudo) terminating ("called") number.

Calls will be processed only if a valid LIDB response is received (valid response includes restricted or unresmcted PIN indicator, billed RAE and other fields). All other responses will result in a denial with the following exceptions:

- Network congestion
- Network failure
- Subsystem Congestion
- Subsystem Failure

A LIDB Billed Number Screening (ENS) validation query will be launched with Billing Number, Calling and Called numbers, on a real-time, per-call basis.

Calls will be processed only if a valid LIDB responses is received (valid response includes Collect Acceptance Indicator of "Verify", "Accept All", or "Verify with Operator", and Third Number Acceptance Indicator of "Verify", or "Verify with Operator", billed RAO and other fields). All other responses will results in a denial with the following exceptions previously identified.

If a SOUTHWESTERN BELL Call or a SBLD call, including billed to third number calls is denied, that will be reponed on a "real-time" basis. The report shall include information that is currently provided.

Audits of the operator service may be conducted. This shall include but not be limited to monitoring of operator calls, meetings with managers to review procedures and discussions with appropriate technical personnel to discuss operational processes. Thirty days notice shall be provided of the audit request, including the areas to be audited and any specific concerns, and reasonable support shall be provided to conduct such audits.

**Reporting Network Failures**

The ~~service~~ shall ~~be~~ available twenty-four hours a ~~day~~, seven ~~days~~ a week. In the ~~event~~ of an outage, notice shall ~~be~~ provided ~~within 60~~ minutes of the ~~failure~~. ~~Details~~ of the prospects for the service to ~~be~~ restored will ~~be~~ provided on a proactive ~~basis~~ or upon ~~request~~. If the ~~failure~~ occurs in the Voice response Units, calls will ~~be~~ automatically ~~routed to Agents~~. In ~~this case~~, ~~best~~ efforts shall ~~be~~ made to ~~ensure~~ that service does not degrade. This shall include ~~routing calls to other ROCs~~, providing additional Agents and ensuring disaster recovery capacity.

Notice shall be provided ~~within 60 minutes~~ of the service ~~being~~ restored.

Notice shall ~~be~~ provided ~~60~~ days in advance of any planned change or ~~generic upgrade~~ to the Voice Response Platform.

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**SOUTHWESTERN BELL GLOBAL 800-600-BELL  
BILLING REQUIREMENTS**

Listed below are billing specifications for sending intraLATA messages recorded on behalf of Southwestern Bell as part of their **800-600-BELL** Platform Agreement with SBLD.

Messages to be recorded and populated in **Standard BELLCORE EMI** (Exchange Message Interface) format prior to submission to Southwestern Bell for billing.

Recording of such messages for Southwestern Bell usage on intraLATA messages with Value = 1 in EMI Indicator 19.

Acceptable Message types to include: Calling Card, Collect, **Third Number Billed calls**.

Messages to include Values 1-6 in **RATE CLASS** field (Position 79) as appropriate.

Messages to include calls originating from Southwestern Bell COIN and COPT phones with Indicator I populated with Value 1 or 8 as appropriate. Southwestern Bell shall provide further detail as indicated in the package provided by Southwestern Bell's billing organization to SBLD and Saville Systems.

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**SOUTHWESTERN BELL GLOBAL, 800-600-BELL  
FRAUD CONTROL PROCEDURES**

SWBT will monitor SBLD traffic for LD fraud associated with the Global Card based on the same standards that are used for the monitoring of LEC Calling Cards.

SBLD will notify the Southwestern Bell Fraud Centers using the established fraud referral process when a Southwestern Bell Calling Card or a Southwestern Bell Billing Number (for Collect or Third Number calls) is denied on the SBLD network.

Southwestern Bell will investigate the usage on the card. If the investigation reveals that the usage of the Calling Card is fraudulent, Southwestern Bell will deny the card in the Southwestern Bell LIDB. If the investigation identifies the usage as legitimate, Southwestern Bell will advise SBLD to restore the calling card on the SBLD Network. SBLD will restore/deny PINs on the SBLD network based on the Southwestern Bell investigation as soon as possible, generally within eight hours. If, for any reason, SBLD does not restore a PIN as notified by Southwestern Bell, SBLD will notify Southwestern Bell.

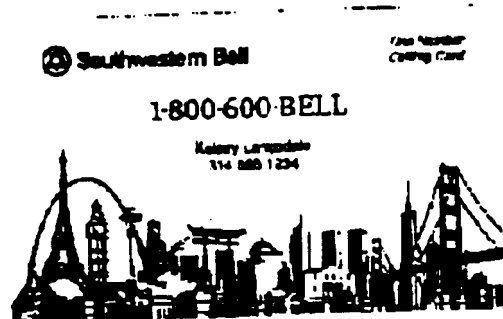
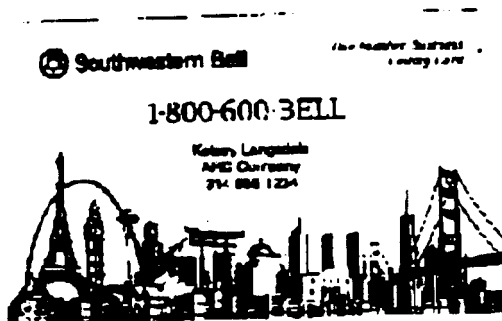
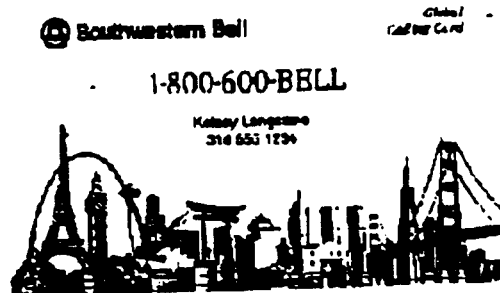
Southwestern Bell will utilize existing SBLD fraud contacts as the point of contact for complaints and follow ups. This is for Southwestern Bell personnel only. Customers calls will be handled by Southwestern Bell Customer Care.

SBLD and Southwestern Bell will continue to use the existing facsimile transmission procedures between the two companies that exists today. Southwestern Bell and SBLD agree to work together towards the goal of identifying and implementing other notification procedures that may be technically feasible and secure.

SBLD shall provide a list of blocked countries and will notify Southwestern Bell of changes in the list of such blocked countries.

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SOUTHWESTERN BELL GLOBAL 800600-BELL  
CARD DESIGN



005586

**SOUTHWESTERN BELL GLOBAL 800600-BELL  
CARD DESIGN**

- 1 Dial 1-800-600-BELL (2355)
- 2 Press 1 for calling card calls
- 3 Enter your calling card number and PIN

4 Follow the voice prompts

For assistance contact:  
Don't hang up. Press 4 for live assistance  
New York 3 + the next number  
Phoenix, Missouri 602 1-800-428-4224  
Phoenix, Connecticut 1 of 1-800-828-2886  
Chattanooga, Tennessee  
In the U.S. and Canada call 1-800-491-4881  
Outside the U.S. and Canada, call collect 704-825-2828

Local telephone rates apply to Service in  
Louisiana and Long Distance. All other  
costs provided by Southwestern Bell Telephone



005587

**SOUTHWESTERN BELL GLOBAL 800-600-BELL  
1998 COMMUNICATIONS PLAN**

**DIRECT MAIL:**

- Card distribution to **6.1M** Residence and Business Accounts
  - 300K Current Business Cardholders
  - 470K Current Hispanic Cardholders
  - 3.8M Current Residence Cardholders
  - 1.5M Acquisition Packages to Residence Accounts
  - Totaling an estimated 6.1M Accounts**
  - Estimated cost of card issuance DM packages = \$4.5M

**ADVERTISING PROGRAM:**

- TV, Radio and Outdoor media campaign to include:
  - Advertising production/talent/shipping/research
  - Television and radio ads for an 8 week campaign to run in seven markets (4 weeks; 2 week hiatus; 4 weeks)
  - Outdoor media beginning on March 1 and running for 3 months
  - Hispanic and Business newsletters
  - Collateral/Brochures
  - Estimated External Marketing Costs for 1998 Advertising Program = \$5.5M

Estimated Media and Direct Mail Schedule

<b>Mass Media Begins</b>	<b>Initial Drop Date</b>	<b>End Drop Date</b>	<b>First In-Home Date</b>	<b>Market</b>
Feb 26	Mar 5	Mar 5	Mar 11	Oklahoma
Feb 26	Mar 5	Mar 11	Mar 11	Kansas
Feb 26	Mar 17	Mar 17	Mar 13	Missouri
n/a	Mar 11	Mar 20	Mar 18	Arkansas
Mar 9	Mar 13	Mar 26	Mar 20	Houston
Mar 16	Mar 24	Apr 2	Mar 31	Dallas
Mar 23	Mar 30	Apr 6	Apr 6	San Antonio
Mar 23	Apr 1	Apr 7	Apr 8	Austin
n/a	Apr 6	Apr 15	Apr 13	Texas

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RECIPROCAL NON-DISCLOSURE AGREEMENT

General

It is recognized by the Parties, that in connection with the provision of services to be provided hereunder, Southwestern Bell Telephone and its affiliates ("SWBT") and SBLD will exchange information from time to time which is confidential to SBLD or SWBT.

Identification of Confidential Information Covered by **This** Exhibit

The types or categories of information intended to be covered by and protected under these paragraphs shall only include information specifically designated and stamped "Proprietary" or "Confidential" and provided by one Party to the other Party (hereinafter, "Confidential Information"). Notwithstanding the foregoing, any data originally transmitted by either party electronically, including but not limited to message detail, is hereby designated as the transmitting Party's proprietary information.

Handling of Confidential Information

Except for information not subject to the terms and conditions herein because of its prior disclosure or permitted or consented disclosure as described below, Confidential information of one Party ("Disclosing Party") that is possessed by the other Party ("Receiving Party"), shall be treated in accordance with the following terms and conditions.

The Receiving Party shall put in place and strictly enforce (using all of its prerogatives, including dismissal of contractors) procedures to ensure that its employees, contractors or agents are aware of and fulfill the obligations under this Exhibit to hold the Disclosing Party's Confidential Information in confidence.

Confidential Information described above shall, consistent with the terms herein, be held in confidence by the Receiving Party and its employees, contractors or agents, shall be treated with the same degree of care as the Receiving Party would treat its own Confidential Information and, consistent therewith, shall not be disclosed to third persons but may be disclosed to agents who have a need for it; shall be used for the purposes stated herein; and may be used or disclosed for other purposes only upon such terms and conditions as may be mutually agreed upon by the Parties in writing.

Each Party acknowledges that a Party's Confidential Information may be commingled with information of the other Party. Accordingly the Parties shall, to the extent practicable, use good faith efforts to ensure that such Confidential Information shall be masked or rendered mechanically inaccessible to the other Party.

Each Party agrees to give notice to the other Party of any demand to disclose or provide Confidential Information of said other Party to any Third Party, under lawful process, prior to disclosing or furnishing such Confidential Information, and the Receiving Party agrees to reasonably cooperate if the Disclosing Party deems it necessary to seek protective arrangements. To avoid the administrative burdens associated with such advance routine End User requests, legal process or lawful demand involving the Confidential Information, disclosure will be in accordance with the following: (i) a Party may disclose or provide Confidential Information of the other Party to implement, effect and enforce the Party's tariffs; (ii) to meet the requirements of a court, regulatory body or government agency

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having jurisdiction over the **Party**; and (iii) to satisfy disclosure requirements when, in the reasonable opinion of the **party's** counsel, such disclosure is required in order to comply with the law; provided that the Receiving **Party** will notify the Disclosing **Party** as to such disclosure. The Disclosing **Party** may not unreasonably withhold approval of protective arrangements.

#### Information not Subject to Handling Restrictions

Notwithstanding any other provision of this Agreement to the contrary, information shall not be deemed confidential or proprietary and the Receiving **Party** shall have no obligation to prevent disclosure of such information if such information:

Is reasonably documented that the Receiving **Party** had knowledge of the information prior to receipt from the Disclosing **Party**.

Is or becomes publicly known, through publication, inspection of the product, or otherwise and through no wrongful act of Receiving **Party**;

Is received from a Third **Party** without similar restriction and without breach of this Exhibit;

Is independently developed, produced, or generated by Receiving **Party**;

Is furnished to a Third **Party** by the Disclosing **Party** without a similar restriction on the Third **Party's** right; or

Is approved for release by written authorization of the Disclosing **Party**.

#### Transfer of Credit Information

Each **Party** shall hold the other harmless from and against any liability or loss resulting from the Disclosing **Party's** provision of any End User credit information provided under this Exhibit or the Agreement of which it is a part. The disclosing **Party** warrants that the information provided accurately corresponds to the information contained in the Disclosing **Party's** own internal records.

#### Applicability of Statutes, Decisions and Rules

Notwithstanding any other provision in the Agreement, a **Party's** ability to use or disclose Confidential information or use disclosed information is subject to all applicable statutes, decisions, and regulatory rules concerning such disclosure and use of such information which, by their express terms state the requirements applicable to such information.

#### Return or Destruction of Confidential information

Upon request, the Receiving **Party** will return all Confidential Information to the Disclosing **party** or destroy all such Confidential Information.

#### Obligations to Maintain Confidentiality - Duration

The obligations to maintain confidentiality of received Confidential Information set forth in Section 55 shall survive expiration of the Agreement of which this Exhibit is a part by a further term of three years.

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**005591**

**CARRIER TOLL DATA REPORT AGREEMENT**

Southwestern Bell Telephone Company ("SWBT")  
a Missouri corporation  
One Bell Center  
St. Louis, Missouri 63101

and

Southwestern Bell Communications Services, Inc. ("IXC")  
a Delaware corporation  
130 East Travis, Suite 550  
San Antonio, Texas 78205

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**APPENDIX A - DESCRIPTION OF REPORTS**

**PREAMBLE**

Southwestern Bell Telephone Company ("SWBT"), a Missouri corporation having its principal place of business at One Bell Center, St. Louis, Missouri 63101, agrees to provide to Southwestern Bell Communications Services, Inc. ("IXC"), having its principal place of business at 130 East Travis, Suite 550, San Antonio, Texas 78205, the services described below pursuant to the terms and conditions stated in this Agreement (the "Agreement").

**CLAUSE 1. DESCRIPTION OF SERVICES**

Pursuant to the provisions of this Agreement SWBT will compile a **Carrier Toll Data Report** (the "**Report**") for IXC. The Report will consist of information containing bill data including interLata and intraLata toll data from SWBT's customer bills, which will be compiled for all **Carrier Identification Codes ("CICs")** or **Access Customer Name Abbreviation ("ACNA")** Codes as further described in Appendix A, **DESCRIPTION OF Report**, attached hereto and by this reference make a part hereof. The Report will be provided by SWBT to IXC solely for its own internal use.

**CLAUSE 2. COMPENSATION**

Compensation due SWBT for the initial Report will be six hundred seventy five thousand (\$675,000.00) dollars. SWBT reserves the right, however, to charge a fee for additional Reports and/or portions thereof upon thirty (30) days' prior written notice from IXC to SWBT.

**CLAUSE 3. TERM OF AGREEMENT**

The term of this Agreement will commence June 1, 1996 (the "**Effective Date**"), and will continue in effect unless and until terminated by either party upon thirty (30) days' prior written notice as provided in Clause 23 hereof, **TERMINATION**.

**CLAUSE 4. PROJECT COORDINATORS**

The parties agree to appoint Project Coordinators to represent them in the daily administration of the Reports. As of the **Effective Date**, the parties' Project Coordinators will be:

(a) For IXC:

**Name:** Ms. Carol Beeman  
**Company Name:** Southwestern Bell Communications Services, Inc.  
**Address:** 130 East Travis, Suite 550  
**City, State, Zip:** San Antonio, Texas 78205  
**Telephone No.:** 210-352-7240

(b) For SWBT:

**Name:** Mr. Israel Gaona  
**Company Name:** Southwestern Bell Telephone Company  
**Address:** One Bell Center, Room 28-Q-2  
**City, State, Zip:** St. Louis, Missouri 63101  
**Telephone No.:** 314-331-1451

A Project Coordinator may be changed at any time by either party upon written notification to the other party's Project Coordinator.

**CLAUSE 5. CHOICE OF LAW**

This Agreement will be governed by the laws of the State of Missouri.

**CLAUSE 6. COMPLIANCE**

The Reports will be rendered in compliance with applicable federal, state and local statutes, laws, regulations, rules, ordinances, directives, orders and codes including, but not limited to, the Fair Labor Standards Act and the Occupational Safety and Health Act.

**CLAUSE 7. CONFLICT OF INTEREST**

IXC represents and warrants that no officer, director, employee or agent of SWBT has been or will be employed, retained or paid a fee, or otherwise has received or will receive any personal compensation or consideration, by or from IXC or any of its officers, directors, employees or agents in connection with the obtaining, arranging or negotiation of this Agreement or other documents entered into or executed in connection herewith.

**CLAUSE 8. CURE**

If errors are made in the transmission of the Report, IXC will notify SWBT within fifteen (15) days of the transmission date, in which case SWBT agrees to retransmit the Report to IXC. If IXC fails to notify SWBT within said fifteen (15)-day period, SWBT will have no obligation to retransmit the Report to IXC.

**CLAUSE 9. DISCLAIMER OF WARRANTIES**

Due to the nature of this Agreement, SWBT cannot guarantee that the results generated by using the Report will completely meet the objectives sought by IXC. Accordingly, SWBT MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SERVICES PERFORMED HEREUNDER.

**CLAUSE 10. FORCE MAJEURE**

Neither party will be held responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay or failure is caused by fire, flood, explosion, war, strike, embargo, government requirement, civil or military authorities, Act of God or by the public enemy, or other causes beyond the control of SWBT or IXC.

**CLAUSE 11. INACCURACIES OR OMISSIONS**

SWBT does not guarantee the completeness and accuracy of the Report, nor does SWBT assume any responsibility to correct such data or to provide correct data at a later date.

**CLAUSE 12. INDEMNIFICATION**

IXC agrees to defend, indemnify, and save harmless SWBT from and against any and all loss, liability, damage and expense (including attorneys' fees) incurred by SWBT in connection with any claim, demand, suit or judgment arising out of or based on SWBT's Supplying the Report to IXC under this Agreement and caused by any act or omission of IXC. Such indemnity will apply even though SWBT may have knowledge of a change, error or omission in the Report, to the end that IXC assumes all risk of liability arising out of its use thereof.

**CLAUSE 13. INVOICES, CHARGES, AND PAYMENTS**

Any payments due for Reports provided hereunder will be due and payable within thirty (30) days after IXC's receipt of SWBT's invoice therefor.

**CLAUSE 14. LIMITATION OF LIABILITY**

**SWBT HEREBY DISCLAIMS ANY LIABILITY FOR INCIDENTAL CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT OF BREACH OR WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT LIABILITY OR OTHERWISE, INCURRED BY IXC AS A RESULT OF OR IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER. IN NO EVENT WILL SWBT'S LIABILITY FOR ANY REASON EXCEED THE COMPENSATION RECEIVED FROM IXC HEREUNDER.**

**CLAUSE 15. LICENSE**

No licenses, express or implied, under any patents are granted by SWBT to IXC under this Agreement.

**CLAUSE 16. NON-EXCLUSIVE MARKET RIGHTS**

This Agreement does not grant IXC an exclusive right to receive the Report provided hereunder, and SWBT reserves the right to provide same to any other interexchange carrier.

**CLAUSE 17. NON-WAIVER**

No course of dealing or failure of either party to enforce strictly any term, right or condition of this Agreement will be construed as a waiver of such term, right or Condition.

**CLAUSE 18. NOTICES**

Any notice or demand which under the terms of this Agreement or otherwise must or may be given or made by SWBT or IXC will be in writing and given, or made by facsimile, telegram or similar communication or by certified or registered mail, return receipt requested, addressed to the respective parties as follows:

- (a) If to IXC: Southwestern Bell communication Services, Inc.  
130 East Travis, Suits 550  
San Antonio, Texas 78205  
ATTN: Ms. Carol Beeman

(b) If to SWBT: Southwestern Bell Telephone Company  
1010 Pine Street, Room 10-E-11  
St. Louis, Missouri 63101  
ATTN: Dara Druhe - Contract Manager

Such notice or demand will be deemed to have been given or made when sent. If sent by facsimile, telegram or similar communication, or when deposited, postage prepaid, in the U.S. mail. The above addresses may be changed at any time by giving thirty (30) days' prior written notice as above provided.

#### **CLAUSE 19. PUBLICITY**

IXC agrees not to publish or otherwise distribute, without SWBT's prior written approval, any advertising, sales promotion, press releases or other publicity matters relating to the SERVICES furnished under this Agreement wherein SWBT's name or marks are mentioned or language from which the connection of said name or marks therewith may be inferred or implied.

#### **CLAUSE 20. SEVERABILITY**

If any provision of this Agreement is determined to be invalid or unenforceable, such invalidity or unenforceability will not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement will be construed as if it did not contain the particular invalid or unenforceable provision(s), and the rights and obligations of SWBT and IXC will be construed and enforced accordingly.

#### **CLAUSE 21. SURVIVAL OF OBLIGATIONS**

Obligations under this Agreement which by their nature would continue beyond the termination, cancellation or expiration hereof, including, by way of illustration only and not limitation, those in the clauses entitled DISCLAIMER OF WARRANTIES, LIMITATION OF LIABILITY, PUBLICITY, SEVERABILITY and USE OF INFORMATION, will survive the termination, cancellation or expiration of this Agreement.

#### **CLAUSE 22. TAXES**

In the event that IXC is liable under federal law for excise taxes or under state or local law for sales taxes collected by SWBT on the SERVICES provided hereunder, then SWBT will bill such taxes separately and IXC agrees to pay them.

#### **CLAUSE 23. TERMINATION**

Either party hereto may terminate this Agreement in whole or in part by giving the other party hereto at least thirty (30) days' prior written notice. Upon termination, IXC agrees to pay SWBT any amounts due for the SERVICES provided hereunder up to and including the effective date of termination.

**CLAUSE 24. USE OF INFORMATION**

Any specifications, drawings, sketches, models, samples, tools, computer or other apparatus, programs, technical or business information or data, written, oral or otherwise (collectively, the "Information"), furnished to IXC under this Agreement or in contemplation hereof will remain SWBT's property. All copies of such Information in written, graphic or other tangible form will be returned to SWBT upon request. Information will be kept confidential by IXC in performing under this Agreement and may not be resold, disclosed to third parties, or used for any other purpose except upon such terms as may be agreed upon between IXC and SWBT in writing.

**CLAUSE 25. ENTIRE AGREEMENT**

This Agreement sets forth the entire understanding of the parties, and supersedes any and all prior agreements, arrangements and understandings, relating to the subject matter hereof and may not be changed except by a written instrument signed by authorized representatives of both parties.

IN WITNESS WHEREOF, the foregoing Agreement has been executed by authorized representatives of the parties hereto, in duplicate, as of the dates set forth below.

SWBT Accepted:

IXC Accepted:

Southwestern Bell Telephone Company  
Inc.

Southwestern Bell Communications Services.

By: [Signature]

By: [Signature]

Title: Area Manager, Service Support

Title: Director - Marketing

Date: 6/13/96

Date: 5/23/96

Executed by:

[Signature]  
President & CEO

Date: 5/29/96



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**KL-A306**

**005598**

SECTION 1

The provisions will apply to (the "Services" furnished to Southwestern Bell Communications Services, Inc. ("Buyer") by Southwestern Bell Telephone Company, which it is attached and of which it forms a part.

**SECTION 1. SCOPE OF SERVICES**

Services furnished under this Schedule will consist of the issuing credits to Buyer's employees on their monthly telephone bills in the amount of Seller's charge(s) for local telephone service provided by Seller during that particular billing cycle, using procedures currently utilized for Seller's employee concession amounts.

**SECTION 2. PRICE**

Buyer agrees to pay for the Services provided by Seller in accordance with the fee schedule set forth in the Pricing Addendum attached hereto and by this reference made a part hereof.

**SECTION 3. TERM**

This Schedule will cover the period from 4/5/2000 to December 31, 2000, and will continue thereafter until canceled in writing by either party, as provided in the Agreement.

**SECTION 4. LIMITATION OF LIABILITY**

SELLER WILL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, ATTRIBUTABLE TO OR RESULTING FROM ITS PERFORMANCE HEREUNDER. In no event will Seller's liability for damages caused by its failure to supply material or perform services in a proper or timely manner exceed the amount paid by Buyer to Seller for such materials or services.

IN WITNESS WHEREOF, the parties have caused this Schedule to be executed, in duplicate, by their duly authorized representatives as of the dates set forth below.

BUYER:

SELLER:

southwestern Bell Communications Services, Inc.

southwestern Bell Telephone Company

BY: [Signature]

BY: [Signature]

TITLE: CORP. MGR. - REGULATORY

TITLE: Director-Regulatory Issues

DATE: APRIL 5, 2000

DATE: 3-27-2000

**005599**

Approved as to form:

[Signature]  
Jonathan W. Royston

**CONCESSION**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 099 will be as follows:

<u>Bill Reference No.</u>	<u>Service</u>	<u>Price/Cost Method'</u>
300-099-001	ESTABLISH CONCESSION ACCOUNT (SERVICE REP)	\$116.31 /hour F

**ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.**

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer:

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 W. Los Positas Blvd., R.244  
Pleasanton, CA 94588

Seller:

A. David Garrett  
southwestern Bell Telephone Company  
530 McCullough, Room 4-Q-1  
San Antonio, TX 78215

**210-886-4251**

BUYER: Dennis Hall  
PRINT NAME: DENNIS HALL  
TITLE: CORP. MGR. -  
REGULATORY  
DATE: 06/13/00

SELLER: J. Narramore  
PRINT NAME: J. Narramore  
TITLE: Corporate Manager-Affiliate Issues  
DATE: 6/12/2000

1 Cost Method: F = Fully Distributed. M = Fair Market Value, C = Change. A = Add  
Invoices will be due and payable not thirty (30) days from the invoice date. All late payments will be  
subject to charge of 1.50% per month on the unpaid balance.

**CONCESSION  
PRICING ADDENDUM  
2000**

A. The fees to be paid by Southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 099 will be as follows:

<u>Bill Reference No.</u>	<u>Service</u>	<u>Price/Cost Method<sup>1</sup></u>
300-099-001	ESTABLISH CONCESSION ACCOUNT (SERVICE REP)	\$114.80 /hour F

**ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.**

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer:

Dennis Hall  
Southwestern Bell Communications Services, Inc.  
5850 W. Los Positas Blvd., R.244  
Pleasanton, CA 94588

Seller:

A. David Garrett  
Southwestern Bell Telephone Company  
530 McCullough, Room 4-Q-1  
San Antonio, TX 78215

210-8864251

BUYER: Dennis Hall

PRINT NAME: DENNIS HALL

TITLE: CORP. MGR. REGULATORY

DATE: APRIL 5,

SEUER: J. Narramore

PRINT NAME: J. Narramore

TITLE: Corporate Manager-Affiliate Issues

DATE: 3/27/2000

<sup>1</sup> Cost Method: F = Fully Distributed, M = Fair Market Value, C = Change, A = Add

**Invoices will be due and payable net thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.**

005602

## **DESIGNATED OPERATOR SERVICES AGREEMENT FOR RECORDING SERVICES**

This Agreement is entered into by and between Southwestern Bell Telephone Company ("SWBT") and Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance (SBLD), Pacific Bell Long Distance (PBLD), and Nevada Bell Long Distance (NBLD) ("Customer").

1. SWBT will provide Designated Operator Services (DOS) to Customer in accordance with the terms and conditions of SWBT's Access Service Tariff, Section **28**, Tariff F.C.C. No. **73**, and Kansas Access Service Tariff, Section **28**.
2. SWBT will provide Customer the call recording features of DOS pursuant to the terms and conditions of this Agreement, in accordance with requirements of the Federal Communications Commission (FCC) that these features are not to be included in the tariff.
3. With call recording, SWBT's DOS system creates an **EMI** record for billing purposes for "supervised" completed calls only, processed by the system.
4. In accordance with procedures set forth in Exhibit I, which is attached to and is part of this Agreement, SWBT will provide Customer's call records to Customer.
5. The rates for call recording are set forth in Exhibit II, which is attached to and is part of this Agreement.
6. With respect to any claim or suit, by Customer or by any others, for damages associated with the provision of call recording services, **SWBT's** liability, if any, shall not exceed an amount equal to the proportionate charge for the call recording service for the period during which the call recording service was affected.
7. This Agreement is wholly subject and subordinate to the provisions of **SWBT's** Access Service Tariff No. **73**, including section 28 of that tariff, entitled Designated Operator Services, any applicable SWBT tariff in Kansas, and the rules, regulations and orders of the FCC, the Kansas Corporation Commission, or any other applicable governmental regulatory authority; and state or federal law. Any conflicts that might arise between the language of the tariff and of this Agreement are to be resolved in favor of the language of the tariff.

**005603**

**PROPRIETARY & CONFIDENTIAL**

Not for Disclosure outside of SBC except under written Agreement

KL ATTACHMENT A -310

8. Any written notice required by this Agreement shall be sent to the following:

**SBCLD:** Nancy Manley  
5850 W. Las Positas Blvd.  
Pleasanton, CA 94588

**SWBT:** Area Manager-Operator Services (DOS)  
5400 Foxridge, Room 300  
Mission, Kansas 66202  
(913) 676-0696

9. This Agreement is effective on the date that SWBT begins to provide DOS to Customer, and will terminate on the date that SWBT's provision of DOS to Customer terminates.

SOUTHWESTERN BELL TELEPHONE COMPANY

By: Charmie Buck  
Title: Area Manager-Operator Services  
Date: 12/17/99

SOUTHWESTERN BELL COMMUNICATIONS SERVICES, INC.

By: Nancy Manley  
Title: Director  
Date: 12/14/99

Approved As To Form:

C. L. Rasmussen  
C. L. Rasmussen

PROPRIETARY & CONFIDENTIAL

Not for Disclosure outside of SBC except under written Agreement

005604

**EXHIBIT I**

➤ **LOCATION (INCLUDING CONTACT NAME OR TITLE) TO SEND CALL RECORDS/BILLING RECORDS**

Dallas Data Center  
211 S. Akard **Street, Suite** 200  
Dallas, TX. 75202

> **MODE OF TRANSMISSION (ELECTRONIC FILE TRANSFER, DISKETTE, ETC.)**

**NDM**

**File Names:**

**File Name for CIC "5102" (or "5158"):**  
SSBCLD\_FDOWCG\_ID####\_EMI\_TYYYYMMDDHHMMSS.IN

**File Name for CIC "0372":**  
SSBCLD\_FDOSPCT\_ID####\_EMI\_TYYYYMMDDHHMMSS.IN

**File Name for CIC "5722":**  
SSBCLD\_FDOSSBC\_ID####\_EMI\_TYYYYMMDDHHMMSS.IN

**Note:** Format: "ID" #### is the sequence number  
***The receiving Node in Dallas: "charger"***

➤ **FREQUENCY OF TRANSMISSION (DAILY, WEEKLY, ETC.)**

Daily



**EXHIBIT II**

**Effective 11/01/99 1999**

**CALL RECORDING:**

<b><u>Monthly Completed Call Volume</u></b>	<b><u>Rate Per Completed Call</u></b>
0-100,000calls	\$0.0250
100,001-150,000calls	\$0.0225
150,001-200,00calls	\$0.0200
200,001-250,00calls	\$0.0175
250,001& above calls	\$0.0100

005607

**SERVICE: EMPLOYEE REFERRAL FOR LONG DISTANCE**

The following provisions will apply to Employee Referral (the "Services") furnished to Southwestern Bell Communications Services, Inc. ("Buyer") by Southwestern Bell Telephone Company ("Seller") pursuant to this Schedule and the General Services Agreement (the "Agreement") to which it is attached and of which it forms a part:

**SECTION 1. SCOPE OF SERVICES**

Services furnished under this Schedule includes service representatives taking a referral, contacting the customer from the referral and making a sale. The service representative will type the order and transfer the customer to a vendor for third party verification.

**SECTION 2. PRICE**

Buyer agrees to pay for the Services provided by Seller in accordance with the fee schedule set forth in the Pricing Addendum attached hereto and by this reference made a part hereof.

**SECTION 3. TERM**

This Schedule will cover the period from MARCH 10, 2000 to December 31, 2000 and will continue thereafter until canceled in writing by either party, as provided in the Agreement.

**SECTION 4. LIMITATION OF LIABILITY**

SELLER WILL NOT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, ATTRIBUTABLE TO OR RESULTING FROM ITS PERFORMANCE HEREUNDER. In no event will Seller's liability for damages caused by its failure to supply material or perform services in a proper or timely manner exceed the amount paid by Buyer to Seller for such materials or services.

IN WITNESS WHEREOF, the parties have caused this Schedule to be executed, in duplicate, by their duly authorized representatives as of the dates set forth below.

BUYER:

Southwestern Bell Communications Services, Inc.

BY: [Signature]

TITLE: CORP. MGR. - REGULATORY

DATE: MARCH 10, 2000

SELLER:

Southwestern Bell Telephone Company

BY: [Signature]

TITLE: Director - Regulatory Issues

DATE: 3/13/00  
Approved as to form:

005608

[Signature]  
Jonathan W. Royston  
Senior Counsel  
3-2-00

**EMPLOYEE REFERRAL**  
**PRICING ADDENDUM**  
**2000**

A. The fees to be paid by southwestern Bell Communications Services, Inc. (Buyer) for Services provided by Southwestern Bell Telephone Company (Seller) pursuant to this Schedule 993 will be as follows:

<u>Bill Reference No.</u>	<u>Service</u>	<u>Price/Cost Method<sup>1</sup></u>
300-993-001	EMPLOYEE REFERRAL	\$10.03 /acquisition F

ANY ADDITIONAL DIRECT EXPENSES WILL BE PASSED THROUGH TO BUYER AS INCURRED.

B. Coordinators for the Services to be provided pursuant hereto will be as follows:

Buyer:

Dennis Hall  
southwestern Bell Communications Services, Inc.  
5850 West Los Positas Blvd., Room 244  
Pleasanton, CA 94588

Seller:

Birdie Moten  
Southwestern Bell Telephone Company  
1616 Guadalupe Room 710  
Austin, Texas 78701

BUYER: Dennis Hall

SELLER: J. Narramore

PRINT NAME: DENNIS HALL

PRINTNAME: J. Narramore

TITLE: CORP. MGR. - REGULATORY

TITLE: Corporate Manager-Affiliate Issues

DATE: 06/16/00

DATE: 6/5/00

<sup>1</sup> Cost Method: F = Fully Distributed, M = Fair Market Value, C = Change, A = Add

Frequency Provided = Daily, Employees Involved - 50 - Service Representatives, State Applicability - All

Invoices will be due and payable net thirty (30) days from the invoice date. All late payments will be subject to a charge of 1.50% per month on the unpaid balance.