Bell Atlantic NYNEX Mobile

CUSTOMER CALLING SERVICES

• CALL WAITING

No Monthly charge. Airtime rates apply

ACTIVATE: After hearing beep that indicates incoming call:
1. Press CLEAR
2. Press SEND(to put first party on hold & connect to incoming call)
3. Press SEND to alternate calls.

TERMINATE: Press END - or just don't answer.

• CALL FORWARDING

No monthly charge, Airtime rates apply for the entire duration of call.
(long distance or toll applicable depending where the calls are being forwarded to)

ACTIVATE:
1. Press Clear
2. Press *72+destination telephone # (include area code if needed)
3. Press SEND (listen for pin prompt)+ PIN
4. Press SEND (listen for confirmation tone) + END.

Note: If phone is authenticated, then it is not necessary to do Step 3 shown above.

TERMINATE: Clear + *73 + SEND (listen for confirmation tone + PIN (PIN not needed if phone is authenticated) + END

• 3-PARTY CONFERENCING

No monthly charge, Airtime rates apply for duration of both calls.
(long distance or toll applicable depending where the third party call terminates)

While on *outgoing call:* press CLEAR. Dial third party number. Press SEND to put first call on hold. After third party answers Press SEND to connect to all parties. If user wishes to disconnect the third party, press SEND.

While on *incoming call*, press CLEAR. Dial third party number. Press SEND, PIN code, press SEND again. After third party answers, press SEND key to connect all parties. If user wishes to disconnect the third party, press SEND.

• NO ANSWER TRANSFER

No monthly charge, Airtime rates apply for the duration of both calls.

ACTIVATE: Clear + *71 + telephone # + SEND + PIN + SEND + END.
TERMINATE: Clear + *73 + SEND + PIN + SEND + END

INFORMATION SERVICES

*LIST/5478 (Free) Directory of services
*JAM/526 (A/T rates apply) To receive traffic information
*TIP/847 (Free) To report traffic problems
*UAL/825 (A/T rates apply) United Airlines Flight Reservations
*CG/24 (Free) Coast Guard Emergency
*FIND/3463 (A/T rates apply) To receive driving directions
*DWI/394 (Free) Report a suspected drunk driver
*86 (A/T rates apply) Mobilemail retrieval
*711 (Free) Roamer information
*88 (Free) WCBS News tip line - report news
*1130 (Free) Bloomberg Financial Market News

911 (Free) Emergency Calls
611 (Free) BANM Customer Service
*411 (A/T rates + Toll Charge) Directory Assistance
411 (A/T + $.75) InfoAssist
*18 (Free) To activate FMR
*19 (Free) To deactivate FMR
*78 (Free) To activate MobileReach
*780 (Free) To deactivate
*67 (Free) To block an individual call from the Caller ID service--Per Call Blocking
*82 (Free) To unblock an individual call from the Caller ID service

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED11 RECYCLED

May 29, 1998 EUS/XR/F-98:484

George Korsanos
Bell Atlantic
240 E. 38th. Street
14th Floor
New York, NY 10016

Dear George,

This letter is in response to your request for information regarding the nature of potential Year 2000 (Y2K) problems that Bell Atlantic could experience in the IMAS platform.

As previously discussed, the IMAS is operating with an obsolete load (AS-61) that was not tested for Y2K issues. The following lists potential areas of failure with Ericsson's most recent non-Y2K compliant AS's. It should be understood that AS-61 could have additional undefined areas of concern.

Operational problems could occur in non-Y2K compliant application systems during the date shift from December 31, 1999, to January 1, 2000 (Y2K problems). An AXE office could experience one or more of the following types of in-service problems.

Traffic Handling –

There does not appear to be any Y2K problem that would directly affect call set-up, connection, switching, and termination. However, a side effect of a Y2K problem could cause an exchange restart, possibly resulting in temporary (less than 2 minute) service interruption. An example of this would be a Y2K error in scheduled periodic maintenance tasks, resulting in a large number of maintenance tasks being initiated at the same time. If a sufficiently large number of maintenance tasks were so triggered, internal job buffers could be overflowed, resulting in a system restart.

Periodic Maintenance –

In many cases, AXE maintenance routines and tests can be ordered via exchange command to occur at a later date and time. A Y2K problem could result in the ordered test not being performed, or being performed at the wrong time. For example, scheduled routine tests of subscriber lines could all trigger at the Y2K date shift, causing an inappropriate number of tests to occur within a short period of time.

Reports and Printouts –

Y2K problems could result in either no date or the wrong date appearing on AXE exchange reports and printouts.

Feature Timers –

Some features that use date and time information in their operation may not work correctly for some period of time around the Y2K shift. For example, timers associated with call gapping may fail, causing a temporary interruption of controls on call flows and datatbase query attempts.

Event Logging –

Y2K problems may result in incorrect dates and times appearing in stored system event and maintenance logs.

System Timers –

Internal system timers could trigger erroneously at the Y2K shift, causing scheduled feature events (e.g. time of day routing change) either not to occur or to occur at the wrong time.

Statistical Reporting –

Computation of traffic measurements, processor load, and other time-averaged statistics relating to events occurring over a time period which includes the Y2K shift may be incorrect.

Data Transcript Aging –

For some types of routing and digit analysis table updates, service problems that occur within a certain time period following activation of the new data will result in the "old" data being restored automatically. Y2K problems could affect the proper aging of these data transcript changes.

Subscriber Announcements of Date and Time –

Y2K problems could cause certain features that automatically build date and time voice announcements to do so incorrectly, resulting in a subscriber receiving incorrect date and time information in an announcement.

I/O File System –

Y2K problems could cause incorrect timing of pre-scheduled file deletions, resulting in I/O system restarts. An I/O system restart will temporarily interrupt the ability of the exchange to receive and execute operator commands.

Reload File Selection –

Y2K problems could result in the improper automatic selection of a system backup load, resulting in the exchange being reloaded with an older revision of the system rather than the most recent backup.

If you have questions, please contact me at 972-583-5579.

Sincerely,

Charlie Stroud
Technical Solutions Director

CC:

Chuck Johnson, Ericsson
Amy Johnson, Ericsson
Niclas Brattberg, Ericsson

Case: 98-C-1079
PPI
Date of Request: October 12, 1998

PPI-BA-NY-78	Attach hereto copies of the six contracts that BA-NY has "with six clearinghouses for the New York area." (P.16).

RESPONSE:

BA-NY objects to this interrogatory on the grounds that it seeks confidential and proprietary customer information. Notwithstanding this objection, attached is a standard contract used for the billing and collection services with clearing houses.

Case 98-C-1079
PPI-BA-NY-78
Attachment

AGREEMENT FOR

BILLING AND COLLECTION SERVICES

BETWEEN

NEW YORK TELEPHONE COMPANY

AND

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Exhibit C - Message Ready Bill Message Service

Exhibit D - Proprietary Information

Exhibit E - Rates and Charges

AGREEMENT FOR BILLING AND COLLECTION SERVICES
BETWEEN
NEW YORK TELEPHONE COMPANY
AND

This Agreement is entered into between NEW YORK TELEPHONE COMPANY ("NYT"), a corporation incorporated under the laws of the State of New York with its principal place of business in New York, New York, and ENHANCED SERVICES BILLING, INC. ("Client"), a corporation incorporated under the laws of the State of Delaware with its principal place of business in San Antonio, Texas.

WHEREAS, Client is either an Interexchange Carrier (IC), or an Operator Service Provider (OSP) or is acting as a Clearing Agent for billing and collection purposes for certain ICs and/or OSPs;

WHEREAS, Client desires to purchase from NYT, and NYT desires to provide to Client, billing and collection services for Client End User Customers or, in the case of a Clearing Agent, for the end user customers of the ICs and/or the OSPs that the Client represents, who are also end user customers of NYT;

NOW, THEREFORE, in consideration of the mutual benefits accruing to each Party, the Parties hereby covenant and agree as follows:

Section 1. Certain Defined Terms

As used in this Agreement and in the attached Exhibits which form a part of this Agreement, and unless otherwise expressly indicated herein, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Access Customer Name Abbreviation (ACNA)" - A unique three character alpha identification assigned to the Client and associated with a particular Carrier Identification Code (CIC).

"Adjustment" - A billing amount related to Client End User Customer charges which is added to or subtracted from the balance due from the Client End User Customer.

"Alternate Billing Entity Code (ABEC)" - A numeric identification code used in conjunction with billing and collection services for customers who do not purchase Feature Group B or Feature Group D Access Service.

"Calling Card" - A telephone calling card issued by NYT on its own behalf or by the Client on its own behalf.

"Carrier Identification Code (CIC)"- A numeric identification code which is currently used for customers with Feature Group B or Feature Group D Access Service.

"Centralized Message Data System ('CMDS')" - A system which may be used to transfer exchange message interface ("EMI") formatted billing data between the designated recording/rating company and NYT.

"Client End User Customer" - An end user customer of NYT who makes any of the types of calls listed in Section 3 of this Agreement routed by Client acting as an IC or an OSP or, in the event the Client is acting as a Clearing Agent, those end user customers of NYT who make any of the aforementioned call types using any of the ICs or OSPs represented by the Client.

"Directory Assistance" - A telephone call where IC or OSP support services (either manual or mechanized) are provided to the end user at the end user's request in order to determine a telephone number.

"Exchange Message Interface" (EMI) - Standard record layouts for IC/LEC data exchange published by Bellcore.

"Holiday" - Includes New Year's Day, Presidents Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Christmas Day, and the day when Memorial Day is legally observed in the NYNEX region; and the first Tuesday after the first Monday in November (Election Day) is observed in the State of New York.

"Host Choice Company" - The local exchange carrier chosen by Client to receive Client data and to process and distribute such data to NYT via CMDS.

"International Call" - A telephone call which originates from the United States (including Alaska, Hawaii, Puerto Rico, and the Virgin Islands) and terminates in any other country, or a telephone call which originates outside the United States.

"Network Data Mover (NDM)" - A communication protocol which can be used to transfer data between the Client and NYT.

"Operator Assisted" - A telephone call where IC or OSP operator support services (either manual or mechanized) are provided to the end user at the end user's request in order to complete the call.

"Pay-Per-Call Services" - Audio information or entertainment services accessed by dialing a 900 special access code.

"Rated Message" - A message, including credits, which has been assembled and edited by Client (or the ICs and/or OSPs for which the Client is acting as agent) and to which Client (or the ICs and/or OSPs for which the Client is acting as agent) has applied its applicable rates and charges, as well as all applicable taxes as set forth in this Agreement.

"Sent Paid" - A telephone call where the charges are billed to the telephone number of the originating station.

Section 2. General Service Description

NYT shall provide Billing and Collection Services in accordance with the terms and conditions set forth in this Agreement, the Contract Information Sheet attached hereto as Exhibit A, the other exhibits attached hereto, and any applicable tariffs. Additional details regarding NYT's Billing and Collection Services are set forth in the NYNEX Billing and Collections Operations Manual.

Client or the IC/OSP for whom the Client is acting as a Clearing Agent shall cause to be recorded both domestic and international messages originating on its facilities. Client or the IC/OSP for whom the

Client is acting as a Clearing Agent shall assemble, edit and rate those messages which Client will deliver to NYT pursuant to this Agreement. Such messages shall be processed by Client's Host Choice Company and delivered as Rated Messages to NYT in EMI format, via CMDS, NDM, or magnetic tape, or any other method as may be mutually agreed upon by the Parties in writing.

Client shall not deliver to NYT any Rated Messages which Client does not own. Notwithstanding the foregoing, in those instances where the Client is acting as a Clearing Agent for other ICs and/or OSPs, such Rated Messages may not be owned by the Client but may be owned by other ICs or OSPs. However, in these instances, Client represents that it is acting as the agent for the owning IC or OSP and has full authority to act on behalf of the IC or OSP principal and sell to NYT the Rated Messages. In this event Client shall not deliver to NYT any Rated Messages for which Client does not act as an IC or OSP agent. Further, Client shall not deliver any Rated Messages which Client or ICs and OSPs represented by Client acting as a Clearing Agent have previously billed to a Client End User Customer directly. Client shall deliver domestic Rated Messages to NYT no later than 90 days, and international Rated Messages no later than 180 days, from the date that the Rated Messages were first recorded by Client or those ICs and OSPs for whom Client is acting as Clearing Agent, unless otherwise agreed to by NYT in writing.

Any transmission of Rated Messages received from Client which is determined to be unreadable (contain bad data of which no portion can be processed by NYT's billing system) will be reported to Client for recovery within one (1) business day where NDM is utilized, or no later than two (2) business days where another transmission medium is utilized by Client. NYT shall not be held liable for data transmissions received in this condition.

NYT will process through its billing system any readable Rated Message data transmission within one (1) business day of receipt of data transmission from Client. NYT will send a Confirmation Report which identifies those Rated Messages which it accepts for billing ("Accepted Rated Messages"), and a detailed listing of every message rejected within one (1) business day via NDM, or three (3) business days via another medium, from the data processing date.

NYT shall provide Client with Account Record Keeping which consists of the updating and retention of all information needed for the billing of Client End User Customers. NYT shall also provide to Client the error resolution services and processing for Accepted Rated Messages failing the Account Record Keeping processing requirements.

Client message detail determined to be lost, damaged, or destroyed as a result of NYT's tape/file processing will be recovered, if possible, by NYT. In the event the message detail can not be recovered by NYT, Client will retransmit the data to NYT, provided Client is notified within the ninety (90) day time constraint outlined in the NYNEX Billing and Collection Operations Manual. If backup cannot be provided by Client, and NYT's request occurred after the ninety (90) day period, NYT will estimate the messages and associated revenues based upon historical data and negotiate a mutually agreed upon settlement.

NYT will maintain a file of Accepted Rated Messages until such messages are included in the Client End User Customer's bill in accordance with NYT's normal billing cycle.

The Client and NYT are dependent on the other to provide accurate and timely billing information to produce a quality bill for their customers. The customer bill is in fact created by applications resident in each company. This collection of applications can be called the "Intercompany Billing System".

Each company will use their best efforts to notify the other of any changes that are to be made to any application within the "Intercompany Billing System". For major changes, notification will occur no later than three (3) months prior to the scheduled change. For all other changes except emergency changes, notification will occur at least sixty (60) days before the change is scheduled. For emergency changes, notification will occur as soon as it is known. Notification will include:

When the change is scheduled to occur
What area or function is being changed within the billing system
A point of contact to secure additional information.

The Parties agree to work together to determine if the change will require inter-company systems testing and, if so, the extent and scheduling of the test plan. If testing is required, neither Party will implement the said changes until a successful test has been accomplished.

NYT shall prepare and mail bills to Client End User Customers and shall post bills as rendered to NYT's accounts receivable in accordance with NYT's procedures for its own services. An integrated bill will be rendered based on the standard bill format provided by NYT, which will contain charge elements for both NYT and Client. All charges will be considered owed to NYT and will be reflected in one total balance due. NYT reserves the right to change the standard bill format. NYT shall advise Client of any substantive changes in the standard bill format 30 days prior to the enactment of any such change.

When bill format changes will affect Client systems, NYT will not enact any such change without notification to Client in writing six months prior to implementation.

The Client corporate logo will be displayed, along with itemized Client charges, on the Client pages of the Client End User Customer bill. "Client" shall be printed on each detail page, as well as on the sub-totaled line showing total Client charges. If Client provides an additional CIC(ABEC)/ACNA within one Billing and Collection Agreement, Client will have the option to have a separate logo. If NYT provides Billing and Collection Services under a separate CIC(ABEC)/ACNA, the bill for each CIC(ABEC)/ACNA will be displayed and subtotaled separately.

NYT will provide Client with Collection Services in accordance with the provisions of Section 9 hereof.

Section 3. Types of Rated Messages Billed

For Client End User Customers, NYT shall provide to Client Billing and Collection Services for the following types of Rated Messages:

(a) Sent Paid;
(b) Operator Assisted;
(c) Calling Card;
(d) Directory Assistance;
(e) International; and
(f) Pay-Per-Call Services

NYT shall not be obligated to provide Billing and Collection Services for any of the foregoing call types until such time as Client provides to NYT an acceptable test tape for the type of call to be billed, and has paid all applicable program development fees, if any.

NYT shall not be obligated to provide Billing and Collection Services for other ancillary charges associated with such calls, including but not limited to service fees, charges for merchandise, catalogs,

political or charitable contributions, or other services or products, unless Client receives written authorization from NYT.

NYT shall not be obligated to provide Billing and Collection Services for other call types unless Client receives written authorization from NYT. NYT reserves the right to not bill for calls which are prohibited by applicable regulations, laws or tariffs, or which contain matter which, in the sole discretion of NYT, implicitly or explicitly invites, describes, stimulates, excites, arouses, or otherwise refers to sexual conduct, or sexual innuendo. NYT also reserves the right at any time to reject or refuse to bill for any calls if and when directed to do so by a regulatory authority or if the billing of such calls would, in the sole discretion of NYT, adversely impact the image and reputation of NYT. Additional terms and conditions applicable to Pay-Per-Call Services are set forth in Exhibit B. The standards NYT applies in deciding whether to bill pursuant to this Section shall be applied to all Clients for whom NYT provides Billing and Collection Services.

NYT reserves the right to immediately suspend the provisioning of all Billing and Collection Services if Client submits unauthorized call types/services for billing or if Client's business practices adversely impact the image and reputation of NYT. Upon suspension, NYT will notify Client in writing of the reason(s) for said suspension. NYT shall have the right to terminate this Agreement after thirty (30) days of such notification if during that period Client does not cure the problem.

NYT will not bill for calls made to or from an end user who has been blocked from making such calls. These blocks may be, but are not limited to the following: NYT initiated block of long distance, customer initiated blocks, or suspension for non-payment.

Upon written request from Client, NYT will consider providing Billing and Collection Services for new telecommunications services, not contemplated herein.

Section 4. Late Payment Charge

Client or the ICs/OSPs for whom the Client is acting as Clearing Agent shall notify Client End User Customers that amounts payable to NYT may be subject to a late payment charge on all outstanding amounts which remain unpaid at the time the next NYT bill is rendered, or at such other time of imposition as may be determined by NYT. Inclusion of such notice in Client's tariffs or the tariffs of the ICs/OSPs for whom the Client is acting as a Clearing Agent will constitute adequate notice under this Section. Any such late payment charges paid by Client End User Customers are the property of NYT. Client shall indemnify and hold harmless NYT from and against any loss, cost, claim, liability, damage and expense (including reasonable attorney's fees) relating to or arising out of Client's failure or the failure of the ICs/OSPs for whom the Client is acting as a Clearing Agent to include and maintain such notice of late payment charges in its tariffs.

Section 5. Settlements and Purchase of Accepted Rated Messages

NYT shall purchase Accepted Rated Messages from Client. The Amount Due Client shall equal the dollar amount of the Accepted Rated Messages ("Face Amount of the Accepted Rated Messages") on a per transmission basis, subject to the adjustments set forth below.

For each transmission received from Client, NYT shall provide a Settlement Report providing the information necessary for calculating the Amount Due Client. In the event that NYT agrees to provide Billing and Collection Services to Client under an additional CIC(ABEC)/ACNA, a separate

Settlement Report will be provided for each transmission of Accepted Rated Messages submitted under each additional CIC(ABEC)/ACNA.

(A) Adjustments

The following adjustments shall be used to determine the Amount Due Client. These adjustments will be identified on the Settlement Reports provided to Client.

(1) Factored Uncollectible Adjustment

NYT shall deduct from the Amount Due Client an amount (the "Factored Uncollectible Amount") to compensate for the anticipated revenue loss due to the failure of Client End User Customers to pay NYT. NYT shall determine the Factored Uncollectible Amount by multiplying the amount of the Accepted Rated Messages by Client's Uncollectible Factor. The Client Uncollectible Factor shall be determined as set forth in Section 5(A)(3). Once a month, additions will made to the Factored Uncollectible Amount by applying the Client's Uncollectible Factor to the tax amount included in the monthly adjustments set forth below in Section 5(A)(2)(d).

(2) Monthly Adjustments

Once a month, a Monthly Settlement Report will be produced showing the following monthly adjustments:

(a) An amount for "Post Billing Adjustments". Post Billing Adjustments are amounts NYT removes from Client End User Customer balances, pursuant to Sections 8(B) and (C) of this Agreement.

(b) An amount for "Unbillables". Unbillables are amounts which NYT is unable to bill or credit to Client End User Customers.

(c) An amount for any billing errors that may have been made by Client or NYT.

(d) An amount for billed taxes and for adjusted taxes. Taxes are computed by NYT and billed to Client End User Customers.

(e) An amount for billed surcharge amounts. Surcharges are only billed to Client End User Customers as a result of the Client issuing a formal request to NYT to bill such surcharges.

(3) Uncollectible Factor Determination

NYT shall determine an Uncollectible Factor for Client in the following manner:

(i) Based upon its records for a three (3) month period, NYT shall determine the amount billed, including taxes, by NYT to Client End User Customers which, after standard collection efforts, are accounted for as realized uncollectibles (the "Realized Uncollectible Amount"). The Realized Uncollectible Amount shall be adjusted for "Net Recoveries" received by NYT during the said three (3) month period. Net Recoveries are payments received from End User Customers for

billed revenues that have been previously declared as realized uncollectible, minus any Outside Collection Agency Expenses.

(ii) To derive the Uncollectible Factor, the Realized Uncollectible Amount shall be divided by the revenues from the three (3) month period in which the Realized Uncollectible Amount was originally billed to the end user. These revenues will include the face amount of the Accepted Rated Messages plus billed taxes and plus or minus those monthly adjustments stated in Section 5(A)(2).

Example of deriving Uncollectible Factor:

Realized Uncollectible Amount for April - June 1995
Accepted Billed Revenue for July - September 1994

= Realized Uncollectible Factor (Calculated in July 1995)

(iii) The Uncollectible Factor, once determined, shall be used for the ensuing three (3) month period, at which time a new Uncollectible Factor shall be computed and used for the succeeding three (3) month period.

(iv) In the event that NYT has not provided Billing and Collections Services to Client for a particular CIC(ABEC)/ACNA during the three month period prior to execution of this agreement, NYT shall apply an initial Uncollectible Factor of 12%. The initial Uncollectible Factor will remain in effect until the Client's first quarterly true-up is calculated. Generally the first true-up is calculated thirteen (13) months after the initial acceptance of Client's messages by NYT.

(v) NYT reserves the right to immediately raise the Uncollectible Factor in its sole and absolute discretion. In the event that NYT increases the Uncollectible Factor to twenty percent (20%) or more, Client may terminate this Agreement ninety (90) days after the date that written notice of such termination is given to NYT.

(4) EMI Credit Adjustments

Client-initiated EMI Credit Adjustments will appear on the Settlement Report as a reduction to the Amount Due Client. The EMI Credit adjustments will equal the face amount of accepted EMI credit messages remitted by Client.

(5) Quarterly True-Up Adjustment

In order to account for the difference between the Factored Uncollectible Amount and the Realized Uncollectible Amount for each three (3) month period, NYT shall make a true-up adjustment as follows (the "True-Up Adjustment"):

If the Factored Uncollectible Amount for any three (3) month period exceeds the Realized Uncollectible Amount for that same period, NYT shall add the difference to the Amount Due Client. If the Factored Uncollectible Amount for any three (3) month period is less than the Realized Uncollectible Amount for that same period, NYT shall subtract the difference from the Amount Due Client.

After each true-up period as described above, the True-Up Adjustment, either reducing or increasing the Amount Due Client, will be made in the month following the month that said True-Up Adjustment is calculated.

If NYT ceases to render billing and collection services to Client for any reason, NYT shall continue to conduct quarterly true-ups until Client's realized uncollectibles are zero. Each true-up adjustment after said cessation shall either reduce or increase the Amount Due Client.

(a) If the Amount Due Client results in a debit (positive) NYT shall pay to Client the amount by adding 55 days to the Settlement Report Bill Date and using the payment criteria described in Section 5(B)(1).

(b) If the Amount Due Client results in a credit (negative) Client shall pay to NYT the amount by the payment date indicated on the Settlement Report. The payment date is derived by adding 55 days to the Settlement Report Bill Date and using the payment criteria described in Section 5(B)(1).

(B) Payment of Amount Due Client

(1) Except as provided below, NYT shall pay to Client the Amount Due Client, computed in accordance with Section 5(A), no later than fifty-five (55) days from the date the Accepted Rated Messages are accepted by NYT (the "NYT Payment Date") pursuant to Section 2 of this Agreement. Upon written request from Client, NYT may advance the payment of the Amount Due Client up to thirty (30) days from the date the Accepted Rated Messages are accepted by NYT. In return, NYT shall charge Client the prime rate, as reported in the *Wall Street Journal* the first business day of January and July of every year, plus two (2) percentage points, or the maximum interest rate allowed by law, whichever is lower, for the number of days advanced times the Amount Due Client (the "Discount"). NYT shall pay Client the Amount Due Client, less the Discount. It is contemplated that payments made hereunder may not include any applicable True-Up Adjustment, which shall be made at the appropriate subsequent date.

In the event NYT determines, in its sole and absolute discretion, that Client may be unable to perform its financial obligations under this Agreement, NYT may withhold payment of the Amount Due Client until such time as Client provides assurance to NYT that it will be able to perform such financial obligations.

NYT shall have the right to net against Amount Due Client those Billing and Collection amounts for which NYT has not received payment from Client within forty-five (45) calendar days of the Payment Date, and for which Client has not disputed said charges as set forth in Section 13.

Payment will result in immediately available funds on the NYT Payment Date. If the NYT Payment Date falls on a Sunday or on a Holiday which is observed on a Monday, the NYT Payment Date shall be the first non-Holiday day following such Sunday or Holiday. If the NYT Payment Date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the NYT Payment Date shall be the last non-Holiday day preceding such Saturday or Holiday.

(2) If Client does not receive any portion of the Amount Due Client by the NYT Payment Date, or if any portion of the Amount Due Client is received by Client in funds which are not immediately available to Client, then NYT shall pay to Client a late payment charge. The late payment charge shall be the portion of the Amount Due Client not received by the NYT Payment Date times a late factor. The late factor shall be the lesser of:

(a) the highest interest rate (in decimal value) as of the NYT Payment Date which may be levied by law for commercial transactions in the State of New York, with interest compounded daily for the number of days from the NYT Payment Date to and including the date that NYT actually makes the payment to Client; or

(b) the prime rate, as reported in the *Wall Street Journal* the first business day of January and July of every year, plus two (2) percentage points. This rate shall be converted to simple interest by dividing by 365 days and shall then be applied for the number of days from the NYT Payment Date to and including the date that NYT actually makes the payment to Client.

Any late payment charge shall be included with a subsequent NYT payment to Client at a date to be mutually agreed upon.

Section 6. Assignment of Rated Messages

Client represents and warrants to NYT that each and every Rated Message which it shall deliver to NYT under this Agreement is either owned by Client or that Client is authorized to deliver such Rated Messages to NYT acting in its capacity as agent for the principal IC or OSP. Further, Client represents and warrants that to the best of its knowledge the IC and/or OSP for whom it is acting as agent owns the Rated Messages delivered to the Client. Notwithstanding the foregoing, Client represents and warrants that each Rated Message delivered to NYT shall be delivered free and clear of any and all liens or claims by any third party, and that at the time of delivery of such Rated Message to NYT, such Rated Message has not been assigned, pledged, transferred, sold, exchanged, or otherwise conveyed or encumbered. Upon the request of NYT, Client shall provide reasonable written assurance to NYT of the foregoing. Any such conveyance or encumbrance shall be null and void.

Section 7. Application of Taxes and Tax-Associated Rate Elements

(A) Billing of Taxes and Tax-Associated Rate Elements

(1) NYT agrees on behalf of Client to charge certain taxes as hereinafter provided. Regardless of whether taxes are computed by NYT or Client or those ICs and/or OSPs for whom Client is acting as Clearing Agent, Client is solely responsible for the determination of the appropriate federal, state and local taxes and tax-associated rate elements, including sales taxes, federal excise taxes and other taxes imposed on Client End User Customers ("End User Taxes").

With respect to End User Taxes, NYT shall compute the federal excise taxes and state and local sales and excise taxes applicable in the State of New York to Client's services. NYT will compute and apply state and/or local sales and excise taxes for the states within the NYT region appropriate to the state in which the End User account is billed. Client shall compute

and apply state and/or local sales and excise taxes for intrastate messages which both originate and terminate outside the state in which the message is billed. For example, a message originating in Maine, terminating in Maine and billed in New York State should contain the Maine state sales tax in the message detail sent by Client to NYT. Messages provided to NYT by Client for billing shall not include a calculation of federal, state or local taxes for any state within the NYT region except as described above for intrastate messages. Client shall provide sufficient information to NYT to enable NYT to compute and charge the applicable End User Taxes described in this subsection. At the request of Client and in accordance with the procedures outlined in the NYNEX Billing and Collection Operations Manual, NYT will compute and apply gross receipts and other surcharges to Client End User Customer bills.

With respect to the federal excise tax, Client hereby directs NYT (i) to treat as exempt from the federal excise tax those Client End User Customers who have furnished NYT federal excise tax exemption certificates in connection with their purchase of service from NYT; and (ii) to compute and charge the applicable federal excise tax to non-exempt Client End User Customers.

Client hereby further directs NYT (i) to treat as exempt from the applicable state and local sales and excise taxes those Client End User Customers who have furnished NYT sales tax exemption certificates in connection with their purchases of service from NYT; and (ii) to compute and charge the applicable state and local sales and excise taxes to non-exempt Client End User Customers. NYT shall not treat a Client End User Customer as exempt from federal excise tax or state and local sales and excise taxes for any periods prior to the actual receipt by NYT of an exemption certificate.

For any new services offered by Client, in accordance with the procedures outlined in the NYNEX Billing and Collection Operations Manual, Client shall advise NYT in writing regarding the application of the state and local sales and excise taxes, federal excise tax, and any other End User Taxes and any gross receipts surcharges. Client shall advise NYT whenever any change in state or federal law requires a change in the computation or application of End User Taxes to Client's services, provided however that, when a change in federal or state law requires a rate change in the computation of federal excise tax, or state or local sales or excise taxes, NYT (i) will provide written notification to Client and (ii) will apply the same rate change it has applied with respect to its own services in the computation of taxes to Client's services unless Client advises NYT not to do so in writing within ten (10) business days from receipt of notification from NYT. Client hereby releases NYT from any and all liability arising out of NYT's computation of rate increases as described herein and NYT's compliance with Client's instructions and directions regarding the imposition, computation, and collection of federal, state and local taxes and surcharges imposed on Client End User Customers, including but not limited to Client's direction that NYT treat as exempt from the federal excise tax and/or state and local sales and excise taxes those Client End User Customers who have furnished NYT federal excise tax and/or state and local sales and excise tax exemption certificates in connection with their purchase of service from NYT.

(2) NYT shall, at the time it pays the Amount Due Client as provided for in Section 5(B) hereof, pay over to Client all gross receipts surcharges and all sales taxes, federal excise taxes and other taxes imposed on Client End User Customers, which NYT has billed to Client End User Customers on behalf of Client.

(B) Filing of Tax Returns

Client shall file all returns for all federal, state and local taxes, including sales taxes, federal excise taxes and other taxes imposed on Client End User Customers, or with respect to Client services and shall pay or remit to the respective taxing authorities all such taxes. NYT shall not be entitled to retain any statutory fee or share of End User Taxes to which the Party collecting such taxes is entitled under applicable law.

(C) Indemnity

(1) Client agrees to indemnify and hold NYT harmless from and against any liability or loss resulting from any federal taxes, state or local gross receipts taxes, and any other state or local taxes, including sales taxes, federal excise taxes and other taxes imposed on Client End User Customers, and including penalty, interest, additions to tax, surcharges or other charges or expenses including reasonable attorney's fees, payable or incurred by NYT, as a result of:

(a) the willful or gross negligent failure of Client to pay any federal, state or local taxes, including sales taxes, federal excise taxes and other taxes imposed on Client End User Customers, or file any return or other information as required by law or this Agreement; or

(b) NYT's compliance with this Agreement, or any determination by, direction by, or advice of Client, or NYT's correct use of information provided by Client in performing any tax-related service hereunder; or

(c) any tax audit, investigation, or assessment by any governmental unit or agency with respect to Client services billed by NYT in accordance with this Agreement. In this regard, if any federal, state or local jurisdiction determines that any tax, including but not limited to State Gross Earnings Tax, State Gross Income Tax, City Utility Tax, and also including sales taxes, federal excise taxes and other taxes imposed on Client End User Customers (including interest, penalties and surcharges thereon) are due from NYT on amounts collected by NYT and remitted to Client in the form of NYT's purchase of accounts receivable or Accepted Rated Messages pursuant to this Agreement, Client agrees to be liable for and indemnify NYT against any such taxes, including any interest, penalties and surcharges. The indemnity payable hereunder shall be payable in all events and without regard to any determination that NYT is the Party obligated to collect and remit such tax or other taxes or file the tax returns.

(d) Notwithstanding the above, such indemnity is conditioned upon NYT providing Client with the notice required in Section 7(D)(2). Such indemnity shall be provided to NYT on an after-tax basis taking into account (i) the tax consequences to NYT of the receipt of the indemnification payment, and (ii) any tax benefit actually realized by NYT with respect to the liability or loss which gave rise to the indemnification payment.

(2) NYT agrees to indemnify and hold harmless Client from and against any liability or loss resulting from any penalties, interest, additions to tax, surcharges or other charges or expenses incurred by Client as a result of:

(a) the willful or gross negligent failure of NYT to compute and charge taxes in accordance with Section 7(A) of the Agreement; or

(b) the willful or gross negligent failure of NYT to provide the tax information included in the Settlement Reports provided for under Section 5(A)(2) of the Agreement. Such indemnity shall be provided to Client on an after-tax basis taking into account (i) the tax consequences to Client of the receipt of the indemnification payment, and (ii) any tax benefit actually realized by Client with respect to the liability or loss which gave rise to the indemnification payment.

(D) Indemnity Procedures

(1) In the event NYT becomes aware that any taxing jurisdiction is auditing the Agreement or the services and activities performed pursuant thereto, NYT shall so notify Client as soon as practicable and periodically advise Client of the status of such audit.

(2) In the event that any taxing jurisdiction asserts against NYT any claim for which indemnity by Client may be required under paragraph 7(C)(1) of this Section, NYT shall so notify Client in writing as soon as practicable. If Client disagrees with said Claim, Client shall, within ten (10) days after receipt of written notice of such Claim by NYT, direct NYT in writing to protest, appeal or contest the asserted Claim; provided, however, in the event NYT is required under the law of the taxing jurisdiction to pay all or any portion of the asserted Claim prior to protesting, appealing or contesting said Claim, including interest and penalties thereon, Client shall pay said amount to NYT prior to NYT's filing of said protest, appeal or contest. In the event NYT refuses to protest, appeal or contest any Claim after direction by Client to do so, Client shall not indemnify NYT for said Claim, and NYT shall be responsible for all amounts due pursuant to the Claim, including interest and penalties thereon and all other related costs. NYT shall keep Client advised of the status of any such proceeding, and shall solicit Client's views on matters of litigation strategy, including the selection of counsel. Notwithstanding the foregoing, however, NYT shall retain control over the progress and disposition of any such protest, appeal, contest, litigation and proceeding, including the selection of counsel, and shall pursue same with due diligence and good faith. In any event, NYT shall obtain Client's written consent prior to settling any Claim.

(3) In the event NYT pays all or any portion of the Claim, and/or incurs costs incident to contesting such Claim, NYT shall, from time to time, bill Client for all or any portion of such payments, including interest, penalties and attorney fees. Client shall pay the entire amount billed in immediately available funds within thirty (30) days of the date such bill was rendered by NYT.

(E) General Tax Audit Requirements

(1) If a governmental authority conducting an audit of Client seeks access to tax records in the possession of NYT,

(a) NYT shall promptly notify Client; and

(b) to the extent permitted by law, NYT shall cooperate in any effort by Client to object to the production of such records and/or seek protective arrangements with respect to such records.

(2) When any governmental authority conducts an audit of NYT with respect to taxes for which Client might be required to reimburse NYT,

(a) NYT shall promptly notify Client of any audit matters that arise which might affect Client; and

(b) NYT shall seek Client's advice in dealing with audit matters that might affect Client and shall keep Client fully informed as to the status of such matters, however, NYT will retain control of the audit.

(3) Each Party shall bear its own expenses with respect to any audit.

Section 8. Customer Service Procedures

(A) Referral Process

(1) When a Client End User Customer requests direct contact with Client, NYT shall refer that customer to an 800 number, which Client shall provide and maintain. If requested by the Client End User Customer, NYT may also furnish such Client End User Customer with the information provided in Section 2 of Exhibit A.

(2) Client shall notify NYT of any changes with respect to the 800 number or to Client's address as provided above at least thirty (30) days prior to the effective date of any such change.

(3) To facilitate communications between Client and NYT Customer Service personnel, Client shall, at Client's cost and expense, provide NYT with an 800 telephone number.

(B) Adjustment Process

NYT will adjust Client charges on a Client End User Customer bill at the direction of the Client. Where Client determines that an Adjustment to a Client End User Customer's bill is warranted, the following process shall apply.

(1) Client shall promptly notify NYT of any Adjustment to a Client End User Customer bill. Client shall transmit such Adjustments to NYT via the IC/LEC memo for a Manual Adjustment or via a rated message in EMI format for a Mechanized Credit Adjustment, as specified in the NYNEX Billing and Collections Operations Manual. NYT reserves the right to return to Client any IC/LEC Memo submitted by Client to NYT, which is illegible, requires clarification, contains errors or for other reasons which prohibit NYT from processing such Memo. In situations where return of an IC/LEC Memo will adversely affect the Client End User Customer, oral communication may be used by Client and/or NYT in order to provide a prompt resolution. NYT agrees to use its best efforts to include all Adjustments received from Client in accordance with NYT's normal bill cycle.

(2) Client agrees not to submit for rebilling to NYT those charges associated with any adjustment made pursuant to Section 8(B)(1) above except that Client may submit such Accepted Rated Messages for rebilling provided that Client has obtained the consent of the Client End User Customer to accept and pay for the rebilled amount, and Client so notifies NYT in writing of such consent prior to any resubmission to NYT. This notice to NYT shall include the date of the contact and the name and telephone number of the consenting Party. In the event the Client End User Customer still refuses to pay the rebilled amount, NYT may adjust the charge off the Client End User Customer bill and recourse the disputed charge to Client in accordance with the recourse procedure set forth in Section 8(C) below.

(C) Recourse of Disputed Charges

NYT shall recourse disputed charges under the following circumstances:

(1) For those unpaid charges for which NYT cannot deny service by law, regulation, ruling, or direction of any governmental authority, only after available collection and treatment opportunities have been exhausted; or for those instances where NYT determines not to deny local service due to unusual facts and circumstances, including but not limited to regulatory or political reasons, governmental agency or sensitive/highly visible Client End User Customer.

(2) For cases where a Client End User Customer dispute regarding Client charges has not been resolved between the Client End User Customer and Client and the Client End User Customer subsequently contacts NYT; or a Client End User Customer refuses to contact Client.

NYT may recourse these disputed amounts and shall notify the Client End User Customer verbally that (1) the disputed amount will be removed from the bill, (2) Client has not forgiven the charge, and (3) Client may independently pursue collection remedies. NYT will notify Client that a recourse adjustment has been processed.

Notwithstanding any of the foregoing provisions, prior to any recourse, appropriate levels of NYT's management shall review and approve recourse of charges to Client in accordance with existing NYT authorization levels and the provisions of this Section.

(3) At the time when an account is written off as final uncollectible bad debt, all charges to be written off that are associated with Client Pay-Per-Call Services billed by NYT shall be recoursed to Client. Recoursed Pay-Per-Call Service charges shall be excluded from the allocation of uncollectible bad debts.

Section 9. Collection Services

NYT shall render bills to Client End User Customers and apply payments and adjustments to the aggregate amount due NYT on the NYT bill. NYT shall not apply Client End User Customer payments to specific portions of the NYT bill as may be directed by any such Client End User Customer (e.g., a direction that the entire amount paid be allocated to the local exchange service portion of the bill), except where mandated by regulatory authorities. Partial payments shall be apportioned in accordance with NYT's existing procedures.

NYT shall provide collection services pursuant to this Agreement in a manner consistent with the procedures applied by NYT on its own behalf and in accordance with applicable regulatory requirements, including but not limited to notification and customer billing requirements. NYT will pursue collections as single amounts due to NYT unless prohibited by regulatory requirements.

Collection services include, but are not limited to, the preparation and mailing of account status notices to Client End User Customers with outstanding balance due amounts. NYT shall provide Client with a copy of its collection procedures that are in effect as of the date of this Agreement. Any significant changes to the NYT collection procedures shall be communicated to Client at least three (3) months prior to implementation except as otherwise directed by regulatory agencies.

In cases where treatment and collection action fails to produce payment of outstanding amounts, NYT may provide denial of local service, restricting Client End User Customer access to the network, or a portion of the network, dependent upon regulatory requirements or network limitations.

In those instances where a Client End User Customer's service is terminated, NYT will render a final bill to the Client End User Customer for total charges due and pursue collection of the final charges. Payments received after the final bill has been rendered, but before write-off by NYT, will be applied in the same manner as payments received prior to the final bill. After exhaustion of collection efforts, NYT will determine the exact unpaid Client balances and write the amount off NYT's corporate books.

These amounts will become the Realized Uncollectible Amounts, as defined in Section 5. The decision to refer these uncollectible amounts to an outside collection agency will be made in accordance with NYT's collection procedures. Any net amounts collected after corporate write-off will be applied to NYT, Client, and any other billing and collection Client in proportion to their Realized Uncollectible Amount in the month payments are received.

Section 10. Payment Procedures for Billing and Collection Services

NYT will bill Client for its Billing and Collection Services on a monthly basis. The billing and collection billing schedule will be provided to Client by NYT. Client will be notified by NYT at least sixty (60) days prior to a billing schedule change. In the event that NYT agrees to provide Billing and Collection Services to Client under an additional CIC(ABEC)/ACNA, a separate bill will be rendered for each CIC(ABEC)/ACNA.

In order to calculate Client's monthly payment, NYT will apply the rates and charges detailed in Exhibit E to Client's monthly message and bill volumes. Client shall pay the stated rates and charges by the same date of the following month as the billing date so designated on the bill sent by NYT to Client (the "Client Payment Date") unless the bill is received by Client less than twenty (20) days prior to that date, in which event the Client Payment Date shall be no less than twenty (20) days after Client's receipt of the bill. Any payment to NYT from Client must be accompanied by an indication of the NYT invoice number being paid.

Payment to NYT by Client must result in immediately available funds on the Client Payment Date. If the Client Payment Date falls on a Sunday or on a Holiday which is observed on a Monday, the Client Payment Date shall be the first non - Holiday day following such Sunday or Holiday. If the Client Payment Date falls on a Saturday or on a Holiday which is observed on a Tuesday, Wednesday, Thursday or Friday, the Client Payment Date shall be the last non - Holiday day preceding such Saturday or Holiday.

If any portion of the payment due from Client for Billing and Collection Services is not received by the Client Payment Date or if any portion of the payment is received by NYT in funds which are not immediately available to NYT, then a late payment charge shall be due NYT. The late payment charge shall be the portion of the payment due to NYT for Billing and Collection Services not received by the Client Payment Date times a late factor. The late factor shall be the lesser of:

(a) the highest interest rate (in decimal value), as of the Client Payment Date which may be levied under the applicable law for commercial transactions within the State of New York, with interest compounded daily for the number of days from the Client Payment Date to and including the date that Client actually makes the payment to NYT; or

(b) the prime rate, as reported in the *Wall Street Journal* the first business day of January and July of every year, plus two (2) percentage points. This rate shall be converted to simple interest by dividing by 365 days and shall then be applied for the number of days from the Client Payment Date to and including the date that Client actually makes the payment to NYT.

Any late payment charge shall be included with the next Client payment due to NYT.

Section 11. Deposits

In the event Client has not established credit with NYT or does not pay the billing and collection charges on time, NYT shall have the right to require a deposit from Client to guarantee payment. The deposit will not exceed the actual or estimated charges for providing Billing and Collection Service to Client for a three month period. Upon termination of service, NYT will hold the deposit for one year to off-set any future adjustments and refund the remaining credit balance upon completion of the one year period. At NYT's option, the deposit may be refunded or credited to Client's account prior to termination of service if the Client has promptly paid all billing and collection charges for a period of one year.

Client will receive interest on the deposit at the rate set forth in Section 10(a) or (b) above, whichever is lower. The rate will be compounded daily from the date the deposit is received to and including the date the deposit is credited to Client's account or is refunded by NYT.

Section 12. Audits

(A) Notice and Scope

(1) Upon forty-five (45) days prior written notice by Client to NYT (or such shorter period as the Parties may mutually agree upon), Client or its authorized representative shall have the right to commence an Audit (as defined in subsection (E)(3) below) during normal business hours of such source documents, systems, records and procedures which, under recognized accounting practices, contain information bearing upon (i) the amounts being billed to Client End User Customers by NYT as part of its provision of Billing and Collection Services, and (ii) the charges to Client therefor, and the charges to Client for other services provided by NYT pursuant to this Agreement. An "Audit" shall, for purposes of this Section, constitute a reasonable inquiry on more than one issue or specific topic related to Billing and Collection Services.

(2) The written notice of Audit shall identify the date upon which it is to commence, the location, the Client representatives that will conduct the Audit, the subject matter of the Audit, and the materials to be reviewed.

(3) The written notice of Audit shall be directed to NYT's representatives at the address set forth in Section 3 of Exhibit A hereof, or to such other address as NYT may from time to time stipulate.

(4) NYT may, within thirty (30) days of receipt of Client's notice of Audit, postpone commencement for a period not to exceed fifteen (15) days, which shall be set forth in writing by NYT. NYT shall also indicate the new date for commencement of an Audit.

(5) Client's auditors will present a preliminary oral report of their findings to NYT prior to their departure. Client will provide a confirming letter, within forty-five (45) days of making its oral report, setting forth the results of the Audit. If the Audit shows an error, NYT or Client, as appropriate, shall promptly correct such errors or file claims, as appropriate. Client shall not be entitled to commence another Audit on the same subject prior to submission of the letter confirming conclusion of the Audit, and in accordance with subsection (B) below.

(B) Frequency

Client may request one (1) Audit in any twelve (12) month period during the term of this Agreement.

(C) Expenses

Each Party shall bear its own expenses in connection with the Audit. Special data extractions required by Client or its representatives to conduct an Audit will be paid for by Client. For purposes of this subsection, a "special data extraction" shall mean programming, clerical, and computer time required to create an output record (from existing data files) that cannot normally be created from software programs that are currently resident on the production program library. NYT will provide Client with a working area for the Audit. Any other reasonable assistance requested by Client, such as programming, computer time, clerical assistance, telephones and copying, will, if possible, be provided by NYT at Client's cost and expense.

(D) Handling of Materials

All documents and materials of NYT reviewed by Client in the course of an Audit shall be deemed proprietary, and their use by Client shall be governed by Section 18 of this Agreement.

(E) Requests for Examination

(1) In addition to Audits, Client may request, an Examination (as defined in subsection (2), below). NYT will make reasonable efforts to accommodate requests for an Examination and to cooperate in the conduct of an Examination. Client may request one (1) "Examination" per contract year.

(2) An "Examination" shall, for purposes of this subsection, constitute a reasonable inquiry on a single issue or a specific topic related to Billing and Collection Services for a stated reason.

(3) Client shall have the right to request an Examination after the expiration of this Agreement. Said Examination shall be limited to the following topics: payments from NYT to Client; NYT's charges for Billing and Collection Services; and any additional billing and collection reporting provided by NYT to Client after the expiration of the Agreement.

Section 13. Claims

(A) Notification of Disputed Amounts

If either Party disputes any portion of the amount due the other Party (as defined in Sections 5 and 10), the disputing Party shall notify the other Party in writing of the nature and basis of the dispute. Client may file a substantiated claim with NYT for billing and collection charges or for revenue not

remitted. NYT may file a substantiated claim with Client for billing and collection charges or for revenue remitted to Client. The Party receiving the claim shall provide a written response to the claim, and use its best efforts to resolve the claim within forty-five (45) days from receipt of the claim.

(B) Payment of Disputed Amount

If the dispute is not resolved by the Payment Date, the disputing Party shall pay the undisputed portion of the amount due in accordance with the settlement terms defined in Sections 5 and 10 and advise the other Party in writing of its reasons for not paying the disputed amount. If the dispute arises after the amount due has been paid, the disputing Party shall file its claim in writing within the time period set forth in subsection (D) below.

(C) Settlement of Claims

If the claim, in whole or in part, ultimately is resolved in favor of the disputing Party and the disputing Party has paid the full amount due the other Party, the Disputing Party shall be entitled to payment, with interest as specified below, from the other Party. If the claim, in whole or in part, ultimately is resolved against the disputing Party, and the disputing Party has not paid the full amount due the other Party, then the other Party shall be entitled to payment, with interest as specified below, from the Disputing Party. Interest on the claim settlement amount shall be calculated using the Payment Date as set forth in Sections 5 and 10.

Any payments due to a Party as a result of a claim resolution shall be remitted, with interest as defined above, no later than thirty-one (31) calendar days following acceptance of the resolution.

(D) Claims Limitation

Any claim asserted by a Party under Section 13(A) shall be brought to the attention of the other Party in writing as soon as possible upon discovery thereof. Failure of the claiming Party to assert in writing to the other Party any such claim within two (2) years from the date on which the cause of the claim occurred shall be deemed a waiver of the right to assert that claim in any judicial or administrative proceeding and furthermore shall bar recovery under this Agreement.

(E) Retention of Supporting Data Concerning Claimed Amount

Both Parties shall retain such detailed information as may reasonably be required for resolution of the claim amount during the pendency of the claim.

Section 14. Limitation of Liability

Except as otherwise provided for in this Agreement, neither Party shall be liable to the other for any loss, cost, claim, injury, liability, or expense, including reasonable attorneys' fees, relating to or arising out of any ordinary negligent act or omission by a Party. In no event shall either Party be liable to the other for any indirect, special, incidental or consequential damages, including, but not limited to, loss of profits, income or revenue.

Section 15. Termination

In the event of a default under or breach of any material term or condition of this Agreement, the non-defaulting Party shall have the right to terminate this Agreement if the default or breach is not cured within thirty (30) days of the date that written notice of such default or breach is given by the non-Defaulting Party to the Defaulting Party. Either Party shall also have an immediate right to terminate this Agreement in the event of the other Party's bankruptcy, liquidation, insolvency or receivership.

Section 16. Indemnification

Except as otherwise provided in this Agreement, each Party (the "Indemnifying Party") will indemnify and hold harmless the other Party ("Indemnified Party") from and against any loss, cost, claim, liability, damage and expense (including reasonable attorney's fees) to third parties, relating to or arising out of the negligence, negligent omission or misconduct by the Indemnifying Party, its employees, agents, or contractors in the performance of this Agreement. In addition, the Indemnifying Party will, to the extent of its negligence, negligent omission or misconduct, defend any action or suit brought by a third party against the Indemnified Party for any loss, cost, claim, liability, damage or expense relating to or arising out of negligence, negligent omission or misconduct by the Indemnifying Party, its employees, agents, or contractors, in the performance of this Agreement. The Indemnified Party will notify the Indemnifying Party promptly in writing of any written claims, lawsuits, or demands by third parties for which the Indemnified Party alleges that the Indemnifying Party is responsible under this Section, and, if requested by the Indemnifying Party, will tender the defense of such claim, lawsuit or demand. The Parties will cooperate in every reasonable manner with the defense or settlement of such claim, demand, or lawsuit. The Indemnifying Party will not be liable under this paragraph for settlements by the Indemnified Party of any claim, demand, or lawsuit unless the Indemnifying Party has approved the settlement in advance or unless the defense of the claim, demand, or lawsuit has been tendered to the Indemnifying Party in writing and the Indemnifying Party has failed promptly to undertake the defense.

Section 17. Security Interest

To secure any and all payment obligations to NYT, including without limitation, the obligations set forth in sections 5, 10 and 16 of this Agreement, and in the event that this Agreement is characterized contrary to the Parties' intent, as a financing arrangement rather than a purchase of Accepted Rated Messages, including the associated accounts receivable, Client (on behalf of itself and, to the extent that Client is acting as a Clearing Agent for other ICs and/or OSPs, on behalf of such ICs and/or OSPs) hereby grants to NYT a security interest in all right, title and interest of Client (and each in IC and/or OSP on behalf of whom it is acting) in and to all "accounts", as such term is defined in Section 9-106 of the U.C.C., now owned or hereafter acquired by Client (and each IC and/or OSP on behalf of whom it is acting) now has or hereafter acquires any rights, and the proceeds thereof.

Section 18. Proprietary Information

(A) Attached to this Agreement as Exhibit D and incorporated herein by reference is the Parties' agreement with respect to proprietary information.

(B) Neither Party waives any rights it may have to assert before any regulatory or judicial forum, with jurisdiction over the subject matter, that a proposed or actual use of proprietary information is unlawful or in violation of this Agreement. For purposes of such claims, both Parties submit to the personal jurisdiction of the federal and state courts of New York and

service by mail of any summons and/or complaint at the addresses provided in Section 3 of Exhibit A shall be deemed sufficient service of process upon the served Party. Should either Party choose to assert a claim that a proposed use of proprietary information is unlawful or in violation of this Agreement in a judicial forum, the Party asserting such a claim further agrees that such claim shall be brought only in the state or federal courts of New York and that Party shall not commence any judicial proceedings outside New York even though personal jurisdiction over the other Party may be proper in other jurisdictions.

Section 19. Amendments and Waivers

In addition to the provisions of Exhibit E which specify procedures by which charges for services under this Agreement may be changed, no amendment or 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 a duly authorized representative on behalf of the Party against whom such amendment, waiver or consent is claimed except as otherwise provided in Exhibit E. In addition, no course of dealing or failure of any Party to enforce strictly any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition.

Section 20. Assignment

Any assignment by either Party to any non-affiliated entity of any right, obligation or duty, in whole or in part, or of any other interest hereunder, without the written consent of the other Party shall be void. All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party. Notwithstanding the foregoing, upon written notice, Client shall have the right to assign to a third party payments due to Client from NYT under this Agreement.

Section 21. Notice and Demand

Except as otherwise provided under this Agreement, any notices, demands, or requests made by either Party to the other Party shall be in writing and shall be deemed to have been duly given on the date of transmission if sent by facsimile transmission with telephone confirmation of receipt, on the day following mailing if delivered by overnight courier service, delivered in person or deposited, postage prepaid, in the United States mail via Certified Mail, return receipt requested, and addressed as indicated in Section 3 of Exhibit A.

If personal delivery is selected as the method of giving notice under this Section, a receipt of such delivery shall be obtained. The address to which such notices, demands, requests, elections, or other communications may be given by either Party may be changed by written notice given by such Party to the other Party pursuant to this Section.

Section 22. Force Majeure

Neither Party shall be held liable for any delay or failure in performance of any part of this Agreement to the extent that such failure or delay is caused by Acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, volcanic action, other major environmental disturbances, unusually severe weather conditions, inability to secure products or services of other persons or transportation facilities, or acts or omissions of transportation common carriers or

other causes beyond the control of the Party. If any force majeure condition occurs, the Party delayed or unable to perform shall give immediate notice to the other Party. During the pendency of the force majeure, the duties of the Parties under this Agreement affected by the force majeure condition shall be abated and shall resume without liability thereafter.

Section 23. Non-Exclusive Agreement

This Agreement is non-exclusive. NYT reserves the right to extend to others the services provided for herein.

Section 24. Non-Publicity

Both NYT and Client agree that neither will use the other's name in connection with promotional, advertising or other marketing material associated with this Agreement without the written permission of the other. The Parties acknowledge that this Agreement contains commercially confidential information which may be considered proprietary by either or both Parties, and agree to limit distribution of the Agreement to those individuals in their respective organizations with a need to know the contents of the Agreement. Neither Party shall disclose any of the terms or conditions of this Agreement to any third party which is not affiliated with either Party hereto, except as may be required by law, regulation or order of any court or governmental agency, or pursuant to Exhibit D.

Section 25. Survival

Provisions contained in this Agreement that by their sense and context are intended to survive the performance, termination or cancellation of this Agreement hereof by any Party hereto will so survive.

Section 26. Detariffing of Services

NYT shall provide Billing and Collection Services pursuant to the terms and conditions of this Agreement and any applicable tariffs. At such time as detariffing of NYT's Billing and Collection Services may take place in any jurisdiction in which NYT provides Billing and Collection Services, the Parties agree that for such jurisdiction NYT shall provide Billing and Collection Services to Client under the terms and conditions of this Agreement.

Section 27. Merger Clause

This Agreement and all exhibits attached hereto constitute the entire Agreement and understanding between the Parties and supersedes all prior understandings, oral or written agreements, representations, statements, negotiations, proposals and undertakings with respect to the subject matter hereof.

Section 28. Headings

The headings in this Agreement are for convenience and shall not be construed to define or limit any of the terms herein or affect the meanings or interpretation of this Agreement.

Section 29. Independent Contractors

Each Party shall perform its obligations hereunder as an independent contractor and not as the agent, employee or servant of the other Party. Neither Party nor any person employed by such Party shall be deemed the employee, agent or servant of the other Party or entitled to any benefits available under the plans for such other Party's employees.

Each Party has and hereby retains the right to exercise full control of and supervision over its own performance of the obligations under this Agreement and retains full control over the employment, direction, compensation, and discharge of all employees assisting in the performance of such obligations. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security taxes, withholding taxes, and all other regulations governing such matters. Each Party will be responsible for its own acts and those of its own subordinates, employees, agents, and subcontractors during the performance of that Party's obligations hereunder.

Section 30. Bank Errors

Any late payment resulting from bank error will not be subject to the late payment charge, provided the sending Party (Party making payment) can verify that it was not at fault. Rather, the discrepancy will be resolved by the banks involved. It is the responsibility of the sending Party to notify the banks involved and coordinate resolution of the discrepancy. The sending Party will not be relieved of its payment responsibilities because of such bank errors.

Section 31. Performance

Subject to regulatory requirements, NYT shall maintain a performance level with respect to the Billing and Collecting services provided hereunder which is consistent with NYT's own performance level in billing and collecting its own charges.

NYT and Client shall cooperate with and assist each other in promptly identifying and correcting problems arising out of NYT's provision of billing services to Client under this Agreement.

The Parties recognize that, despite the best efforts of both Parties, from time to time errors will occur in the billing and collection process. In such cases, the Parties agree to fully cooperate in joint efforts including exchange of data to minimize Client End User Customer billing disruptions as soon as possible. Each Party will bear its own costs incurred in connection with the above recovery activities. However, if either Party judges this procedure requires either Party over time to bear a disproportionate share of the costs, the Parties will mutually agree to an equitable sharing of costs.

Section 32. Third Party Beneficiaries

This Agreement shall not provide any person not a party to this Agreement with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing without reference to this Agreement.

Section 33. Executed in Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same document.

Section 34. Severability

If any provision of this Agreement shall for any reason be held invalid, unenforceable or void in any respect under the laws of the jurisdiction governing the entire Agreement, the remainder of the Agreement shall not be affected thereby and shall continue in full force and effect.

Section 35. Governing Law

This Agreement shall be governed by the laws of the State of New York.

Section 36. Changes in State Tariffs

In the event that, during the term of this Agreement, any state regulatory commission significantly changes any material term or condition under which NYT performs billing, then either Party shall have the right to terminate this Agreement upon thirty (30) days written notice.

Section 37. List of ICs and/or OSPs

In the event that Client is acting as a Clearing Agent for other ICs and/or OSPs, upon demand, Client will provide NYT with the names of those ICs and/or OSPs it represents for billing and collection service with respect to this Agreement.

Section 38. Use of Client Specifications

It is understood and agreed between the Parties that any specifications provided to NYT by Client for use by NYT in connection with NYT's provision of Billing and Collection Services to Client shall be treated as Client Proprietary Information, shall not be made available to third parties, and shall be implemented by NYT only as expressly directed by Client, unless agreed to in writing by Client or as otherwise permitted under Exhibit D of this Agreement. Unless otherwise agreed to by the Parties, only those specifications which have been marked to indicate they are proprietary to Client shall be subject to this provision. Notwithstanding any provisions to the contrary within this Agreement, NYT reserves the right to use programs and systems developed from the Client specifications to provide services to others, unless the Parties agree otherwise.

Section 39. Billing Modifications

Client shall have the right to submit requests for modifications of NYT's Billing and Collection Services in accordance with the procedures outlined in the NYNEX Billing and Collection Operations Manual.

Section 40. Tariffs

In the event that during the term of this Agreement, NYT is required to provide any of the services in this Agreement under federal or state tariff, the terms and conditions of this Agreement shall control unless a conflict exists. Should a conflict exist, the terms and conditions of the tariff shall supersede.

Section 41. Data Retention

Client shall retain a copy of all transmissions or tapes sent to NYT for a minimum of ninety (90) days from the date the transmission or tape is received by NYT.

Section 42. Term

The term for the provision of Message Ready Billing and Collection Service shall be for a period of one year from the effective date. The effective date shall be the earliest of: three (3) months from the signing of the Agreement; or forty-five (45) days after the first successful processing of a test tape; or upon receipt of the first accepted live tape from Client.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

NEW YORK TELEPHONE AND TELEGRAPH COMPANY