(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)

(B) Application of Credits (Cont'd)

(1) Basic Credit (Cont'd)

(b) Application of the Maximum Basic Credit (Cont'd)

If the Customer exceeds the Monthly TRC commitment, a credit will be issued on a monthly basis sixty (60) days in arrears. Monthly credits will be issued for every month the Customer maintains eligibility under Contract Offer No. 90 and exceeds the Monthly TRC Commitment, provided, however, that once the maximum Basic Credit is reached, as described in Table 7 preceding, no additional Basic Credits will be given for that Contract Year.

At MVP expiration, a MATA true-up will be conducted as described in F.C.C. 2, Section 19.3, to determine the Customer's credit amount or required buy-up amount under MVP. The monthly TRC true-up will be calculated at the same time. Customer will be paid the net amount above the TRC. At the end of the Contract Year, a true-up will be conducted, as described in Section 22.90.8, to determine any additional applicable credits or buy-up amount required.

Example: The Customer's MVP expires on October 31, 2005. Under MVP MATA on October 31, the Customer has met its MARC and is due $2M in MVP credits (earned in 2005), plus $1M in MVP SLA credits (earned in 2005), for a total MVP credit amount of $3M.

The Customer's monthly TRC under this Contract Offer is $8.75M, and Customer is billed $9.75M.

The Customer will receive the $1M under Contract Offer No. 90.

At the Contract Year true-up, the total Gross Spend and total credits paid to the Customer, as described in Section 22.90.6 above, will be calculated to determine any additional applicable credit amount or, if a TRC shortfall occurs, the amount of buy-up the Customer will be billed.

If the Customer does not achieve the Monthly TRC commitment in a given month, the Customer will be billed, and will be required to pay, the amount required to meet the Monthly TRC commitment. This payment must be submitted to the Telephone Company no later than 60 days after the true-up date. Timely payment of this true-up amount to meet Customer's Monthly TRC commitment shall constitute full satisfaction of Customer's Monthly TRC obligation. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)

(B) Application of Credits (Cont'd)

(1) Basic Credits (Cont'd)

(b) Application of the Maximum Basic Credit (Cont'd)

Except as provided in Section 22.90.11, credits will not be issued unless the Customer has met the monthly TRC and the 95 percent Access Service Ratio. Under the Contract Year True-up Process, any credits due to the Customer will be paid, except for those months the Customer was not in compliance with the 95 percent Access Service Ratio, or the Temporary Access Service Ratio set forth in Section 22.90.11. Any Basic Credits paid will not exceed the amount described in 22.90.6, Table 7.

A final true-up will take place at the end of each Contract Year as described in Section 22.90.8.

(c) Any of the following credits issued to the Customer and associated with the Contributory Services included in the TRC (including MVP Commitment credits earned in 2005, MVP SLA credits earned in 2005, DVP credits, any Basic Credits received pursuant to this Contract Offer) will be applied by the Telephone Company in satisfaction of any applicable Basic and Achievement Credit obligations under this Contract Offer.

Example

The Customer has Contract Year 1 TRC of $8.75M. The Customer achieves 310 percent of the Contract Year 1TRC, equal to $27.13M. The Customer has received, or is entitled to receive, a total of $7M in MVP Commitment Credits and $2M in MVP SLA Credits, for a total of $9M in credits unrelated to this Contract Offer.

The Basic Credit obligation of the Telephone Company and its affiliated telephone companies providing service pursuant to the Contract Offers, as described in Section 22.90.2 (C), is $18M ($27.13M - $8.75M, rounded to the nearest million), as illustrated in Table 7. The Basic Credit obligation will be satisfied by the $9M in non-contract related credits acquired by the Customer under MVP and MVP SLA, plus $9M in Basic Credits paid pursuant to this Contract Offer. This amount will be determined at the time of the final Contract Year true-up, once all other credits have been applied accordingly. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.6 Calculation of the Total Revenue Commitment (TRC) (Cont'd)

(B) Application of Credits (Cont'd)

(1) Basic Credits (Cont'd)

(c) (Cont'd)

The Customer will not pay less than the TRC for the Contract Year. If the Customer does not achieve the TRC at the end of each Contract Year through the purchase of Contributory Services, the Customer will be required to pay the deficiency as full satisfaction of this obligation.

Basic Credits shall be calculated and awarded on an aggregate basis across the concurrently subscribed to contract offers as described in Section 22.90.2 (C). If qualified for a Basic Credit, an award of Basic Credit under this Contract Offer shall satisfy any Basic Credit obligations of the concurrently subscribed to contract offers as described in Section 22.90.2 (C), and an award of Basic Credit under such other contract offers shall satisfy any Basic Credit obligations under this Contract Offer No. 90.

(2) Achievement Credits

Achievement Credits are those credits the Customer will receive based on purchases of Contributory Subject Services above the TRC, plus the maximum Basic Credit Amount, as described in Table 7 preceding. Achievement Credits will not be applicable until the maximum Basic Credit amount has been achieved.

(a) The Customer may receive Achievement Credits if the Customer's Gross Spend for any Contract Year exceeds the TRC plus the Maximum Basic Credit, as described in Table 7 preceding. The Customer will receive a discount on Contributory Subject Services equal to 17 percent of total revenue above the sum of the TRC, plus the Maximum Basic Credit Amount. Any applicable Achievement Credit will be paid out at the end of each Contract Year.

Achievement Credits shall be calculated and awarded on an aggregate basis across the Telephone Company and its affiliated telephone companies, as they apply to the contract offers as described in Section 22.90.2 (C). If qualified, award of Achievement Credit under this Contract Offer shall satisfy the Telephone Company's Achievement Credit obligations. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.6 Calculation of Total Revenue Commitment (TRC) (Cont'd)

(B) Application of Credits (Cont'd)

(2) Achievement Credits (Cont'd)

(a) (Cont'd)

Example:

The Customer has TRC for Contract Year 1 of $8.75M. The Customer achieves 325 percent of TRC equal to $28.44M. The Customer will receive $18M in Basic Credits as described above, and the Customer will receive $223K in Achievement Credits calculated as follows:

($28.44M minus (Contract Year 1 TRC x 310%)) x 17%

$28.44M – $27.13M ($8.75M x 310%) = $1.31M
$1.31M x 17% = $223K (Achievement Credits).

Table 8

310% of TRC	$27.13M
Gross Spend Achievement during Contract Year (GSA)	$28.44M
Difference between 310% of TRC and GSA	$1.31M
Credit due for billed revenue above 310% of TRC x 17%	$223K

The Customer receives $18M in Basic Credits plus $223K in Achievement Credits, for total credits of $18.223M, as described in Table 8. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.6 Calculation of Total Revenue Commitment (TRC) (Cont'd)

(B) Application of Credits (Cont'd)

(3) Transfer of Qualified Services

(a) The Customer may transfer services purchased from SBC non - wholesale entities or channels, or purchased by the Customer under a different Access Customer Name Abbreviation (ACNA) than those identified under this Contract Offer. Upon such transfer, the Customer's TRC commitment must be increased proportionally, based on the amount of revenue associated with the transferred services. The Customer's Maximum Basic Credit amount will not change as a result of this transfer.

Example:

The Customer has a Contract Year 1 TRC of $8.75M and is eligible to earn up to a maximum of $18M in Basic Credits. The Customer transfers $10M of services from a non-SBC wholesale entity. The Customer's new Contract Year 1 TRC will be $18.75M ($8.75M plus $10M = $18.75M). The Customer's maximum Basic Credit ($18M) will not change as a result of the transfer.

This increase in the TRC amount will apply to Contract Year 2 and Contract Year 3, as well as the optional Contract Year Extensions.

22.90.7 Portability

(A) The Telephone Company will waive termination liability charges for moves and/or disconnection of non-channelized DS1, DS3, OCN PTP services connecting to an end user premise, provided the conditions listed below are met, and provided the Eligibility Criteria in Section 22.90.2, and terms and conditions in Section 22.90.3 have been met. If the Customer both (i) fails to meet the monthly TRC during the Contract period pursuant to Section 22.90.6, and (ii) fails to pay the True-up amount, as defined in Section 22.90.8, or if the Customer fails to comply with the terms and conditions of their underlying term plans, the Customer will be back-billed for termination liability charges that were waived during the Term Period, up to a maximum of two years of such charges, to the extent such termination liability charges would otherwise apply under the relevant underlying term plans. Portability will apply subject to the following terms and conditions:

(1) Each move and/or disconnection must be from any SBC Tariff as described in Section 22.90.1; and

(2) Services moved or disconnected must be in the Price Flex MSAs described in Tariff F.C.C. No. 2, Section 21. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.7 Portability (Cont'd)

(A) (Cont'd)

(3) Services must be non-channelized and must include at least one end user termination. The end user must be disconnected.

(4) The Customer must meet the minimum in-service period for each service, as described below:

(a) DS1 – no minimum in-service period;
(b) DS3, OC3 and OC12 Point to Point Services – 1 year minimum in-service period; and
(c) OC48 and OC192 Point to Point Services – 3 year minimum in-service period;

(5) The Customer must continue to meet the terms and conditions of any underlying term plan.

22.90.8 End of Contract Year True-up Process

A true-up calculation will be performed at the end of each Contract Year during the Term Period as follows:

(A) At the end of each Contract Year, the Customer's Gross Spend, as defined in Section 22.90.6 preceding, will be calculated to determine the applicable Basic Credit and Achievement Credits.

For true-up calculation purposes, the Gross Spend for Contract Year 1 will include the Customer's Contributory Service revenue for the full 2005 calendar year. The amount of Contributory Service minimum required revenue at final true-up for Contract Year 1 will be the 2005 TRC, plus 11/12ths of 86.5 percent of the 2004 Gross Spend, rounded to the nearest million. The applicable Basic Credit Amount and Achievement Credit Amount received as a result of this calculation will apply only to the TRC amount included in this Contract Offer, as described in Section 22.90.6 Table 7 preceding.

For Contract Years 2 and 3, the minimum required revenue shall be equal to the TRC.

The Basic Credit Amount shall be equal to the Gross Spend minus the TRC for each year (or, for Contract Year 1, the Gross Spend minus the sum of the TRC plus 11/12ths of 86.5 percent of 2004 Gross Spend), provided, however, that the Basic Credit Amount shall not exceed the amount provided in Section 22.90.6 Table 7 preceding, and will only apply to the TRC amount included in this Contract Offer.

Credits received under this Contract Offer during the Contract Year, as well as any MVP credits earned in 2005, MVP SLA credits earned in 2005, and DVP credits, will be calculated to determine the amount of Basic Credit the Customer has been paid. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.8 End of Contract Year True-up Process (Cont'd)

(B) If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is greater than the minimum required revenue at time of the true-up, the Customer will receive a Basic Credit against Contributory Subject Services equal to the amount above the TRC, not to exceed the amount outlined in Section 22.90.6(B) Table 7 preceding.

Example 1: The Customer's TRC for the first Contract Year is $8.75M. The Customer's Gross Spend for Contributory Services, after all credits and adjustments as described above, is $10M. The Customer will receive an additional Basic Credit equal to $1.25M

If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is below the minimum required revenue at the time of the true-up, the Customer will be billed the amount required to meet the minimum required revenue and will pay such charge pursuant to Section 22.90.8 (D).

Example 2: The Customer's TRC for the first Contract Year is $8.75M. The Customer's Gross Spend for Contributory Services, after all credits and adjustments as described above, is $7M. The Customer must pay $1.75M.

If the Customer's Gross Spend for Contributory Services, after all credits and shortfall payments described above, is greater than the TRC times the maximum Basic Credit (plus 11/12ths of 86.5% of 2004 Gross Spend for Contract Year 1), as described in Section 22.90.6, Table 7, the Customer will receive the Maximum Basic Credit against Contributory Subject Services as described above, and an Achievement Credit against Contributory Subject Services (equal to a 17 percent discount on services above the TRC times the maximum Basic Credit amount, plus 11/12ths of 86.5 percent of 2004 Gross Spend for Contract Year 1).

Example 3: The Customer's TRC for the first Contract Year is $8.75M. The Customer's Gross Spend for Contributory Services after all credits and adjustments as described above, is $28.44M. The Customer receives $18M in Basic Credits and $223K in Achievement Credits.

(C) If, at the time of final true-up, the Telephone Company or any of its affiliated telephone companies described in Section 22.90.2 (C), owe the Customer a Basic Credit amount as described above, the credit will be applied to the Customer's bill no later than 60 days after the final true-up date.

(D) If, at the time of true-up, the Customer must make a true-up payment to meet the TRC as described above, the true-up payment must be submitted to the Telephone Company no later than 60 days after the true-up date. The true-up amount will appear on the Customer's monthly invoice. (N)

22. Pricing Flexibility Contract Offerings (Cont'd) (N)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.9 Contract Extension Options

At the Customer's option, the Customer may extend this Contract Offer at the end of the Term Period. The Customer may extend for one year at the end of Term Period (First Extension Option), and may also extend the Contract Offer by another year at the end of the first extension year (Second Extension Option). The First Extension Option and Second Extension Option must be exercised concurrently for all contract offers described in Section 22.90.2(C). Those contract offers may not be extended individually. To exercise either option, the Customer must notify the Telephone Company and its affiliated telephone companies as described in Section 22.90.2 (C), in writing, no later than 60 days prior to the expiration of the Term Period or, for the Second Extension Option, 60 days prior to the expiration of the First Extension Option.

For the First Extension Option, the TRC shall be determined as follows:

The TRC amounts for the First Extension Option will be equal to the last 3 months of qualified Contributory Services revenue in Contract Year 3 times 4 times 83 percent, or the Contract Year 3 TRC, whichever is greater. The maximum Basic Credit will be equal to the TRC times 120 percent minus the TRC amount, less any Basic Credit reductions applied during the Term Period of this Contract Offer, as described in Section 22.90.11(A) following. An Achievement Credit of 17 percent will apply on revenue above 120 percent of the TRC, except as described in Section 22.90.11 (A) following.

Example:

(TRC X 120% - TRC) – (any credit reduction as described in Section 22.90.11)

For the Second Extension Option, the TRC shall be determined as follows:

The TRC amount for the Second Extension Option will be equal to the last 3 months of qualified Contributory Services revenue in Contract Year 4 times 4 times 83 percent, or the Contract Year 4 TRC, whichever is greater. The maximum Basic Credit Amount will be equal to the TRC times 120 percent minus the TRC amount, less any Basic Credit reductions applied during the Term Period of this Contract Offer, or under the First Extension Option as described in Section 22.90.11(A) following. An Achievement Credit of 17 percent will apply on revenue above 120 percent of the TRC, except as described in Section 22.90.11 (A) following.

Example: (N)

(TRC X 120% - TRC) – (any credit reduction as described in Section 22.90.11)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.10 Assignment and Transfer

If the Customer wishes to assign or transfer its use of services under this Contract Offer No. 90 pursuant to F.C.C. No. 2, Section 2.1.2 of this Tariff, the Telephone Company will acknowledge such transfer or assignment pursuant to the terms of F.C.C. No. 2, Section 2.1.2, unless:

(A) the proposed assignee or transferee demonstrates a lack of credit worthiness under one of the criteria in (1) or (2) below, or

(B) if the proposed assignee or transferee or its parent company has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it).

(1) Any debt securities of the proposed assignee or transferee or its parent (defined as an entity that owns directly or indirectly more than 50 percent of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(2) The proposed assignee or transferee does not have any outstanding securities rated by credit rating agencies (e.g. Standard and Poor's), but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated "fair" or below in a composite credit appraisal published by Dun and Bradstreet, or "high risk" in a Paydex score as published by Dun and Bradstreet.

All of the contract offers described in Section 22.90.2(C) must be assigned or transferred concurrently. Those contract offers may not be assigned or transferred individually. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions

(A) The terms and conditions of this Contract Offer shall continue in full force and effect if the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or assets to any other entity, or purchases all stock or substantially all stock or assets of another company (the foregoing generally referred to herein as a merger or acquisition). Any other company involved in such merger or acquisition shall be identified for purposes of this Contract Offer as an Acquired Company, without regard to whether the Customer or the Acquired Company is the surviving entity following the transaction. The Transaction Close Date shall be the date upon which a stock purchase has been completed and/or the final date on which the assets of the acquired/merged company have been purchased. Upon the Transaction Close Date, if the Acquired Company purchases any services that are Contributory Services under this Contract Offer No. 90 from the Telephone Company and each of its affiliated telephone companies in each of the contract offers described in Section 22.90.2 (C), the Contributory Services purchased by the Acquired Company will not count toward the Gross Revenue achievement or TRC amount, and the Contributory Services provided for in this Contract Offer will continue to be maintained at the same volume, rates, terms, and conditions as outlined herein.

Effective upon the Transaction Close Date:

The Acquired Spend shall be calculated for the Acquired Company, including the Acquired Company's billed revenue for Contributory Services consistent with the manner of calculating Gross Spend, as provided in Section 22.90.6(A) of this Contract Offer, plus the Acquired Company's billed revenue for UNE or equivalent offerings, as described in Section 22.90.4, Table 2.

(1) If the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the Transaction Close Date, times four) is less than or equal to 15 percent of the billed revenue for both Contributory Services and UNE, or equivalent offerings provided to the Customer prior to the Transaction Close Date, this Contract Offer shall remain in force without change, unless Customer includes the Acquired Spend in this Contract Offer, as provided in Section 22.90.11(B) of this Contract Offer. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(A) (Cont'd)

(2) If the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the Transaction Close Date, times four) is greater than 15 percent of the billed revenue for both Contributory Services and UNE, or equivalent offerings provided to the Customer prior to Transaction Close Date, the following provisions shall apply:

(a) The Customer's Calculated Annual Spend shall be the Customer's actual annualized billed revenue for Contributory Services (calculated as the Customer's billed revenue during the three months immediately prior to the Transaction Close Date, times four). The Ceiling shall be the sum of the TRC plus the Maximum Basic Credit. If the Customer's Calculated Annual Spend is less than the Ceiling, the Customer's Maximum Basic Credit shall be reduced by an amount equal to the difference between the Ceiling and the Calculated Annual Spend. The Customer's TRC shall not change. The reduced Maximum Basic Credit shall apply thereafter throughout the Term Period, unless subsequently reduced pursuant to this provision as a result of a subsequent merger or acquisition. Thereafter, the Customer shall not receive Achievement Credits for any revenue above the Calculated Annual Spend, except as described in Section 22.90.11(A)(3) of this Contract Offer.

Example: The Customer's Year 2 TRC is $90M and its Maximum Basic Credit is $18M, for a Ceiling of $108M (TRC plus Maximum Basic Credit).
On the Transaction Close Date, the Customer's Calculated Annual Spend (billed revenue for Contributory Services during the prior three months, times four) is $100M. The Customer's TRC remains $90M, and the Customer's Maximum Basic Credit is reduced to $10M. The Maximum Basic Credit remains at $10M thereafter, unless further reduced as a result of a subsequent merger or acquisition..

No Achievement Credits will apply to any revenue over $100M. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(A) (Cont'd)

(2) (Cont'd)

(b) If the Customer's Calculated Annual Spend is equal to or greater than the Ceiling, neither the TRC nor the Maximum Basic Credit shall change, except as provided in Section 22.90.11(A)(3) of this Contract Offer. The Customer shall not receive Achievement Credits for any revenue above the Ceiling during the months after the Transaction Close Date, except as provided in Section 22.90.11(A)(3) of this Contract Offer. Any Achievement Credits earned after the maximum Basic Credit amount has been achieved, but prior to the Transaction Close Date, will continue to apply.

Example: The Customer's Year 2 TRC is $90M and the Maximum Basic Credit is $18M for total of $108M.

On the Transaction Close Date, the Calculated Annual Spend (billed revenue for Contributory Services during the prior three months, times four) is $112M. The Customer's TRC remains $90M and the Maximum Basic Credit remains $18M.

Achievement Credits will apply to Contributory Service revenue during any month after the month in which the Customer reaches the Maximum Basic Credit amount, but before the Transaction Close Date. Achievement Credits will not apply after the Transaction Close Date. (N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(A) (Cont'd)

(3) If the Customer wishes to include Contributory Services provided to the Acquired Company in this Contract Offer, the Customer must so notify the Telephone Company within nine (9) months after the Transaction Close Date. If the Customer chooses to include the Acquired Company's Contributory Services in this Contract, the Acquired Spend (calculated based on the billed revenue of the Acquired Company during the three months immediately prior to the date upon which the Customer provides notification pursuant to this provision, times four) will be added to the Customer's then-current TRC. In addition, the revenues resulting from any conversion of UNE or equivalent offerings to qualified Contributory Subject Services, whether voluntary or required, shall also be added to the Customer's then-current TRC, according to the rates that would apply to those Contributory Services under this Contract Offer. The Maximum Basic Credit shall be determined according to Section 22.90.11(A) of this Contract Offer. Achievement Credits will apply to revenue above the Ceiling, beginning upon the date the Customer provides notification pursuant to this provision. Upon including the other company's Contributory Services in this Contract Offer, any pricing flexibility contract offer, or similar intrastate arrangement governing the included services, shall be deemed terminated and any termination liability or other charges will apply, as provided in the previously effective pricing flexibility contract offer or similar intrastate arrangement. The Customer's Maximum Basic Credit amount will not change as a result of this transfer except as described in Section 22.90.11(A)(2)(a) of this Contract Offer. The Access Service Ratio, as described in Section 22.90.4, will be applicable to all of the Customer's affiliates, regardless of their inclusion in, or exclusion from, this Contract Offer (except as described in Section 22.90.11(B) of this Contract Offer). The increase in the Customer's TRC shall apply thereafter, except to the extent the TRC may be further modified pursuant to this Contact Offer.

Example A: The Customer has a Year 2 TRC of $90M, and the Maximum Basic Credit is $18M. The Customer acquires another company with annualized Contributory Service revenues of $40M, and the Customer chooses to add the Acquired Company's Contributory Services business to this Contract Offer. The Customer's new Contract Year 2 TRC will be $130M ($90M plus $40M = $130M). The Customer's Maximum Basic Credit ($18M) will not change, except as described in Section 22.90.11(A)(2)(a) of this Contract Offer. (N)
The new TRC will apply thereafter, unless the TRC is subsequently changed pursuant to this Contract Offer.

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(B) Mergers and Acquisitions Affecting Access Service Ratio

If any merger or acquisition affects the Customer's Access Service Ratio, the Customer and any affiliated entities that existed as of the Transaction Close Date (as determined by the applicable ACNA's) shall comply with the Access Service Ratio requirements of this Contract Offer, as described in Section 22.90.4 of this Contract Offer, subject to the provisions of this Section 22.90.11(B).

If the Customer, in whole or in part, merges with, acquires, is acquired by, sells all or substantially all its stock or certain assets to any other entity, or purchases:

(1) All stock, or substantially all stock or certain assets of another company, and the merger or acquisition will cause the Customer to fall below Access Services Ratio Terms and Conditions as defined in Section 22.90.4, regardless of whether the Customer chooses to include the Acquired Company's Contributory Services in this Contract Offer, the following will apply.

(a) A Temporary Access Service Ratio will be calculated in a manner consistent with the calculation of the Access Service Ratio as described in Section 22.90.4 of this Contract Offer, for the Acquired Company, for the month immediately following the Transaction Close Date, according to the following formula.

$$\frac{\text{Acquired Company Access Revenue}}{\text{Acquired Company Access Revenue + Acquired Company Wholesale Revenue}}$$

Example:

$$\frac{\text{\$35M Access}}{\text{\$35M Access + \$34M Wholesale}}$$

The Temporary Access Services Ratio would be:

50.7%/49.3% (N)

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(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(B) Mergers and Acquisitions Affecting Access Service Ratio (Cont'd)

(1) (Cont'd)

(b) The Temporary Access Service Ratio will apply to the Acquired Company's Contributory Services until the earlier of nine (9) months after the Transaction Close Date, or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, whichever is earlier. While the Temporary Access Service Ratio remains in effect, the Contributory Services of the Acquired Company must at all times meet or exceed the Temporary Access Service Ratio.

Thereafter, a Combined Access Service Ratio shall be calculated according to the following formula:

$$\frac{\text{Combined Access Revenue}}{\text{Combined Access Revenue} + (\text{Combined Wholesale} - \text{Acquired Wholesale Revenue})}$$

The Acquired Wholesale Revenue in the combined equation shall be measured at the earlier of nine (9) months after the Transaction Close Date or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, whichever is earlier.

Example:

$$\frac{\$140M}{\$140M + (\$37M - \$35M)}$$

The combined Access Service Ratio of 98.6%/1.4% exceeds the 95%/5% ratio required.

(c) Once the Combined Access Service Ratio has been calculated, the combined Company (the Customer and Acquired Company, considered together) must meet or exceed a Combined Access Service Ratio of 95 percent for all services (Contributory and UNE or other equivalent offerings) purchased thereafter. Any wholesale services purchased by the Acquired Company prior to the earlier of the date nine months after the Transaction Close Date, or the date upon which the Customer notifies the Telephone Company of its election to add the Acquired Company's Contributory Services to this Contract Offer, will be deducted from the Combined Wholesale Revenue for purposes of calculating the Combined Access Service Ratio.

(N)

(N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.11 Mergers and Acquisitions (Cont'd)

(B) Mergers and Acquisitions Affecting Access Service Ratio (Cont'd)

(1) (Cont'd)

(d) Services included in the calculation of the Temporary Access Service Ratio or the Combined Access Service Ratio shall be the same as those described in Section 22.90.4 of this Contract Offer.

(e) If the Customer and/or the Acquired Company fails to meet or exceed the Temporary Access Service Ratio or the Combined Access Service Ratio, the remedies provided in Section 22.90.4 of this Contract Offer shall apply.

(f) The provisions of this Section 22.90.11 shall apply to each merger or acquisition during the Term Period.

(2) If the Customer chooses to include the Acquired Company's Contributory Services in this Contract Offer, Contributory Services previously provided to the Acquired Company shall be included in this Contract Offer immediately upon the Telephone Company's receipt of the Customer's notice of intent to include them, and the TRC will be increased by the amount of the Acquired Company's qualified revenues. In addition, the monthly TRC will be increased to reflect the conversion of any unbundled network elements and equivalent offerings to Contributory Subject Services subject to this Contract Offer. Any converted services will be billed as Contributory Subject Services subject to this Contract Offer, and will be included in the TRC, effective upon the date on which receives the Customer's request to convert. The Customer's Maximum Basic Credit will not change as a result of the inclusion of the Acquired Company's Contributory Services in this Contract Offer, except as described in 22.90.11(A) preceding. The recalculated monthly TRC will apply for the remainder of that Contract Year. In each subsequent Contract Year, the TRC will continue to include the revenues associated with the Acquired Company's Contributory Services. (N)

22. Pricing Flexibility Contract Offerings (Cont'd) (N)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.12 Cessation of Business

If, at any time during the Term Period, the Telephone Company, or any of its affiliated telephone companies, cease to provide telecommunications services in any MSA subject to this Contract Offer, or any of the other Contract Offers as described in Section 22.90.2 (C), sells or divests its operating assets in any MSA subject to this Contract Offer, or otherwise ceases to provide any of the Contributory Services subject to this Contract Offer, the TRC will be decreased by the amount of the qualified revenue associated with the Contributory Services no longer provided by the Telephone Company or its affiliated telephone companies.

22.90.13 Termination Liability Charges

Termination liability language described below applies in lieu of the termination liability language in F.C.C. No. 2, Section 7. If the Customer terminates Contract Offer No. 90 before the expiration of the Term Period for any reason, except for that defined in 22.90.13 (B) below, the Customer must pay the Telephone Company termination liability charges as described below. These charges shall become due as of the effective date of the cancellation or termination. The Customer must provide written notification to the Telephone Company 90 days prior to the desired date of termination. This notification must include the date upon which the Customer will terminate the Contract Offer.

(A) If the Customer fails to meet any of the eligibility criteria in Section 22.90.2, or fails to meet any of the terms and conditions in Contract Offer No. 90, then the Telephone Company shall provide the Customer with written notification of such non-compliance, and the Customer will have sixty (60) days to return to compliance. If the Customer does not return to compliance within such time period, the Customer will be deemed to have terminated its participation in Contract Offer No. 90, and termination liability charges will apply as stated in 22.90.13 (C), and will be payable within sixty (60) days from the time the contract is deemed terminated. (N)

22. Pricing Flexibility Contract Offerings (Cont'd)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.13 Termination Liability Charges (Cont'd)

(N)

(B) If the Telephone Company and its affiliated telephone companies providing service pursuant to the contract offers described in Section 22.90.2(C) fail, in the aggregate, to maintain a Network Availability cumulative annual target of 90 percent for all Contributory services for twelve consecutive months, the Customer will have the option to notify the Telephone Company of the Customer's intent to terminate this Contract Offer. The Customer must provide the Telephone Company with ninety (90) days notice of the Customer's intent to invoke this escape clause and return its services to standard special access services. The Telephone Company will have sixty (60) days, from the date that Customer notice is received, to rectify the service problems or the Customer will be allowed to terminate this offering without incurring any termination liability on the services moved to standard Special Access services. If the Telephone Company and its affiliated telephone companies meet the Network Availability targets within sixty (60) days, the Customer will continue to purchase services under this Contract Offer.

The following occurrences will not be included in the measurements described in the calculation of Network Availability:

(1) In the case of labor disputes, governmental orders, civil commotions, or criminal actions taken against the Telephone Company or its affiliated telephone companies, the Telephone Company and its affiliated telephone companies will be excused for the duration of these events.

(2) In the case of actions outside of the Telephone Company or its affiliated telephone companies' reasonable control (e.g., catastrophic weather conditions) that have a severe impact on the Telephone Company or its affiliated telephone companies' ability to provision and repair service, the Telephone Company and its affiliated telephone companies will be excused, for the duration of the situation, from the performance measures set forth herein. Any such temporary exemption will apply only to the dispatch area(s) directly affected by the situation, and the Telephone Company and its affiliated telephone companies will return to the levels of performance required hereunder as promptly as is reasonably practicable. To the extent additional dispatch areas are impacted by such a situation, the Telephone Company and its affiliated telephone companies will give prompt notice to the Customer of the scope and nature of such impact so the parties can determine whether additional temporary exemptions from the applicable performance measures are appropriate.

(3) Performance shall be excused for the duration of any interruptions caused by the negligence of the Customer, the Customer's end-user, or other third parties not affiliated with the Telephone Company or its affiliated telephone companies. (N)

22. Pricing Flexibility Contract Offerings (Cont'd) (N)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.13 Termination Liability Charges (Cont'd)

(B) (Cont'd)

(4) Performance shall be excused for the duration of any interruptions of a service due to the failure of equipment or systems provided by the Customer or parties other than the Telephone Company or its affiliated telephone companies.

(5) Performance shall be excused for the duration of any interruptions of a service during any period in which the Telephone Company or its affiliated telephone companies are not afforded access to the premises where the service is terminated.

(6) Performance shall be excused for the duration of any interruptions of a service when the Customer has released that service to the Telephone Company or any of its affiliated telephone companies for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the Customer prior to the release of that service.

(7) Performance shall be excused for the duration of any interruptions of a service which continue because of the failure of the Customer to authorize replacement of any element of special construction, as set forth in Section 5 and Section 13 of F.C.C. No. 2.

(8) Performance shall be excused for the duration of any interruptions that occur on facilities that the Customer elected not to release the service to the Telephone Company or its affiliated telephone companies for testing and/or repair. (N)

22. Pricing Flexibility Contract Offerings (Cont'd) (N)

22.90 Contract Offering No. 90 – Access Discount Offer (Cont'd)

22.90.13 Termination Liability Charges (Cont'd)

(C) If the Customer terminates its subscription to this Contract Offer prior to the end of the Term Period, for any reason other than described in 22.90.13 (B), the Customer must pay termination liability charges as described below:

Termination of Contract during:

Contract Year 1 – Any credits received under this Contract Offer plus 25% of TRC for remaining months of Term Period

Contract Year 2 – Last 6 months of credit received under this Contract Offer plus 25% of TRC for remaining months of Term Period.

Contract Year 3 – Last 6 months of credit received under this Contract Offer plus 10% of total TRC for Contract Year 3.

Example:

The Customer's 2006 TRC is $90M. The Customer terminates the contract on April 31, 2006. The Customer has 20 months remaining on the Term Period and has received $6M in credits under this Contract Offer in the 6 months prior to termination. The customer will owe $43.4M in termination liability

$26.25M x 4 = $105M
$105M times 89.7% = $94M
$94M/12 = $7.8M x 8 = $62M x 25% = $15.5M for remainder of Contract Year 2

plus

$105M times 83.4% = $87.5M
$87.5M x 25% = $21.9M for Contract Year 3

Contract Year 2 + Contract Year 3 + Last 6 months of credits

$15.5M + $21.9M + $6M = $43.4M Termination Liability (N)

(This page filed under Transmittal No. 1519)

ATTACHMENT 7

Attachment 7

Metrics Proposed in the 1996
Non-Accounting Safeguards Order

Service Category (Metric)	Levels of Disaggregation
Successful Completion According to Desired Due Date (measured as percentage of orders completed on or before the due date desired by the customer)	DS0 DS1 DS3 and above
Time from BOC Promised Due Date to Circuit Being Placed in Service (measured in terms of percentage received within each successive 24-hour period, until 95% completed)	DS0 DS1 DS3 and above
Time to Firm Order Confirmation (measured in terms of percentage received within each successive 24-hour period, until 95% completed)	DS0 DS1 DS3 and above
Time from PIC Change Request to Implementation (measured in terms of percentage of complete and accurate PIC requests implemented within each successive 6-hour period, until 95% completed)	By CIC (10XXX)
Mean Time to Restore (percentage of circuits restored within each successive 1-hour interval, until resolution of 95% of incidents)	DS0 DS1 DS3 and above
Time to Restore PIC After Trouble Report (measured by percentage restored within each successive 1-hour interval after the trouble is reported, until resolution of 95% of incidents)	By CIC (10XXX)
Mean Time To Clear Network/Average Duration of Trouble (measured in hours)	DS0 DS1

ATTACHMENT 8

All Measures Less Resale Monthly	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01
Illinois	79.9%	76.7%	72.6%	75.7%	76.9%	81.4%	86.5%	90.2%	92.3%	92.0%	89.7%	90.0%
Indiana	75.3%	73.1%	71.2%	73.1%	77.1%	80.4%	82.9%	89.8%	87.0%	91.3%	90.8%	87.5%
Michigan	79.6%	74.9%	74.2%	77.2%	76.4%	84.2%	86.7%	88.1%	89.9%	89.5%	90.7%	88.0%
Ohio	76.0%	71.6%	70.2%	89.8%	72.1%	80.0%	83.2%	86.7%	89.2%	88.3%	89.3%	86.7%
Wisconsin	77.8%	73.4%	73.0%	71.6%	71.9%	81.5%	82.7%	86.5%	87.6%	89.8%	89.6%	89.0%
TOTAL SBC - Midwest	78.3%	74.4%	72.4%	74.0%	75.1%	81.7%	84.8%	88.4%	89.6%	90.3%	90.0%	88.4%
California	87.0%	89.4%	87.7%	89.8%	90.8%	88.6%	91.0%	90.6%	93.5%	90.0%	90.7%	92.2%
Nevada	96.1%	96.2%	96.2%	100.0%	95.5%	94.0%	96.2%	92.4%	93.3%	95.0%	93.1%	91.9%
TOTAL SBC - West	89.3%	91.1%	89.8%	90.6%	92.0%	90.1%	92.4%	91.1%	93.4%	91.2%	91.3%	92.1%
Arkansas	85.4%	88.1%	90.9%	89.2%	91.4%	91.8%	91.7%	90.7%	91.5%	93.7%	93.2%	95.5%
Kansas	88.8%	89.5%	89.8%	87.9%	88.3%	90.8%	93.8%	90.8%	89.9%	92.5%	93.3%	90.9%
Missouri	85.4%	86.5%	88.4%	85.4%	87.1%	92.2%	88.6%	90.7%	92.1%	93.3%	93.7%	90.0%
Oklahoma	86.8%	95.8%	91.5%	88.0%	86.4%	88.8%	91.0%	91.4%	91.8%	92.1%	90.5%	93.7%
Texas	87.5%	88.5%	88.9%	87.6%	85.7%	86.6%	84.9%	87.3%	88.2%	86.5%	90.1%	89.8%
TOTAL SBC - Southwest	86.9%	89.0%	89.4%	87.4%	87.0%	89.2%	88.5%	89.5%	90.1%	90.4%	91.7%	91.0%
TOTAL SBC	83.7%	82.5%	81.5%	81.3%	81.9%	85.7%	87.1%	89.1%	90.2%	90.4%	90.7%	89.7%

All Measures Less Resale Monthly	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
Illinois	91.5%	93.0%	91.6%	91.3%	91.0%	92.8%	92.4%	91.7%	92.5%	93.3%	91.9%	91.0%
Indiana	92.9%	93.1%	93.9%	90.8%	91.3%	94.9%	94.9%	94.4%	94.4%	92.9%	93.3%	93.1%
Michigan	92.9%	91.6%	90.2%	92.0%	91.0%	94.2%	92.5%	93.3%	92.8%	94.3%	90.9%	92.3%
Ohio	90.9%	93.6%	89.2%	89.6%	89.8%	92.2%	91.3%	93.2%	93.4%	94.3%	91.1%	93.1%
Wisconsin	91.8%	92.6%	92.1%	88.9%	89.1%	94.5%	94.0%	93.2%	91.8%	93.3%	91.4%	91.3%
TOTAL SBC - Midwest	**92.0%**	**92.7%**	**91.3%**	**90.7%**	**90.5%**	**93.6%**	**92.9%**	**93.0%**	**92.9%**	**93.6%**	**91.7%**	**92.0%**
California	89.8%	91.8%	90.1%	89.9%	90.8%	90.4%	90.1%	89.3%	88.4%	87.0%	88.8%	90.5%
Nevada	90.4%	92.7%	94.5%	89.7%	94.0%	89.3%	94.8%	93.0%	92.4%	95.2%	96.8%	93.6%
TOTAL SBC - West	**90.0%**	**92.1%**	**91.4%**	**89.8%**	**91.7%**	**90.1%**	**91.6%**	**90.4%**	**89.5%**	**89.3%**	**91.1%**	**91.4%**
Arkansas	89.2%	92.2%	93.8%	89.0%	90.7%	93.2%	90.3%	91.2%	90.1%	92.9%	91.8%	93.9%
Kansas	91.0%	90.4%	94.6%	91.2%	91.0%	91.3%	92.3%	89.4%	92.5%	93.5%	91.8%	92.4%
Missouri	89.5%	93.3%	92.9%	92.0%	90.7%	93.5%	93.0%	94.3%	91.5%	91.6%	94.2%	92.5%
Oklahoma	93.8%	92.9%	94.5%	90.4%	91.5%	93.5%	93.5%	95.1%	94.3%	94.0%	95.7%	92.9%
Texas	90.6%	89.6%	89.3%	91.6%	90.0%	91.5%	91.8%	90.5%	89.5%	89.7%	90.0%	91.5%
TOTAL SBC - Southwest	**90.7%**	**91.3%**	**92.0%**	**91.3%**	**90.6%**	**92.4%**	**92.2%**	**91.6%**	**90.9%**	**91.4%**	**92.0%**	**92.2%**
TOTAL SBC	**91.3%**	**92.2%**	**91.5%**	**90.8%**	**90.7%**	**92.9%**	**92.5%**	**92.4%**	**92.0%**	**92.6%**	**91.7%**	**92.0%**