

## **DECLARATION OF JUDY K. VERSES**

1. My name is Judy K. Verses. I am the Senior Vice President of Retail Markets for Verizon's domestic telecommunications group. I am responsible for coordinating and managing the marketing of Verizon's products and services for the residential and small business markets. I have worked for Verizon and its predecessor companies for 23 years, and have held various positions in Sales and Product Line Management. In this Declaration, I use the term "Verizon" to refer to Verizon's domestic telecommunications group, which is Verizon's line of business that serves residential and small business customers.
2. The purpose of this Declaration is to describe the ways that Verizon uses independent contractors to assist with Verizon's marketing campaigns and sales initiatives.
3. As an initial matter, I note that Verizon's agreements with its marketing vendors include strict confidentiality provisions, discussed later in this Declaration, that impose substantial obligations on our marketing vendors to protect the confidentiality of customer information that is shared with them.
4. Verizon markets products and services to customers in many different ways. Verizon's marketing includes outbound and inbound telemarketing, direct mail campaigns, door-to-door sales, and general advertising. "Outbound" telemarketing occurs when Verizon calls customers who may benefit from purchasing a particular product or service; it is "outbound" because the calls are initiated by Verizon. "Inbound" telemarketing occurs in two ways – first, when customers respond to an advertisement or direct mailing by calling the telephone number provided on the advertisement or mailing to learn more about a product or service; and second, when customers call our customer service

centers, usually to ask a billing or other account-specific question, and, during that conversation, inquire about a Verizon service or product. Such telemarketing is “inbound” because the calls are initiated by customers.

5. Verizon hires independent marketing vendors to conduct various marketing campaigns on behalf of Verizon, including telemarketing. The marketing companies that Verizon uses have the expertise and resources to conduct large-scale marketing campaigns. Verizon does not have these capacities in-house and would likely have to hire hundreds or even thousands of additional employees to do so, which would increase Verizon’s costs and potentially the rates that we charge our customers.
6. There are other important reasons why Verizon hires marketing vendors as independent contractors -- not agents -- to assist with marketing. Verizon is not responsible for the hiring, employee promotion and discipline, and internal governance of its independent contractors. For example, some marketing vendors are required to hire modeling or other talent for Verizon advertisements, and those marketing vendors, not Verizon, are required to pay associated Screen Actors Guild (“SAG”) or other fees and comply with the associated regulations. Verizon’s independent contractors who develop national advertising are responsible for getting licensing permission from other companies and paying any royalty fees in order to use images, music, logos, and trademarks in the advertisements they develop. And Verizon relies on its independent marketing vendors to know about and comply with the many marketing-related laws, such as the need to get permits for certain marketing initiatives, such as selling Verizon’s fiber broadband service (“FiOS”) door-to-door.

7. *Outbound Telemarketing.* In 2006, approximately 95% of all Verizon outbound telemarketing was conducted by Verizon's marketing vendors. During 2006, these marketing vendors contacted approximately 10 million customers, and those contacts resulted in over 700,000 sales. Verizon provides its outbound telemarketing vendors with a pre-determined list of customers who may be interested in a specific product or service based on the services they currently have, their usage patterns regarding those services, or other indicators. Verizon also provides these marketing vendors with certain general account information, including name, address, billing telephone number, as well as a limited amount of customer proprietary network information ("CPNI"). Examples of the CPNI provided to Verizon's marketing vendors include: type of service and service package that a customer has (*e.g.*, the customer's current local, long distance, and/or international calling plans); price of those services; the presence of any vertical features on a customer's account; the average amount spent on those services over a period of time; DSL/FiOS speed; total billed revenue; whether international calls are placed; average minutes of calling over some period of time; contract expiration date; and whether the customer is a Lifeline customer.
8. It is critical to note that Verizon does not provide marketing vendors that interact with customers with customers' call detail records. Nor do those marketing vendors have any way to access the Verizon databases that contain them. In this Declaration, I use the term "call detail record" to mean the date, time, number/location called, and duration of a specific call. In a few limited instances, independent contractors that perform general customer care services, such as handling billing inquiries over the telephone, are permitted to inform customers about other Verizon services when customers ask about

them. In the process of providing that information, these customer care vendors may access a customer's account, including call detail records. It is important to note, however, that these vendors are hired to perform customer care services, not to conduct marketing or sales.

9. *Inbound Telemarketing.* The amount of inbound telemarketing support provided by Verizon's marketing vendors can vary from year to year depending on the specific marketing campaigns and Verizon's business requirements. In 2006, over 3 million inbound telemarketing calls were answered by marketing vendors working on behalf of Verizon. These calls resulted in approximately 1.5 million sales.
10. Verizon provides the inbound telemarketing vendors with access to certain limited customer account information to enable the sales representative to discuss the specific offer in the context of the customer's current services. The database that houses this information is maintained by Verizon for the purpose of inbound telemarketing, and the customer account information in the database is similar in nature to that discussed above for outbound telemarketing. That is, inbound telemarketing sales representatives have access to general customer account information, including name, address, billing telephone number, as well as a limited amount of CPNI, including the services that a customer currently purchases and average amount spent on those services over some period of time. Verizon does not provide marketing vendor representatives that handle these inbound telemarketing calls with call detail records or access to the Verizon databases that contain them.
11. The contracts between Verizon and its inbound and outbound telemarketing vendors require the marketing vendors and their employees to abide by Verizon's confidentiality

standards and policies. An example of a representative marketing vendor contract is attached as Exhibit A. It provides: “To the extent Supplier is authorized to use, or provided with access to or with a customer list derived from, customer proprietary network information (‘CPNI’), Supplier shall at all times comply with all applicable laws, rules and regulations, and all of Verizon’s policies, methods, and procedures, regarding treatment and use of CPNI as communicated to Supplier.” Ex. A. at 11-12. The contract also requires marketing vendors to train their employees about compliance with all applicable laws, rules, regulations, and Verizon policies “regarding proper treatment and use of CPNI.” *Id.* at 12.

12. In addition, the contract requires that marketing vendor employees with any access to confidential Verizon information, including CPNI, execute a Treatment of Information form, in which the employee states that he or she understands and agrees to Verizon’s confidentiality policies. *Id.* at 27. The form also requires the marketing vendor employee to accept responsibility for adhering to Verizon’s principles and to acknowledge that any violation of them “can lead to disciplinary action up to and including dismissal.” *Id.* The contract provides that Verizon may terminate the marketing agreement for any material breach, including any breach of the sections concerning the confidentiality of customer account information and CPNI. *Id.* at 15.
13. *Direct Mail.* Verizon also hires marketing vendors to conduct direct mail marketing campaigns, which are mass-market flyers or letters sent directly to customers as stand-alone mailings, bill inserts, or promotional sheets that appear in shared mail advertisers such as ShopWise and Valupak. Verizon’s direct mail marketing vendors send approximately 135 million stand-alone mailings per year. If bill inserts and promotional

sheets are included, that figure rises to approximately 900 million mailings per year.

Verizon provides its direct mail marketing vendors with certain summary customer account information, including a limited amount of CPNI such as current services on the account and average amount spent on them over a period of time, but Verizon does not provide these marketing vendors with access to any Verizon databases or call detail records. Verizon's contacts with its direct mail marketing vendors contain confidentiality requirements similar to those discussed above for Verizon's telemarketing vendors.

14. *Door-to-Door Sales.* In 2006, Verizon's marketing vendors made over 1.3 million door-to-door sales pitches and customer contacts. Verizon uses door-to-door sales representatives to sell certain products, such as FiOS data and FiOS TV (discussed in greater detail below), whose availability may vary widely within states, and in areas where Verizon's competitors are already using door-to-door campaigns. Verizon provides its door-to-door sales marketing vendors with a customer contact list that includes general customer account information, including name, address, billing telephone number, as well as some CPNI, including the customer's current services. Verizon does not provide these marketing vendors with access to any Verizon databases or call detail records. Verizon's contacts with its door-to-door marketing vendors contain confidentiality requirements similar to those discussed above for Verizon's telemarketing vendors.

15. In all of the marketing scenarios described above, the use of CPNI is critical to Verizon's ability to market new products and services to the most likely buyers within existing customer bases. In each case, CPNI is used to determine the audience to which

Verizon wishes to speak, and CPNI forms a part of the marketing speech itself. In addition, there are also critical practical questions about whether marketing includes the mere accessing of CPNI during the sales transaction itself. For example, a sales representative must be able to review a customer's existing account information to ensure that any new products will not conflict with existing services. The lack of the ability to check existing services on an account may cause billing errors and customer dissatisfaction. These are just some of the reasons why adopting a requirement that customers must first "opt-in" to a carrier's use of their CPNI for marketing purposes would effectively end targeted marketing of new products and services to customers. As a practical matter, an opt-in requirement leaves Verizon with only a few limited options, none of which allows for an informed and fruitful dialogue between Verizon and its customers. These options are: (1) rely exclusively on demographic data for mass mailings; (2) restructure the business relationship between Verizon and the third party marketing vendors; or (3) attempt to replicate in-house the marketing capacity and expertise of our outside marketing vendors.

16. Based on prior experience with opt-in regimes, Verizon regards another possibility – seeking individual customer opt-ins – as both practically and economically infeasible. Prior to the Commission's *Clarification Order and Second Further Notice of Proposed Rulemaking*, 16 FCC Rcd 16506 (2001) ("*Clarification Order*"), Verizon was required to obtain opt-in consent before it could use CPNI for the marketing of so-called "out-of-bucket" services, *i.e.*, communications-related products and services of a different type than those already subscribed to by the customer. Verizon found that it was extremely difficult and costly to obtain opt-in consent from mass market customers. This is

because customers today receive a substantial amount of non-targeted advertising information through the mail, much of which is disregarded, thrown away, or viewed as junk mail. Explaining to customers the value *to them* of our being able to provide them with targeted product information is time-consuming and difficult, and customers may not appreciate that opting in will allow them to receive more information targeted to their needs and less information in the junk mail category. In addition, the mechanics of the opt-in regime itself are confusing to customers, and they may be reluctant to consent to something they do not fully understand. The number of customers who opted in even when incentives were offered did not justify the effort. In practice, an opt-in requirement means the end of targeted marketing and targeted messages based on CPNI.

17. As a result of these challenges, Verizon was forced to use less reliable and more costly demographic customer data purchased from third parties in an attempt to try to identify customers who may benefit from additional Verizon products and services. This caused a significant increase in marketing costs. Because these lists were less reliable as a predictor of what products and services a customer would be interested in, Verizon had to market to a wider number of potential customers, and the “take rates” – *i.e.*, the percentage of customers that would actually subscribe to a service offering as a result of a marketing campaign – were significantly lower.
18. Not being able to use CPNI and instead relying on demographic data supplied by third parties increases costs, both in terms of the aggregate costs of customer acquisition and the increase in unproductive marketing efforts (*e.g.*, contacting consumers for whom the product is inappropriate). In addition, because marketing without CPNI is less targeted, Verizon would have to contact many more customers who are not interested in Verizon

services, which inconveniences these customers and may harm Verizon's goodwill. The costs in terms of lost business opportunities and loss of goodwill due to inappropriate customer contacts are impossible to calculate. Moreover, because the marketing will be less targeted, Verizon will have less meaningful communication with the customers who are interested in Verizon's services and products. When the telephone is used for the marketing of Verizon's products and services, the customer reasonably expects that the sales representative will have sufficient knowledge of the customer's current services to be able to explain how any new service will add overall, incremental, or replacement value. If the sales representative cannot access basic customer account information, the representative will be unable to answer the customer's questions, leading to customer frustration and loss of a potential sale.

19. In 2002, the Commission changed the rules relating to use of CPNI for marketing purposes. *See Third Report and Order and Third Further Notice of Proposed Rulemaking*, FCC 02-214 (rel. July 25, 2002). Verizon began using the "total services" approach set by the Commission for "in-bucket" marketing – *i.e.*, marketing services and products of the same type already subscribed to by customers or that are used in or necessary to the provision of the same type of services. Verizon uses the opt-out procedures outlined in federal rules to obtain customer approval to use CPNI for out-of-bucket marketing – *i.e.*, marketing communications-related products and services of a different type than those already subscribed to by the customer. Verizon implemented national opt-out procedures and sends opt-out notices to its mass market customer base in compliance with the Commission's rules. Verizon customers have become

accustomed to receiving the biennial opt-out notices, and introduction of an opt-in regime (or hybrid opt-in/opt-out regime) would cause substantial consumer confusion.

20. Verizon has initiated a variety of marketing campaigns in which it provided some CPNI to its telemarketing vendors. In all of the campaigns I describe below, Verizon could not have conducted these successful marketing campaigns without being able to share some CPNI with Verizon's marketing vendors.
  
21. Verizon has used CPNI to identify the type of services customers purchase and to market in-bucket services and products to those customers. For example, two years ago, Verizon launched a revolutionary new fiber optic broadband Internet access service ("FiOS") that is available in parts of many states across Verizon's footprint. To market this product, Verizon used CPNI to identify customers that already subscribe to Verizon's Digital Subscriber Line ("DSL") or dial-up Internet access services and would likely be interested in switching to FiOS. Verizon also used CPNI to ship millions of advertisements that were delivered from Verizon's direct mail marketing vendors directly to customers' front doors or into their hands. In addition, Verizon used CPNI to develop customer contact lists that were provided to Verizon's marketing vendors to perform outbound telemarketing of FiOS and door-to-door sales. The FiOS marketing campaign was (and still is) successful because, with the assistance of outside marketing vendors, Verizon was able to use CPNI to design a localized sales campaign. It was also successful because Verizon implemented that campaign cost effectively and efficiently using specialized marketing vendors. Without being able to share CPNI with those marketing vendors, the successful marketing campaign for FiOS would not have been possible, and many customers likely to welcome the new service offering would not

have become aware of the FiOS product, which was recently rated the top broadband Internet access service by *Consumer Reports* magazine.

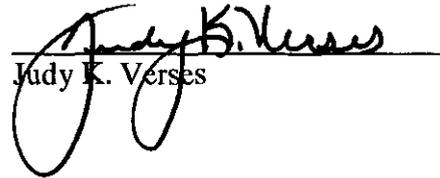
22. Similarly, by using CPNI, Verizon was able to identify customers who may already subscribe to different types of services but who would benefit from bundled packages and other services. For example, Verizon companies offer a ONE BILL® program, which is free and allows customers that subscribe to Verizon's local and wireless services to have their Verizon Wireless billing included on their Verizon local service bill. Under the federal CPNI rules, Verizon can use CPNI to identify customers who use both Verizon Wireless and Verizon local service and who might also benefit from the ONE BILL® program. Verizon could not have effectively marketed Verizon's ONE BILL® program without being able to share CPNI with Verizon's marketing vendors.
23. In addition, Verizon implemented opt-out consent following the federal guidelines and was able to use customers' CPNI to identify products and services that may be of a different type than the customer currently purchases but that may be of interest to particular customers based on their service profiles. For example, under the Verizon "Freedom" calling plans, Verizon offers customers the ability to receive discounts when they combine several services, such as local, regional, and long distance calling. Again, federal rules permit Verizon to use CPNI to identify customers who already use these Verizon services and who might be the most interested in the cost savings these packages offer. We could not have effectively conducted the marketing campaigns for Verizon's Freedom calling plans without being able to share CPNI with Verizon's marketing vendors.

24. All three of these products – FiOS, ONE BILL®, and Freedom – are examples of successful Verizon marketing campaigns. The primary reason for their success is two-fold. First, Verizon and its marketing vendors were able to design marketing campaigns that were targeted to customers whose current service profile and other CPNI directly matched that of the product being sold. Second, Verizon was also able to implement these marketing campaigns efficiently and cost effectively by using outside telemarketing vendors that specialize in large-scale marketing efforts. As a practical matter, not being able to share CPNI with Verizon’s marketing vendors would have made those marketing campaigns impossible to conduct under an opt-in regime. And, in all probability, many of the Verizon customers that have signaled their affinity for these three products by purchasing them would not have even received the appropriate marketing information under an opt-in regime and therefore would not have purchased the product.
25. In sum, as Verizon’s experience shows, requiring opt-in approval before a carrier can use CPNI to market communications-related services to its customers would, for all practical purposes, prohibit Verizon from marketing products to the appropriate customers. In addition, Verizon’s ability to share CPNI with marketing vendors, under appropriate restrictions, is critical to the formation of marketing strategy and the execution of large-scale targeted marketing campaigns. Our experience has shown that obtaining opt-in consents from the mass market is extremely costly, not effective, and confusing to customers. For that reason, if there is an opt-in requirement for CPNI used in marketing efforts, Verizon will likely have to halt CPNI-based marketing campaigns. Verizon will have to rely on the more expensive, and less useful, types of marketing,

such as using information purchased from third parties for target marketing, rely solely on non-targeted marketing, such as mass mailings and general advertising on radio or television, or hire additional Verizon employees and train them to conduct large-scale marketing campaigns. None of these options is practical, efficient, or cost-effective.

26. Any of these options will lead to higher marketing costs and, because it will be difficult to identify what services our customers may be interested in, an increase in unsolicited marketing and general advertising. In addition, restricting Verizon's ability to use CPNI to target market those customers who are likely to be the most interested in Verizon services prohibits Verizon from selecting its preferred audience and from presenting that audience with its preferred message.

I hereby declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge, information, and belief.

  
Judy K. Verses

Executed on January 17, 2007

# EXHIBIT A

Supplier Name  
Agreement No.

**Agreement for Telemarketing Services**

**Between**

**Telesector Resources Group, Inc, d/b/a Verizon Services Group (Verizon)**

**And**

**[Supplier Company Name]**

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NOTICE

CONFIDENTIAL - Not for use or disclosure outside Verizon except by written agreement

**VZ-CPNI-7189**

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## AGREEMENT FOR TELEMARKETING SERVICES

### 1. PARTIES

This Services Agreement ("Agreement") is made between Telesector Resources Group Inc., d/b/a/ Verizon Services Group ("Verizon"), a Delaware corporation, with offices at 240 East 38<sup>th</sup> Street New York, New York 10016, for the benefit of itself and its Affiliates, as defined below, and \_\_\_\_\_ [Supplier Name], a [state of incorporation] corporation [or partnership/sole proprietor/individual], with offices at \_\_\_\_\_ [street address], City, State, ZIP] ("Supplier"). "Supplier" shall mean Supplier, its employees and subcontractors. Verizon and Supplier are individually referred to as "party," and collectively referred to as "parties."

### 2. VERIZON AFFILIATES

a) "Affiliate" means, at any time, and with respect to any corporation, person or other entity, any other corporation, person or entity that at such time, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first corporation, person, or other entity. As used in this definition, "Control" means (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a corporation, person or other entity, whether through the ownership of voting securities, or by contract or otherwise, or (ii) direct or indirect ownership in the aggregate of twenty percent (20%) or more of any class of voting or equity interests in the other corporation, person or entity.

b) Verizon or Affiliates may purchase Supplier's services on a nonexclusive basis from Supplier on the same terms and conditions under this Agreement and "Verizon" means Verizon and each Affiliate individually and collectively. Supplier may enforce obligations under this Agreement only against the particular Affiliate that ordered the services under this Agreement.

### 3. SCOPE

(a) "Order" means a form, memorandum, statement of work, written communication and/or electronic transmission that Verizon delivers to Supplier for the purchase of Services, as defined below.

b) Supplier agrees to perform telemarketing services described in Attachment A, Scope of Services. ("Services"). This is an "as-ordered" agreement, which means that it covers Services as they are ordered by Verizon. Services will be performed at the location specified, and beginning on the commencement date stated in Attachment A. The parties may execute Orders as described in Section 4, "ORDERS; CANCELLATION OF ORDERS" from time to time under this Agreement. The Services to be provided shall be pursuant to such Orders, including all attachments thereto. Each Order incorporates the terms and conditions of this Agreement by reference. All Services shall be performed in strict conformity with the Order.

### 4. ORDERS; CANCELLATION OF ORDERS

a) Verizon may order Services by issuing an Order. The Order shall reference this Agreement and contain the following information: the Service to be performed, the time and place for performance, the date of the Order, the billing address, the name and telephone number of the Verizon contact regarding the Services and any other information required by Verizon.

Supplier Name  
Agreement No.

b) Supplier shall acknowledge an Order within ten (10) days of receipt, without conditioning such acknowledgement on the acceptance by Verizon of any terms inconsistent with or in addition to those set forth in this Agreement. Upon acknowledgement, the Order and related acknowledgement shall constitute a binding contract for the purchase and sale of the applicable Services governed by this Agreement, as may be modified from time to time.

c) Verizon may, by issuing written notice to Supplier, make changes to an Order. If any such change alters the Scope of Services, as defined in Exhibit A, Supplier shall notify Verizon within three (3) business days of Supplier's receipt of notice of changes if the changes will cause an alteration to the Scope of Services. Verizon may, at its discretion, agree to the change or withdraw the underlying notice of change.

d) All quotations, Orders, acknowledgements, and invoices issued pursuant to this Agreement are subject to this Agreement. The terms and conditions of this Agreement will control over any conflicting or inconsistent terms contained in any quotation, Order, acknowledgement or invoice. No modification to this agreement or additional terms contained in any quotation, Order, acknowledgement, or invoice shall be valid without the prior written approval of the parties.

#### 5. TERM OF AGREEMENT

This Agreement shall be effective on \_\_\_\_\_ and, unless terminated by Verizon in accordance with the terms of this Agreement, shall remain in effect until \_\_\_\_\_. The Agreement shall be automatically terminated at the end of the term unless renewed by the mutual written agreement of the parties. The termination or expiration of this Agreement shall not affect the obligations of either party to the other under existing Orders issued under this Agreement (except as to the extent Orders are terminated or modified in accordance with Section 4, "ORDERS; CANCELLATION OF ORDERS"), but such Orders shall continue in effect as though this Agreement had not expired or been terminated.

#### 6. WORK RULES AND RIGHT OF ACCESS

a) The respective agents and employees of the parties, while on the premises of the other, shall comply with all work rules, regulations and company standards for security, including (when required by U. S. government regulations) submission of satisfactory clearance from any federal authorities concerned.

b) Each party shall permit reasonable access during normal working hours to its facilities in connection with the Services. Reasonable prior notice shall be given when access is required.

c) If Supplier is given access, whether on-site or through remote facilities, to any Verizon computer or electronic data storage system in order for Supplier to perform the Services under this Agreement, Supplier shall limit access and use solely to perform Services under this Agreement and shall not access or attempt to access any computer system, electronic file, software or other electronic services other than those specifically required to perform the Services under this Agreement. Supplier shall limit such access to those of its employees who are qualified and required to have such access to perform Services. Verizon may, in its sole discretion, require written authorization from Supplier for each employee requiring access. Supplier shall assure that each Supplier employee strictly follows all Verizon's security rules and procedures for use of Verizon's electronic resources. All user identification numbers and passwords disclosed to Supplier and any information obtained by Supplier as a result of Supplier's access to and use of Verizon's computer and electronic data storage systems shall be deemed, and shall be treated as, Verizon Confidential Information under Section 22, "CONFIDENTIAL INFORMATION," of this Agreement. Supplier shall cooperate with Verizon in the investigation of any apparent unauthorized

access by Supplier to Verizon's computer or electronic data storage systems or unauthorized release of Confidential Information by Supplier.

7. BILLING AND PAYMENT

a) Verizon shall pay those prices specified in Attachment B, "Compensation." Payment by Verizon for Services performed under this Agreement shall be made within forty-five (45) days after receipt of undisputed invoices, provided such Services have been performed. Payment for invoices is for billing purposes only and shall not indicate acceptance of the Services or any part of Services. Invoices shall be subject to adjustment for failure of Supplier to meet the requirements of this Agreement. All expenses incurred by Supplier in the performance of its obligations under this Agreement for expenses (including, but not limited to travel, lodging and meals) shall be borne by Supplier. All expenses in excess of \$25.00 must be approved in advance by Verizon.

b) The invoice shall contain: (a) a description of the Services provided; (b) the date Services were completed; (c) the basic price for the Services, including a description of all applicable discounts; (d) a separate statement specifically listing all applicable taxes as well as all other associated costs (if specifically allowed under this Agreement). Verizon shall not be obligated to pay Supplier for Services that are not fully and properly invoiced. Verizon will require detailed documentation to identify the production hours for the following categories, defined in the specific Order: Outbound Telemarketing, Inbound Telemarketing and Other Order Entry programs by distinct Verizon business unit.

c) If Supplier offers more favorable prices, terms, conditions, warranties, or other benefits to any other commercial customer, for like Services, during the term of this Agreement, Supplier must notify Verizon in writing of the more favorable prices, terms, conditions, warranties or other benefits. This Agreement and any Order affected thereby will be modified to include such more favorable prices, terms, conditions, warranties or benefits.

d) Verizon may, before paying an invoice, require Supplier to sign an affidavit stating that all of Supplier's subcontractors and Suppliers have been paid. The payment period shall be tolled from the date that Verizon provides notice that it requires the affidavit to the date upon which Supplier provides the affidavit.

8. TAXES

a) The Supplier and Verizon acknowledge and agree that it is their mutual objective and intent to legally minimize, to the extent feasible, the aggregate Federal, state or local tax with respect to the software license or related Services being purchased under this Agreement.

b) With respect to any purchase of Services under this Agreement, if any Federal, state or local tax excluding any tax levied on property or income (a "Tax") is required by applicable law to be collected from Verizon by Supplier, then (i) Supplier will bill the Tax on the invoice to Verizon as a separately stated item, (ii) Verizon will timely remit such Tax to Supplier, and (iii) Supplier will timely remit such collected Tax to the applicable taxing authority.

c) If Verizon or Supplier is audited by a taxing authority or other governmental entity the other Party agrees to reasonably cooperate with the Party being audited in order to respond to any audit inquiries in a proper and timely manner so that the audit and / or any resulting controversy may be resolved expeditiously.

d) If applicable law places the responsibility on Supplier to collect a Tax from Verizon and the Supplier fails to do so, Verizon will not be responsible for any interest or penalties associated with Supplier's failure to collect such Tax. Furthermore, Supplier shall not bill a Tax to Verizon on Services under this Agreement that are, by law, not taxable.

e) If an exemption procedure is available, such as a resale exemption certificate, and Verizon complies with such procedure, then Supplier will not bill or collect such Tax during the effective period of the exemption.

f) Supplier will be responsible for all personal property or ad valorem taxes on property owned by Supplier, and Verizon will be responsible for such taxes on property owned by Verizon. Verizon and Supplier are each responsible for properly reporting owned property and neither Party will be responsible for either reporting or paying personal property or ad valorem taxes owed by the other Party.

g) Supplier shall be responsible for the withholding and / or payment, as required by law, of all Federal, state and local taxes imposed on Supplier or its employees for the performance of Services under this Agreement. Supplier shall comply with all Federal and state benefits laws applicable to Supplier or its employees, if any, including making deductions and contributions for Social Security and unemployment tax. Verizon reserves the right, on reasonable notice, to inspect or audit Supplier's records to ensure compliance with this Section. Supplier agrees to indemnify Verizon for any and all sums that are due and owing for withholding FICA and unemployment or other state and Federal taxes. Supplier further agrees to make payments to Federal and appropriate state authorities for withholding, FICA and unemployment taxes.

#### 9. RECORDS AND REPORTS

a) Supplier shall maintain complete and accurate records of all invoices, all amounts billable to and payments made by Verizon, in accordance with generally accepted accounting practices. Supplier shall retain and make available upon request such records for a period of four (4) years from the date of final Services covered by this Agreement.

b) Supplier shall allow Verizon and its authorized agents and representatives to audit Supplier's records or systems for verification of Supplier's compliance with all provisions of this Agreement. Supplier shall be responsible for all audit / verification expenses should the audit reveal or determine that there is a deficiency or violation of the terms of this Agreement. At Verizon's request, the auditor shall have access to Supplier's records and systems for purposes of audit during normal business hours during the term of this Agreement and during the respective periods in which Supplier is required to maintain such records. The accuracy of Supplier's billing shall be determined from the results of such audits.

c) With respect to the Supplier's compliance (as the Primary Supplier) with Minority, Woman-owned, Disabled and Vietnam Era Veteran Business Enterprises (MWDVBE) Utilization, Supplier must submit the Prime Supplier Quarterly Reports on a quarterly basis ten (10) business days following the end of each quarter. In addition, Supplier (as the Primary Supplier) agrees to provide opportunities for MWDVBE in accordance with Exhibit A.

#### 10. INSPECTION AND ACCEPTANCE

a) Supplier shall provide Verizon with written notification of completion of Services. Verizon shall have thirty (30) days from date of receipt of the notice of completion to provide Supplier with written notification of acceptance or rejection due to unsatisfactory performance. Supplier shall correct, at its expense, all deficiencies no later than fifteen (15) days after notice unless otherwise specified in the

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Order. All warranties made by Supplier under this Agreement shall commence upon the acceptance of Services. Inspection or failure to inspect on any occasion shall not affect Verizon's rights under Section 13, "WARRANTIES," of this Agreement or any other rights or remedies available to Verizon under this Agreement.

b) Neither the acceptance of Services nor the payment of any invoice shall constitute a waiver of any breach of this Agreement by Supplier. Moreover, all warranty and indemnity rights shall survive acceptance of and payment for the Services.

#### 11. RELATIONSHIP OF PARTIES

a) In providing any Services under this Agreement, Supplier is acting solely as an independent contractor and not as an agent of Verizon. Persons furnished by Supplier shall be solely the employees or agents of Supplier, respectively, and shall be under the sole and exclusive direction and control of Supplier and shall not be considered employees of Verizon for any purpose. Supplier shall be responsible for compliance with all laws, rules and regulations involving its respective employees or agents, including (but not limited to) employment of labor, hours of labor, health and safety, working conditions and payment of wages. Supplier shall also be responsible for payment of taxes, including federal, state, and municipal taxes, chargeable or assessed with respect to its employees or agents, such as social security, unemployment, worker's compensation, disability insurance and federal and state income tax withholding. Neither party undertakes by this Agreement or otherwise to perform or discharge any liability or obligation of the other party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other party. Nothing contained in this Agreement is intended to give rise to a partnership or joint venture between the parties or to impose upon the parties any of the duties or responsibilities of partners or joint venturers.

b) Supplier shall be responsible for Supplier's own labor relations with any labor organization and Supplier shall not purport to bind Verizon (including Verizon Affiliates) to any labor union. Supplier is responsible for supervising and directing the work of Supplier's employees and contractors and for ensuring that all of Supplier's employees, contractors and subcontractors comply with the terms and conditions of this Agreement.

c) Supplier shall not, without Verizon's prior written approval, subcontract any portion of the Service to be performed. Supplier is responsible for all acts of any subcontractor.

#### 12. TOOLS AND EQUIPMENT

a) Supplier shall provide all labor, tools, materials and equipment ("tools") necessary for performing the Services.

#### 13. WARRANTIES

Supplier represents, warrants, and covenants to Verizon that:

a) In performing Services, Supplier will strictly comply with the descriptions and representations as to the Services set forth in the Scope of Services. Supplier also warrants that its employees will perform Services on time and in strict accordance with all applicable federal, state, county and local laws, ordinances, regulations, rules, codes and orders.

b) All Services provided by Supplier shall be performed (i) in a diligent, efficient and skillful manner, and (ii) to the best of Supplier's ability. Any substantial interruption or degradation of Services, as determined by Verizon, will be considered unacceptable. Notwithstanding anything to the contrary contained in this Agreement, any dispute or controversy relating to whether any Services meet the

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NOTICE

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required level of performance of this Agreement shall be decided by Verizon in its reasonable discretion and its decision shall be final, conclusive and binding.

c) If, within one (1) year from the acceptance of Services, any defect exists or arises then, in each such case, upon receipt of notice of such defect, Supplier will promptly repair or remedy such defect at Supplier's sole cost and expense no later than two (2) business days following receipt of notice of such defect from Verizon.

#### 14. TELEMARKETING AND PROGRAM MANAGEMENT REQUIREMENTS

14.1 Supplier's Toll Free Number. At Verizon's request, Supplier will subscribe to toll free calling services (e.g., 800/888 toll free numbers) in connection with the marketing of the Services under this Agreement. Supplier will reserve to Verizon the right to use toll free numbers assigned to Supplier in connection with such toll free services. The right to use will survive termination, expiration or cancellation of this Agreement.

14.2 Marketing, Sales and Customer Care Services. Upon written authorization or request by Verizon, Supplier shall provide all services that Verizon may request in writing from time to time including without limitation, the Verizon Requirements referenced in the Statement of Work, Attachment A, and all applicable laws, decrees, orders, judgments and regulations, including without limitations, the Confidentiality of Pennsylvania Customer Communications and Information requirements attached hereto as Attachment D and incorporated herein by reference. Customer care services requested by Verizon may include, but are not limited to, post-sales support, follow-up on customer sales (including product fulfillment and follow-up letters), and customer inquiries, all in accordance with Verizon's specific directives given to Supplier in writing.

14.3 Marketing of Products. Verizon will determine what Verizon services and products are to be marketed by Supplier (the "VZ Products"), and Supplier shall at all times comply with Verizon's instructions, policies, directives, standards and procedures in marketing the VZ Products. Supplier shall be responsible for obtaining correct information from the customer regarding the customer's telecommunications requirements, and shall accurately advise the customer of the VZ Products, which meet the customer's requirements. Supplier shall, in a manner consistent with the tariffs and/or the terms and conditions applicable to a specific VZ Product, accurately advise customers it contacts on behalf of Verizon of the VZ Products, their availability, rates and terms, all material features, and applicable restrictions and limitations. In marketing the VZ Products, Supplier shall use lawful and non-deceptive sales practices, and shall advise customers that the VZ Product is provided by the applicable Verizon operating telephone company, which company Supplier will correctly identify by name.

14.4 Compliance With Law and Verizon Directives; Prohibition of Slamming. Verizon will, from time to time in its discretion, prescribe (or amend existing) policies, standards and practices that shall apply to Supplier's performance of its obligations under this Agreement, including without limitation customer care and the marketing and sales of any VZ Products. In performing its obligations under this Agreement, Supplier and Supplier's representatives, employees and contractors (collectively "Supplier") shall at all times comply with Verizon's methods and procedures, scripts, policies, standards and practices (as may be amended), and shall follow the highest standards of honesty, integrity and fair dealing. Under no circumstances shall Supplier forward a sale order to Verizon, or place a sale order on behalf of a customer, unless that customer has specifically approved that sale or order. By way of example, and without limiting the foregoing, Supplier shall not make, or place orders for, any changes or choices in customer's local exchange or toll (regional or long distance) carrier unless the customer has expressly approved or asked for such change and has been informed by Supplier that such change or

selection will result in the chosen carrier providing the services for which customer has selected said carrier. Supplier further agrees that Supplier shall at all times abide with all applicable laws, regulations and orders against the wrongful change or selection of a customer's choice of carrier ("slamming"). Supplier further agrees that if Supplier knows, or has reason to suspect, that any Supplier representative, employee or contractor has violated any of the provisions of this Agreement (including those of this Section). Supplier shall immediately stop using that person to market or sell VZ Products, or otherwise perform, or assist in the performance of Supplier's obligations hereunder. Any violation of this Section shall be deemed a material breach of this Agreement, and, notwithstanding anything contained in this Agreement to the contrary, Verizon shall have the right to terminate this Agreement immediately due to such breach. Supplier agrees to indemnify and hold Verizon and its employees, directors, officers, successors, and assigns harmless for any losses resulting from any violation of this Section by Supplier.

14.5 Customer Contact Requirements. Supplier shall not do anything that would discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of Verizon. Supplier shall follow all Verizon provided or approved scripts on any and all contacts with customers on behalf of Verizon. Supplier shall provide prompt, courteous and efficient service to customers it has contact with under this Agreement, or otherwise on behalf of Verizon. Supplier shall be courteous and efficient in performing functions under this Agreement so that Verizon's customers do not experience any undue delay, inconvenience or discomfort when dealing with Supplier. Supplier shall not under any circumstances use abusive or profane language or condescending or sarcastic tones of voice, nor shall they interrupt the customer or disconnect the customer prematurely.

14.6 Do-Not-Contact Requirements. In marketing and/or selling VZ Products under this Agreement, Supplier will at all times, and for each customer contact, comply with the terms of the Telephone Consumer Protection Act of 1991, as it may be amended (the "TCPA"), and with Verizon's Do-Not-Call list requirements, which are attached hereto as Attachment C and incorporated herein by reference. If the list of customer names Supplier uses for marketing and selling the VZ Products is provided or created by a party other than Verizon, then Supplier shall, before contacting anyone on its marketing list, compare that list to Verizon's Do-Not-Call List. Supplier shall then cross out and will NOT contact any customer on Supplier's marketing list whose name also appears on Verizon's Do-Not-Call list.

Supplier shall establish methods and procedures to ensure compliance with this Agreement, Attachment C and the TCPA, and submit these methods and procedures to Verizon for approval. Supplier shall implement the approved methods and procedures, subject to any modifications Verizon may require. Supplier shall inform and train each of its employees, contractors, and representatives who will be marketing or selling the VZ Products on all approved methods and procedures. Supplier shall have the technology to block, within forty-eight (48) hours of receiving Verizon's Do-Not-Call list, any numbers that appear on Verizon's Do-Not-Call list. In the event Supplier contacts a customer in violation of this Agreement (including, without limitation, Attachment C) or the TCPA, or any other applicable law or regulation, Supplier shall indemnify Verizon and its respective officers, directors and employees for any expenses, costs, claims, losses or liability (including attorneys' expenses and in-house legal expenses).

14.7 Training. Supplier shall train its employees, representatives and contractors, to provide the Services in accordance with the terms of this Agreement, Verizon's policies and directives and applicable law. If necessary, Supplier shall provide any training needed to make its employees, representatives and contractors conversant with the specifications, features, advantages, restrictions and limitations of the VZ Products and the rates, prices, terms, and conditions applicable to the VZ Products. In addition, Supplier shall also train its employees, representatives and contractors, with respect to the use of any Verizon

systems that Supplier may be accessing under this Agreement. Supplier shall assure that its personnel meet all quality and certification standards established by Verizon.

14.8 Third-Party Verification. To the extent Supplier may market or sell any VZ Product, which could result in customer selecting a local exchange carrier or a toll carrier (whether regional or long distance toll) Supplier shall comply with each of the following:

(a) At Verizon's request, Supplier shall allow or provide for third party verification of each customer's selection of Verizon's local exchange, or regional or long distance toll service, where such selection is made as a result of a sale or marketing effort by Supplier as defined in the attached statement of work. Verizon may, at its discretion, hire and pay for the third-party Verification Supplier directly, or require Supplier, at Verizon expense, to engage a third party Verification Supplier ("Verification Supplier") to provide the third-party verification required under this Section. To the extent Verizon requires Supplier to arrange for verification, the Verification Supplier will be deemed a Supplier contractor under this Agreement, and Supplier will cause the Verification Supplier to be bound in writing to comply with the terms and conditions of this Agreement relating to the provision of third party verification services.

In addition, Supplier will include in its agreement with the Verification Supplier, terms permitting enforcement of such terms and conditions by Verizon as a third party beneficiary. Third party verification services will be carried out by telephone immediately after each Supplier sale of a VZ Product in accordance with practices provided by Verizon to Supplier, as these may be amended from time to time. Supplier shall allow or provide (depending on whether Verizon or Supplier, at Verizon's discretion, engages the Verification Supplier) for third party verification services with a Verification Supplier that is independent of Verizon, and that provides third party verification services in facilities that are physically separate from facilities used by Supplier or Verizon to market and sell VZ Products, or used by Supplier to sell telecommunications services for parties other than Verizon.

(b) To the extent Verizon requires the Supplier to provide third party verification services by directly engaging a Verification Supplier, Supplier will:

(1) follow and require the Verification Supplier to follow, all applicable laws, orders, rules, regulations, and ordinances and to follow scripts and practices provided and/or approved by Verizon in advance in writing;

(2) make audio recordings of, and require the Verification Supplier to make audio recordings of, all third party verifications with customers indicating each customer's express consent in accordance with applicable laws, orders, rules, regulations, and ordinances; such verification recordings shall include the following information: verified customer name, address, and telephone number, customer password for the verification (e.g., customer social security number, customer birth date, or other identifying information), and other information specified by Verizon;

(3) Make and require the Verification Supplier to make, written records of all third party verifications and customer complaints about unauthorized changes in a customer's long distance carrier, including the following information: verified customer name, address, and telephone number, customer password for the verification (e.g., customer social security number, customer birth date, or other identifying information), nature of complaint, name, address, and telephone number of Supplier employee that carried out the customer's verification and/or took the

complaint, date of verification and/or complaint, name, address, and telephone number of complaining customer;

(4) retain and require the Verification Supplier to retain, all third party verification information for each customer and all information relating to customer complaints about unauthorized changes in a customer's local exchange or toll (regional or long distance) carrier for three (3) years from the date of verification or complaint; (5) upon written Verizon request, release to Verizon all such third party verification and/or complaint information;

(6) upon written Verizon request, release to Verizon all information pertaining to customer complaints about unauthorized changes in a customer's local exchange or toll (regional or long distance) carrier;

(7) treat all Verification Supplier information and complaint information as Verizon Information under Section 22 "CONFIDENTIAL INFORMATION" of this Agreement, whether or not so marked; and

(8) indemnify and hold harmless Verizon and its directors, officers, and employees in accordance with Section 15 "INDEMNIFICATION" of this Agreement

14.9 Access to Database: Security Requirements. To the extent Supplier has access to any Verizon systems or databases in performance of its obligations under this Agreement, Supplier shall limit access to any such databases only to those of its employees, representatives and contractors with a need to access such information contained for Supplier to perform its obligations under this Agreement. In addition, Supplier shall establish security procedures to safeguard and ensure that the security and integrity of such database is not compromised. Each employee, agent or representative of Supplier (or of any Supplier contractors) having access to the database must execute, prior to having access to such database, a Treatment of Information form, a copy of which is attached as Exhibit E to the Agreement and incorporated herein by reference. Supplier shall maintain a copy of each executed Treatment of Information form and make available to Verizon upon request. Supplier shall use a LOGONID form, which shall be approved by Verizon when assigning a password to the employees having access to the database. Supplier shall maintain a record of all such LOGONID requests in order to monitor and control access to such database. Supplier shall identify, record and report to Verizon any known unauthorized electronic access to Verizon's database, as well as any on-line activity, operations or problems of a suspicious nature. Supplier shall comply with any and all security specifications or requirements applicable to Verizon's systems that Verizon may prescribe from time to time, and establish such safeguards as necessary to protect any and all information in any Verizon database against loss, destruction or unauthorized access. These safeguards shall comply with any and all Verizon directions and policies, and shall be no less rigorous than those Supplier observes in safeguarding its own data of similar type. Supplier shall indemnify and hold Verizon and Verizon's Affiliates and their respective officers, employees, agents, directors, representatives, and assigns harmless in accordance with Section 15 of this Agreement from any losses, expenses, or claims resulting, in whole or in part, from or relating to (i) unauthorized access to Verizon's systems or databases through "LOGONID" or passwords assigned to Supplier by Verizon; or (ii) Supplier's failure to comply with the terms of this Section.

14.10 Access To and Treatment of Customer Proprietary Network Information. To the extent Supplier is authorized to use, or provided with access to or with a customer list derived from, customer proprietary network information ("CPNI"), Supplier shall at all times comply with all applicable laws, rules and regulations, and all of Verizon's policies, methods, and procedures, regarding treatment and use

of CPNI as communicated to Supplier. Supplier shall treat all CPNI as Information of Verizon in accordance with the terms of Attachment E-TREATMENT OF INFORMATION of this Agreement. Supplier shall not and shall assure that Supplier's employees, representatives and contractors shall not review or use, in any manner, any CPNI other than as permitted by law and only in performance of Supplier's obligations under this Agreement. Supplier represents, understands and acknowledges that applicable regulations prohibit the use of CPNI for the marketing or selling of certain services without customer's consent. Supplier shall train each Supplier employee, representative and contractor as to applicable law, regulations and orders, and Verizon's policies, methods and procedures as communicated to Supplier, regarding the proper treatment and use of CPNI. To the extent Supplier is required, by applicable law and/or Verizon's policies, standards and practices, to obtain customer's consent before using any CPNI to market a VZ Product, Supplier shall comply with all such laws and Verizon policies, standards and practices in obtaining the customer consent, and shall allow (or provide at Supplier's expense, if required by Verizon) for audio taping of calls where customer's oral consent to access CPNI is sought, and/or, for third-party verification in connection thereof.

Any third-party verification required by Verizon in accordance with, and subject to, the terms in paragraphs (a) and (b) of Section 14.8 - THIRD-PARTY VERIFICATION of the Agreement, to the extent these terms are applicable to third-party verification. Supplier shall indemnify and hold Verizon and its officers, employees, agents, directors, representatives, and assigns harmless in accordance with Section 15 of this Agreement from any losses, expenses, or claims resulting, in whole or in part, from Supplier's violation of this Section. The agreement between Supplier and Supplier Third Party Verifier shall: (A) require that the Third Party Verifier partner use the CPNI only for the purpose of marketing or providing the communications-related services for which that CPNI has been provided; (B) disallow the Third Party Verifier partner from using, allowing access to, or disclosing the CPNI to any other party, unless required to make such disclosure under force of law; (C) require that the third party verifier partner have appropriate protections in place to ensure the ongoing confidentiality of consumers' CPNI.

14.11 Quality Monitoring. At Verizon's request, Supplier shall allow for monitoring of customer contacts by Verizon or a third party designated by Verizon, in accordance with the terms of Verizon's quality monitoring procedures necessary equipment to provide, and shall provide, in-house and remote telephone monitoring (as designated by Verizon) of calls placed or handled by Supplier with respect to the Services or Supplier obligations hereunder. Verizon shall have the right to monitor any such calls remotely or otherwise without prior written notice to Supplier.

#### 15. INDEMNIFICATION

a) Supplier shall defend, indemnify and hold harmless Verizon, its parents, subsidiaries, directors, officers, partners, employees, agents, successors and assigns (collectively, "Indemnified Parties") from any claims, demands, lawsuits, damages, liabilities, judgments and settlements of every kind ("Claims") that may be made: (i) by anyone for injuries (including death) to persons or damage to property, including theft, resulting in whole or in part from the acts or omissions of Supplier; (ii) by persons furnished by Supplier under worker's compensation or similar acts, (iii) by anyone in connection with or based upon products, services, information or work provided by Supplier or contemplated by this Agreement, including Claims regarding the adequacy of any disclosures, instructions or warnings related to any such products or services; and (iv) under any federal securities laws or under any other statute, at common law or otherwise arising out of or in connection with the performance by Supplier of this Agreement or any information obtained in connection with such performance. The foregoing indemnification shall apply whether Supplier or an Indemnified Party defends such Claim. Supplier further agrees to require its subcontractors (if any) to similarly indemnify, hold harmless and defend the Indemnified Parties. The foregoing indemnity shall not apply in the case of Claims that arise from the sole negligence, misconduct or other fault of Verizon. It shall apply, however, if a Claim is the result of

the joint negligence, joint misconduct, or joint fault of Supplier and Verizon, but in such case, the amount of the Claim for which Verizon is entitled to indemnification shall be limited to that portion of such Claim that is attributable to the negligence, misconduct or other fault of Supplier.

b) The obligations of this provision are in addition to Supplier's obligation in Section 18, "INSURANCE," to provide insurance, and are not limited by any limitation on the amount or type of damages, compensation or benefits payable by Supplier under any other law or regulation.

c) Verizon will provide Supplier with written notice of any written Claim covered by this indemnification and will cooperate with Supplier in connection with Supplier's evaluation of such Claim. Supplier shall defend any Indemnified Party against any Claim. Supplier shall assume the defense of such Claim with counsel reasonably satisfactory to the Indemnified Party. Supplier shall not settle or compromise any such Claim or consent to the entry of any judgment without the prior written consent of each Indemnified Party and without an unconditional release of all Claims by each claimant or plaintiff in favor of each Indemnified Party.

#### 16. INFRINGEMENT

a) Supplier shall indemnify, defend and hold harmless Indemnified Parties, as defined in Section 15, "INDEMNIFICATION," from all Claims, as defined in Section 15, "INDEMNIFICATION," arising from or relating to any actual or alleged infringement or misappropriation of any patent, trademark, copyright, trade secret or any actual or alleged violation of any other intellectual property rights arising from or in connection with the Services performed under this Agreement.

b) The procedures set forth in Section 15, "INDEMNIFICATION," shall apply in the case of any claims of infringement, misappropriation or violation of intellectual property rights for which indemnification is sought. Without limitation of Section 15, "INDEMNIFICATION," if the sale or use of Services is enjoined, Supplier shall, at Verizon's option and at Supplier's expense, either:

- i. Procure for Verizon the right to use the Services or products;
- ii. Replace Services with equivalent, non-infringing Services or products;
- iii. Modify Services or products so they become non-infringing; or
- iv. Remove the Services or products and refund the purchase price, including transportation, installation, removal and other incidental charges.

#### 17. LIMITATION OF LIABILITY

Neither party to this Agreement shall be liable for any consequential, special, indirect, incidental, punitive or exemplary damages for any acts or failure to act under this Agreement.

#### 18. INSURANCE

a) Supplier shall secure and maintain at its expense during the term of this Agreement (i) Commercial General Liability Insurance (including, but not limited to, premises-operations, broad form property damage, products/completed operations, contractual liability, independent Suppliers, personal injury) with limits of at least \$2,000,000, combined single limit for each occurrence. (Limits may be satisfied with primary and/or excess coverage.) (ii) Commercial Automobile Liability with limits of at least \$2,000,000, combined single limit for each occurrence. (iii) Workers' Compensation insurance as required by Statute, and Employer's Liability insurance with limits of not less than \$1,000,000, per occurrence. (iv) Professional Liability, Errors and Omissions, with limits of not less than \$1,000,000, per occurrence.

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b) The insurer must be licensed to do business in the state in which the work is performed and must have Bests Rating "AX" or better. Supplier shall deliver a Certificate of Insurance on which Verizon Communications Inc., its subsidiaries and Affiliates are included as additional insureds. Supplier agrees that Supplier's policy is primary.

c) Supplier shall waive its rights of subrogation against Verizon for Workers' Compensation claims, as permitted by law. Supplier shall, prior to rendering such Services, furnish to the address specified in Section 29, "NOTICES," certificates or evidence of the foregoing insurance indicating the amount and nature of such coverage, the expiration date of each policy, and stating that no material change or cancellation of any such policy shall be effective unless thirty (30) days' prior written notice is given to Verizon.

d) Supplier is responsible for determining whether the above minimum insurance coverages are adequate to protect its interests. The above minimum coverages do not constitute limitations upon Supplier's liability.

e) Supplier has the option, when permitted by law, to self-insure any or all of the foregoing risks. Should Supplier elect to self-insure, in lieu of Certificates of Insurance as stipulated in this Section, Supplier shall provide to Verizon: (i) the self-insurance registration identification number assigned by each state in which Supplier desires to provide Services to Verizon or manufactures a product in connection with Services; (ii) a letter of certification from Supplier's insurance carrier or self-insurance administrator that Supplier is self-insured for the coverages and amounts as stipulated in this Agreement, including that Verizon Communications Inc., its subsidiaries and Affiliates, is an additional insured and shall be indemnified and saved harmless from all claims, suits, and liabilities as set forth within this Agreement; and (iii) a notification of the states in which Supplier is provided coverage under its self-insurance.

#### 19. FORCE MAJEURE

Except as otherwise set out in this Section, if performance of this Agreement is prevented, restricted or interfered with by reason of acts of God, wars, revolution, civil commotion, acts of public enemy, terrorism, embargo, acts of government in its sovereign capacity, or any other circumstances beyond the reasonable control and not involving any fault or negligence of the party affected ("Force Majeure Event"), the party whose performance is affected ("Force Majeure Party"), upon giving prompt notice to the other party, shall be excused from such performance on a day-to-day basis during the Force Majeure Event. The other party shall likewise be excused from performance of its obligations on a day-to-day basis during the Force Majeure Event, provided, however, that the Force Majeure Party shall use reasonable efforts to avoid or remove the Force Majeure Events and both parties shall proceed immediately with the performance of their obligations under this Agreement whenever the Force Majeure Event ceases. If the Force Majeure Event continues for more than thirty (30) days, and Verizon is not the Force Majeure Party, then Verizon may terminate this Agreement without penalty. Labor difficulties, including without limitation, strikes, slowdowns, work stoppage, picketing or boycotts, shall not constitute a Force Majeure Event that excuses Consultant from performance of its obligations under this Agreement. In the event of such labor difficulties, Consultant shall use all lawful means to perform services agreed to under this Agreement.

#### 20. TERMINATION

a) Verizon may terminate this Agreement without cause, upon ten (10) days written notice to Supplier. Termination shall not affect any Order received by Supplier. Upon termination of this Agreement without cause, Verizon shall not be liable to Supplier. The termination shall not prejudice the rights or

liabilities of the parties with respect to Services rendered, or any indebtedness then owing by either party to the other.

b) Either party may terminate this Agreement, effective immediately, without liability for said termination, upon written notice to the other party, if any of the following events occurs:

- i. The other files a voluntary petition in bankruptcy;
- ii. The other is adjudged bankrupt;
- iii. A court assumes jurisdiction of the assets of the other under a federal reorganization act;
- iv. A trustee or receiver is appointed by a court for all or a substantial portion of the assets of the other;
- v. The other becomes insolvent or suspends its business;
- vi. The other makes an assignment of its assets for the benefit of its creditors, except as required in the ordinary course of business;

c) Verizon may terminate this Agreement for a material breach by Supplier, provided that, (i) Verizon gives Supplier written notice of such breach, and (ii) after receiving such notice from Verizon, Supplier fails to cure the breach after ten (10) days.

d) If Supplier is in material breach or default of this Agreement, and such breach shall continue for a period of ten (10) days after Supplier's receipt of Verizon's written notice thereof, then, in addition to all other rights and remedies of law or equity or otherwise, Verizon shall have the right to cancel all applicable Orders immediately without any obligation or liability to Supplier for said cancellation. If Verizon has not given notice of termination of this Agreement, but Supplier fails to provide Service on the date agreed upon or as set forth in Supplier's acknowledgement, then Verizon shall have the right to cancel all applicable Orders immediately without further obligation or liability to Supplier for cancellation or any obligation to provide Supplier a time period to cure such breach.

e) In the event Verizon terminates this Agreement, Supplier shall, at Verizon's option, continue to provide all Services as required under this Agreement until the effective date of termination and shall cooperate with Verizon in formulating a plan for effectuating the orderly termination of this Agreement and the orderly transfer to Verizon (or its designee) of the responsibility for provision of the Services ("Transition Assistance"). In the event that termination occurs as a result of Supplier's material breach or default, reasonable costs associated with provision of Transition Assistance shall be borne by Supplier; otherwise, Verizon shall pay for such Transition Assistance at commercially reasonable rates to be agreed between the parties.

## 21. PUBLICITY AND DISCLOSURE

a) Supplier shall not provide copies of this Agreement, or otherwise disclose the terms of this Agreement, to any third party without the prior written consent of Verizon; provided, however, that Supplier may, without obtaining Verizon's consent, provide copies or make disclosures to prospective purchasers of Supplier's business; or for the purpose of obtaining third party financing; or to any regulatory or judicial body requesting such information. Supplier shall give Verizon written notice of such disclosure within five (5) business days after disclosure.

b) Verizon will not approve issuance of a press release to announce this or other agreements in which the Supplier is providing products or services to Verizon, other than in exceptional situations where Verizon determines that a release would significantly benefit Verizon. The Supplier shall not, without Verizon's prior written approval, release any advertising, sales promotion, press releases or other publicity matters

relating to the Product furnished or the Service performed pursuant to this Agreement, when Verizon's respective name or mark is mentioned or language from which the connection of said name or mark may be inferred or implied. Verizon may withhold approval in its sole discretion.

## 22. CONFIDENTIAL INFORMATION

a) The term "Information" includes, but is not limited to: programs and related documentation; specifications, drawings, models, technical and business data and plans; works of authorship and other creative works; and ideas, knowledge and know-how. Information may be transmitted in writing, other tangible form or orally.

b) No information that Supplier provides to Verizon (even if labeled or otherwise designated as proprietary or confidential) shall be considered by Verizon to be confidential or proprietary.

c) Information that Verizon furnishes to Supplier or that Supplier otherwise comes into contact with under this Agreement will remain Verizon's property and shall be considered by Verizon to be confidential or proprietary. Supplier will return such Information to Verizon upon termination of the Agreement or at Verizon's earliest request. Supplier will keep the Information confidential and use it only in performing this Agreement unless such Information was previously known to Supplier free of any obligation to keep it confidential or is made public by Verizon or a third party without breach of any agreement. In addition, except with Verizon's separate, advance written consent, in no event shall Supplier (i) store Verizon Information regarding Verizon's systems, infrastructure or customers outside of the United States, (ii) make Verizon Information regarding Verizon's systems, infrastructure or customers available to persons located outside of the United States, (iii) access any Verizon systems from outside of the United States, or (iv) make access to any Verizon systems available to any person who is then located outside of the United States.

## 23. INTELLECTUAL PROPERTY

a) Any and all ideas, inventions, documents, data, programs, and/or other materials developed or produced by Supplier in the performance of this Agreement (collectively referred to as "Work Product") are and shall be the sole and exclusive property of Verizon, and Verizon shall have the right to use the Work Product for any purpose without any additional compensation to Supplier. Supplier shall not make any Work Product available to any third party or use any Work Product for the benefit of any third party without the prior written consent of Verizon.

b) Verizon shall be the sole owner of all patents, copyrights, trademarks, trade secrets, and other intellectual property rights and protection in connection with any Work Product. Supplier shall transfer to Verizon all intellectual property rights and shall cooperate with and assist Verizon, at Verizon's expense, in obtaining patents, copyrights, trademarks, and other intellectual property rights and protection relating to all Work Product.

c) If the Work Product qualifies as a work made for hire under the definitions of Title 17 U.S.C. 101, then Supplier and Verizon agree that the Work Product is a specially ordered or commissioned work which shall be a work made for hire, and Verizon shall own the copyright in the Work Product. In the event that the Work Product under this Agreement does not qualify as a work made for hire, Supplier agrees to convey and to assign to Verizon all of its right, title and interest in and to any copyright of any copyrightable work produced by Supplier in performance of Services under this Agreement.

d) If Supplier incorporates elements from pre-existing commercial off-the-shelf computer programs or proprietary computer, audio, visual, or audiovisual programs owned by third parties, in the production of

any Work Product for Verizon, Supplier shall obtain at its own expense any and all licenses, releases, or permission necessary for Verizon to utilize such programs in the Work Product perpetually, and shall provide written assurance to Verizon that such licenses, releases or permission have been obtained. Supplier shall also provide copies of any documents evidencing any such license, release, or permission. Supplier agrees to indemnify, defend and hold harmless Verizon from any lawsuit, claim, or other cause of action, damages, costs, and expenses, including reasonable attorneys' fees, in connection with any alleged infringement related to Verizon's use of such pre-existing programs or infringement of intellectual property rights of any third party.

e) Supplier's obligation to cooperate with and assist Verizon in obtaining and enforcing patents, copyrights, trademarks, trade secrets, and other rights and protection in the Work Product shall continue beyond the termination of this Agreement and Verizon shall compensate Supplier at a reasonable rate for time actually spent by Supplier at Verizon's written request in this regard.

f) Verizon does not grant Supplier any license, express or implied, under any patent, copyright, trademark, trade secret or otherwise in the Work Product or in other Verizon intellectual property, except for the sole purposes of Supplier's performance of this Agreement.

#### 24. COMPLIANCE WITH LAWS

Supplier shall comply with the provisions of all applicable federal, state, county and local laws, ordinances, regulations, rules, codes and orders (collectively "law") in performance of this Agreement. Supplier shall also procure required permits or certificates necessary to perform its obligations under this Agreement. Supplier shall indemnify and defend Verizon for any losses, fines or other penalties, including reasonable attorney fees that may be incurred by or imposed on Verizon due to Supplier's failure to comply with the provisions of any applicable law.

#### 25. ASSIGNMENT

a) Supplier may not assign this Agreement or any right or interest under this Agreement, or any Order issued pursuant to this Agreement, (excepting monies due or to become due, as described in Subsection c, below) without first obtaining the written permission of Verizon, which Verizon may refuse in its sole discretion. Supplier may not delegate any Services or other obligation owed by Supplier under this Agreement without first obtaining the prior written permission of Verizon, which Verizon may refuse in its sole discretion. Any attempted assignment or delegation in contravention of this Section shall be void and ineffective.

b) Verizon may freely assign all or part of this Agreement.

c) Supplier may assign monies due or to become due under this Agreement, provided: (i) Verizon is given thirty (30) days' prior written notice of such assignment; (ii) such assignment does not attempt to preclude Verizon from dealing solely and directly with Supplier in all matters pertaining to the Agreement, including, but not limited to, the negotiation of amendments or the settlement of charges due; (iii) it does not attempt to impose upon Verizon obligations to the assignee in addition to the payment of such monies; or (iv) it does not give rise to any additional rights or defenses available to the assignee that were not available to Supplier.

#### 26. CHOICE OF LAW AND JURISDICTION

The validity, interpretation and performance of this Agreement shall be governed by the procedural and substantive laws of the state of New York without regard to conflicts of laws. All actions under this

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Agreement shall be brought in a court of competent subject matter jurisdiction in the County of New York in the State of New York and both parties agree to accept the personal jurisdiction of such court.

The application of the U.N. Convention on Contracts for the International Sale of Goods and the Uniform Computer Information Transactions Act (or any state specific version of same) are specifically excluded from this Agreement.

27. NON-WAIVER

Either party's failure to enforce any of the provisions of this Agreement, Attachment A – Scope of Services or any Order, or to exercise any option, shall not be construed as a waiver of such provisions, rights, or options, or affect the validity of this Agreement, Attachment A – Scope of Services or any Order.

28. SEVERABILITY

If any of the provisions of this Agreement shall be invalid or unenforceable, then such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement. The entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of Supplier and Verizon shall be construed and enforced accordingly.

29. NOTICES

Notices concerning this Agreement shall be in writing and shall be given or made by means of telegram, certified or registered mail, express mail or other overnight delivery service, or hand delivery, proper postage or other charges paid and addressed or directed to the respective parties as follows:

To Supplier:  
Company's Name  
Name  
Address  
Attn:  
Tele#  
Fax#

To VERIZON:  
Verizon Corporate Sourcing  
Attn: Karilyn Bachmann  
1310 North Courthouse Road, 9<sup>th</sup> Floor  
Arlington, VA 22201  
Tele# 703-974-3254  
Fax#  
Email: [karilyn.p.bachmann@verizon.com](mailto:karilyn.p.bachmann@verizon.com)

And to the Affiliate that placed the Order if different from Telesector Resources Group, Inc d/b/a/  
Verizon Services Group

Supplier must provide Notices for change in ownership, change in name of firm, or change in mailing address to Verizon within thirty (30) days of such change. Notices for change in ownership must include

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the names of all-new owners or officers, registered agent for service of process and state of incorporation or organization.

Such Notice shall be deemed to have been given or made when actually received or seventy-two (72) hours after being sent as specified above, whichever occurs first.

30. ORDER OF PRECEDENCE

a) Any ambiguity or inconsistency between this Agreement, as it may be amended, and Attachment A - Scope of Services, as it may be amended, shall be resolved by giving priority and precedence in the following order: first, to the Agreement, and second, to Attachment A - Scope of Services. Any Order or Invoice issued under this Agreement shall be used for administrative purposes only and shall have force or effect to add to or vary this Agreement only as part of Attachment A - Scope of Services.

b) Except for the changes described in this Agreement, no modification to this Agreement, Attachment A - Scope of Services or additional terms contained in any quotation, Order, acknowledgement, or invoice shall be valid without the prior written approval of the authorized representatives of the parties.

31. SECTION HEADINGS

The headings of the Sections are inserted for convenience only and are not intended to affect the meaning or interpretation of this Agreement.

32. GIFTS AND GRATUITIES AND CONFLICTS OF INTEREST

a) Supplier certifies that, to the best of Supplier's knowledge and belief, no economic, beneficial, employment or managerial relationship exists between Supplier and any employee of Verizon, or between Supplier and any relative of an employee of Verizon, that would tend in any way to influence such employee in the performance of his or her duties on behalf of Verizon in connection with the awarding, making, amending or making determinations concerning the performance of this or any other agreement.

b) The exchange or offering of any money, gift item, personal service, entertainment or unusual hospitality by Supplier to Verizon is expressly prohibited. This prohibition is equally applicable to both parties' officers, employees, agents or immediate family members. Any violation of this provision constitutes a material breach of this Agreement.

33. DISPUTE RESOLUTION

a) The parties desire to resolve certain disputes, controversies and claims arising out of this Agreement without litigation. Accordingly, except in the case of (i) a dispute, controversy or claim relating to a breach or alleged breach on the part of either party of the provisions of Section 22b, "CONFIDENTIAL INFORMATION", (ii) a suit, action or proceeding to compel Supplier to comply with its obligations to indemnify Verizon pursuant to Section 15, "INDEMNIFICATION," of this Agreement or (iii) a suit, action or proceeding to compel either party to comply with the dispute resolution procedures set forth in this Section 33, "DISPUTE RESOLUTION," the parties agree to use the following alternative procedure as their sole remedy with respect to any dispute, controversy or claim arising out of or relating to this Agreement or its breach. The term "Dispute" means any dispute, controversy or claim to be resolved in accordance with the dispute resolution procedure specified in this Section 33, "DISPUTE RESOLUTION."

b) At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute arising under this Agreement. The parties intend that these negotiations be conducted by nonlawyer, business representatives. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, shall be exempt from discovery and production, and shall not be admissible in any lawsuit without the concurrence of all parties. Documents identified in, or provided with, such communications, which are not prepared for purposes of the negotiations are not so exempted and may, if otherwise admissible, be admitted in evidence in the lawsuit.

c) If the negotiations do not resolve the Dispute within sixty (60) days of the initial written request, the parties may pursue their available remedies in law or equity.

34. SURVIVAL OF OBLIGATIONS

Supplier's obligations under this Agreement, which by their nature would continue beyond the termination, cancellation or expiration of this Agreement, shall survive termination, cancellation or expiration of this Agreement, including but not limited to, obligations to indemnify, insure and maintain confidentiality, and continued availability of Service support and applicable warranty provisions.

35. ENTIRE AGREEMENT

This Agreement, as amended, together with each Attachment A - Scope of Services, as amended, its exhibits and attachments constitutes the entire agreement between the parties and cancels all contemporaneous or prior agreements, whether written or oral, with respect to the subject matter of this Agreement. Except as provided in Section 30, "ORDER OF PRECEDENCE," and Section 4, "ORDERS; CANCELLATION OF ORDERS," no modifications shall be made to this Agreement or any Attachment A - Scope of Services unless in writing and signed by authorized representatives of the parties.

36. SIGNATURES

Each party represents that it has executed this Agreement through its authorized representative

\_\_\_\_\_  
Supplier

\_\_\_\_\_  
Telesector Resources Group, Inc.

Supplier Name  
Agreement No.

d/b/a Verizon Services Group

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**ATTACHMENT A**

Scope of Services

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**ATTACHMENT B**

**Compensation**

ATTACHMENT C

DO-NOT-CONTACT REQUIREMENTS

It is the policy of Verizon, in compliance with the Telephone Consumer Protection Act of 1991, the Telemarketing and Consumer Fraud and Abuse Prevention Act of 1994 and the pertinent federal regulations (collectively, the "Telemarketing Acts"), to provide residential telephone subscribers ("Consumers") who do not wish to receive telephone solicitations from any or all of the Verizon companies, their agents and Representatives (collectively, "Verizon") the right to have their names/telephone numbers placed on one or more Verizon "Do-Not-Call" List(s). This document explains the Verizon procedures for maintaining its residential "Do-Not-Call" List(s).

Any time a Consumer requests Verizon to remove his/her name/telephone number from its calling List(s), the request is immediately documented. **Unless otherwise specified, a request for inclusion on "Do-Not-Call" List(s) will be presumed to be solely for such List(s) maintained by the specific Verizon company receiving the request.** All such requests shall be processed within 60 days from the date of the initial request, and Verizon shall honor a Consumer's do-not-call request for 10 years, or until such time the Consumer requests the removal of his/her name/telephone number from the "Do-Not-Call" List(s). At the time of initial request, the Consumer is provided with a telephone number to report any future problems.

Consumers are advised that they should provide all the telephone numbers they want to be excluded from Verizon telephone solicitations. It is the responsibility of each Consumer to keep Verizon advised of any changes in telephone number, address or billed party name for purposes of keeping the "Do-Not-Call" List(s) current.

Unless otherwise requested by a Consumer, all requests for inclusion on Verizon "Do-Not-Call" List(s) shall remain confidential. Verizon uses this information solely to eliminate telemarketing solicitation to Consumers on the List(s). Verizon will continue to contact its own residential Customers for non-solicitation purposes such as, but not limited to, service related notices and communications.

Telephone solicitation Representatives of Verizon are trained to properly comply with this policy, and Verizon will periodically monitor its telemarketing solicitation activities to verify that it is being complied with.

ATTACHMENT D

CONFIDENTIALITY OF PENNSYLVANIA CUSTOMER COMMUNICATIONS AND  
INFORMATION

The following provisions shall be a part of and apply to this Agreement to the extent that the Agreement is performed in or involves the marketing of telephone services to Customers in the Commonwealth of Pennsylvania:

1. As used in this Attachment, the terms "Customer information" and "Customer communication" shall have the meanings set forth in 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information").
2. Supplier and its employees, Representatives and contractors shall comply with all provisions of 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information") that pertain to a contractor of a telephone company.
3. Supplier and its employees, Representatives and contractors shall treat Customer information as confidential.
4. Supplier and its employees, Representatives and contractors shall use Customer information for only those purposes specified in this Agreement.
5. Supplier shall establish a confidentiality statement which provides confidentiality protections which are no less than those required of a telephone company by 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information") and maintain the same commitment to the protections in 52 Pa. Code § 63.134 from Supplier's employees, Representatives and contractors.
6. Supplier and its employees, Representatives and contractors shall not intercept or use Customer information or Customer communications in a manner not authorized with respect to a telephone company employee by 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information").
7. Supplier and its employees, Representatives and contractors shall be subject to the operational restrictions specified in 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information") with regard to the handling of Customer communications and Customer information as would otherwise apply to a telephone company employee.
8. Supplier and its employees, Representatives and contractors shall not disclose Customer information and Customer communications to third parties except as required by law.
9. Nothing contained in this Attachment shall be construed as making Supplier an employee or contractor of Verizon - Pennsylvania, Inc.

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10. Supplier shall enter into a written agreement with each contractor who assists it in the performance of this Agreement which: (1) contains language substantially the same as that contained in this Attachment; and, (2) requires the contractor to comply with all of the provisions of 52 Pa. Code §§ 63.131 through 63.137 ("Confidentiality of Customer Communications and Information") that pertain to a contractor of a telephone company.

**ATTACHMENT E**

**TREATMENT OF INFORMATION**

I understand that, in performing work directly or indirectly for \_\_\_\_\_ (“Supplier”), I may be given access to certain of Verizon’s Computer/Database systems. I understand that certain restrictions apply to the access and use of said systems. I hereby agree to comply with all procedures, restrictions, and policies issued by Verizon and Supplier regarding access to and treatment of information contained in Verizon’s systems. I further agree that I shall not:

1. Use or access computer facilities, networks, and information without authorization;
2. Use passwords, access codes/cards, logons, in an unauthorized way;
3. Alter or destroy software, data, information, or files without authorization;
4. Introduce fraudulent records or data; or
5. Disclose or use any information contained in the Verizon systems and databases for any purpose whatsoever other than as authorized by Verizon, and in accordance with the training materials provided and approved by Verizon.

I accept accountability for adhering to the principles and policies of this document in my business conduct and understand and agree that any violations of these principles can lead to disciplinary action up to and including dismissal. I am in compliance with these principles and policies, and will continue to follow them in the future.

Date: \_\_\_\_\_

Employee’s Signature: \_\_\_\_\_

Employee’s Name (Printed): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

I certify that this employee was afforded the opportunity to read and discuss this document prior to signing. I also certify that I have told the employee that he/she is responsible for abiding by all of the provisions of this document.

Date: \_\_\_\_\_

Supervisor’s Signature: \_\_\_\_\_

Supervisor’s Name (Printed): \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

**EXHIBIT A**

**Primary Supplier Compliance with  
Minority, Woman-owned, Disabled and Vietnam era Veteran Business Enterprises (MWDVBE)  
Utilization**

**I. Supplier Commitment.**

The Primary Supplier agrees to provide opportunities for Certified <sup>1</sup>Suppliers identified as Minority<sup>2</sup>, Woman<sup>3</sup>-owned<sup>4</sup>, Business Enterprises ("MWBE")<sup>5</sup> Disabled and Vietnam era Veteran<sup>6</sup> Business

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<sup>1</sup> Currently certified as MWDVBE by an authorized certifying body, such as NMSDC, WBENC, or other similar local, state, or federal certifying body, among others.

<sup>2</sup> "Minority" is defined as a for-profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated, and controlled by minority members. "Minority group members" are United States citizens who are Asian, Black, Hispanic and Native American. Ownership by minority individuals means the business is at least 51% owned by such individuals or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more such individuals. Further, the management and daily operations are controlled by those minority group members. Asian-Indian is defined as a U.S. citizen whose origins are from India, Pakistan and Bangladesh; Asian-Pacific is defined as a U.S. citizen whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the Trust Territories of the Pacific or the Northern Marianas; Black is defined as a U.S. citizen having origins in any of the Black racial groups of Africa; Hispanic is defined as a U.S. citizen of true-born Hispanic heritage, from any of the Spanish-speaking areas of Latin America or the following regions: Mexico, Central America, South America and the Caribbean Basin only; Native American is defined as a person who is an American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part. Native Americans must be documented members of a North American tribe, band or otherwise organized group of native people who are indigenous to the continental United States and proof can be provided through a Native American Blood Degree Certificate (i.e., tribal registry letter, tribal roll register number).

<sup>3</sup> "Women-owned" is defined as a business that is at least 51% owned and controlled by a woman or women. Such women's business enterprise shall further be classified as either minority or non-minority women-owned business, depending upon the greater portion of ownership; "Owned" is defined as at least 51% of the business or in the case of a publicly owned business, at least 51% of the stock is owned either by a minority or women; "Control" is defined as having overall fiscal/legal responsibility and exercising the power to make policy decisions;<sup>3</sup>

<sup>4</sup> Owned is defined as at least 51% of the business or in the case of a publicly owned business, at least 51% of the stock owned either by a minority or women. Transfer of ownership or purchase of an existing business by a minority (or non-minority women) from a non-minority (or non-minority male), that remains actively involved in the operation of the business, does not qualify as a minority-owned or women-owned business.

<sup>5</sup> A "minority business" or "women-owned business" may be an individual partnership, a joint venture or a corporation, other than an employee of a Verizon company.

<sup>6</sup> A business that is at least 51% owned and controlled by an owner or owners who are Vietnam era veterans or who are disabled as defined by the American With Disabilities Act. This classification can also include agencies that employ 51% or more disabled persons.

Enterprises ("DVBE"), (hereinafter "Diversified Suppliers") in accordance, at a minimum, with the terms and conditions of this Section.

## **2. Primary Supplier Commitments.**

### **A. Diversified Supplier Utilization Plan.**

The Primary Supplier must submit an approved Diversified Supplier Utilization Plan ("Plan") within 60 days after execution of this Agreement, if not already supplied in the RFP response.

The Plan must include a statement that the Primary Supplier will achieve MWDVBE and PC Percent Commitments specified in this Section, and a commitment to report results utilizing the reporting method described below:

#### **Contract Specific Reporting.**

The Primary Supplier must relate MWDVBE expenditures specific to Verizon contracts and report them by using the Prime Supplier MWDVBE Quarterly Report found on-line at <http://www.verizon.com/diversity/suppliers>. In this case, the Primary Supplier will also provide:

- (1) A list of the name(s) and address(s) of any Diversified Suppliers the Primary Supplier has identified to use in support of this Agreement,
- (2) A description of the products/services or scope of work to be performed by Diversified Suppliers and,
- (3) The percentage or volume of contract work to be performed by each such firm.

The list of Diversified Suppliers by the Primary Supplier in its (Contract-Specific) Diversified Supplier Utilization Plan form shall constitute:

- A representation by the Primary Supplier to Verizon in regard to the Diversified Supplier(s) that: (a) it intends to use the firm for the work specified in the Diversified Supplier Utilization Plan; (b) on the basis of information known to it and after reasonable inquiry, it believes such Diversified Supplier(s) to be technically and financially qualified to perform the work specified, and that the firm is available to perform the work; and (c) the Diversified Supplier(s) identified is currently certified as MWDVBE by an authorized certifying body<sup>7</sup>.
- A commitment that the Primary Supplier will enter into a contract with each such Diversified Supplier (or approved substitutes) in accordance with its Diversified Supplier Utilization Plan.
- A commitment by the Primary Supplier that it will not substitute a Diversified Supplier listed in its Diversified Supplier Utilization Plan without notifying Verizon.

<sup>7</sup> See note 1, *infra*.

Unless the Primary Supplier has a reasonable belief that use of a designated Diversified Supplier will potentially cause personal injury or damage to property, or that such Diversified Supplier has engaged in illegal or unethical behavior, no substitution(s) of Diversified Supplier(s) designated on the Primary Supplier's Utilization Plan Form may be made without notifying Verizon in writing, citing the specific reason(s) for substitution.

**B. Primary Supplier MWDVBE Percent Commitment.**

The Primary Supplier shall engage the services of certified Diversified Supplier(s) for an amount equivalent to at least sixteen percent (16%) of dollars spent under this Agreement, during the initial year of the Agreement's term; or provide for a one percent (1%) continuous year over year improvement up to \_\_\_ percent (00%) in MWDVBE utilization over the life of the Agreement ("MWDVBE Percent Commitment").

**C. Primary Supplier Compliance; Standards and Remedies.**

- I. **Compliance Standards.** Verizon has the right to determine compliance by the Primary Supplier with the Diversified Supplier Utilization Plan and the MWDVBE Percent Commitments (hereinafter collectively the "MWDVBE Commitments") established in this Section. Verizon may determine that the Primary Supplier is achieving its MWDVBE Commitments as set forth in this Section by examining reports received from the Primary Supplier, performing on-site inspections, conducting progress meetings regarding work required by the Agreement, contacting involved Diversified Supplier, or through other Verizon actions taken in the ordinary course of administering the Agreement.
- II. **Quarterly Compliance Reports.** "Verizon Prime Supplier MWDVBE Quarterly Reports", shall be submitted via the website <http://www.verizon.com/diversity/suppliers> by the Primary Supplier, as required by this agreement, no later than ten (10) business days following the end of each quarter. This document is intended to provide a reporting mechanism to monitor the Primary Supplier's progress in achieving its MWDVBE Commitments as set forth in this Section.
- III. **Updates.** An annual update of the Primary Supplier's Diversified Supplier Utilization Plan will be required to ensure compliance with this Agreement's provision for continuous year over year improvement.
- IV. **Commercially Reasonable Efforts.** If the MWDVBE Percent Commitments of the Primary Supplier are not achieved for any two consecutive reporting periods or such longer period as Verizon deems appropriate or justified, the Primary Supplier must demonstrate that commercially reasonable efforts were utilized to accomplish the MWDVBE Percent Commitments by providing documentary evidence to Verizon. Such documentary evidence shall include but not be limited to: advertisement in general circulation media, trade publications and small business media soliciting the performance of services of certified MWDVBE businesses related to the field of business regarding the products and services which are subject matter of this Agreement, written notification to certified MWDVBE businesses requesting proposals specific to the products provided for and/or services performed under this Agreement, and written acknowledgment that MWDVBE businesses' interest in providing such products or performing such services is under consideration.
- V. **Commitments Not Achieved.** In the event that the Primary Suppliers MWDVBE Commitments hereunder are not achieved and the Primary Supplier can not demonstrate to the reasonable satisfaction of Verizon that commercially reasonable efforts were made to accomplish such MWDVBE Commitments, as indicated in IV above, such failure shall constitute an occasion of

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default and Verizon reserves the right and shall have the option to invoke the default and termination provisions of this Agreement. Verizon in addition to Article(s) of this Agreement pertaining to default and termination shall have all other rights and remedies available at law and in equity and under this Agreement. Verizon may also require that the Primary Supplier, upon request, submit additional documentation and information concerning the Primary Supplier's performance in achieving its MWDVBE Commitments and compliance with its Diversified Supplier Utilization Plan.

**VI. Cure Period for Commitments Not Achieved.** Should the Primary Supplier continue to fail to achieve the MWDVBE Commitments of this Agreement or any amendments thereto after having been given notice of such failure to meet its MWDVBE Commitments, and failing to cure such Commitments within thirty (30) days of receiving such notice by achieving its requirements, the Primary Supplier shall be in default and no further cure shall be permitted.

**VII. Supplier Report Card.** In addition, the Primary Supplier's ability to achieve its MWDVBE Commitments shall reflect upon and shall contribute to the Primary Supplier's overall grade on the Supplier Report Card or other performance measurement(s).

