

TARIFF DISTRIBUTION

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Issuing Officer: Patrick Doherty, Director - Access Regulatory

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The Title Page and Pages 1 to 29-48 inclusive of this tariff are effective as of the date shown. Original and revised pages as named below and Supplement Nos. 1 and 2 contain all changes from the original tariff that are in effect on the date hereof.

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(N)

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26.1 BellSouth SWA Contract Tariff No. 2002-01

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All AT&T and BellSouth marks contained herein and as set forth in the trademarks and service marks section of the BellSouth Tariff are owned by AT&T Intellectual Property or AT&T affiliated companies.

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25. Pricing Flexibility Contract Offerings (N)

25.90 Contract Offer No. 87 – Access Service Offer (N)

25.90.1 General Description (N)

The Special Access Service Offer (Contract Offer No. 87) consists of TDM credit and waiver plans and a Minimum Annual Revenue Commitment plan, for which concurrent subscription is required to this Contract Offer and the following Access Tariffs: Nevada Bell Telephone Company (NBTC) Tariff F.C.C. No. 1, Contract Offer No. 36; Pacific Bell Telephone Company (PBTC) Tariff F.C.C. No. 1, Contract Offer No. 172; Ameritech Operating Companies, Tariff F.C.C. No. 2, Contract Offer No. 222; and Southwestern Bell Telephone Company (SWBT) Tariff F.C.C. No. 73, Contract Offer No. 192 (collectively, with this Contract Offer No. 87, "Concurrently Subscribed Contract Offers"). NBTC, PBTC, Ameritech and Southwestern Bell Telephone Company), with BellSouth Telecommunications, LLC ("BellSouth" or the "Telephone Company") shall be identified herein as the "Qualified Companies." (Nx)

Subject to the Terms and Conditions set forth elsewhere in this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers, Contract Offer No. 87 provides eligible customers with quarterly credits, and also requires eligible customers to make and satisfy a Minimum Annual Revenue Commitment (MARC), as defined in Section 25.90.5. The MARC is fulfilled by certain recurring revenues from, in the aggregate, certain services purchased from the Telephone Company, as set forth in this Contract Offer No. 87, and certain services purchased from the other Qualified Companies, as set forth in the other Concurrently Subscribed Contract Offers. (N)

The certain services provided by the Telephone Company are described in Section 25.90.2, with the Subject Services set forth in Section 25.90.2(A), and Non-Subject Services set forth in Section 25.90.2(B) and (C).

Contract Offer No. 87 will be available for subscription only from December 30, 2015 through January 29, 2016. This offer is not renewable. (N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.2 Subject and Non-Subject Services

The Subject Services, listed in Table A, below, the Legacy Non-Subject Services, listed in Table B, below, and the Ethernet Non-Subject Services, listed in Table C, below, are limited to those provided by the Telephone Company and located within the "Operating Territory" of the Telephone Company, as described in BellSouth Tariff F.C.C. No. 1, Section 15 (Operating Territory) except that in no event shall any services connecting to the Customer's or any of its Affiliate's cell sites, mobile telecommunications switching offices (MTSOs), or mobile switching centers (MSCs) be considered MARC-Eligible Services, as defined in Section 25.90.4(C), below.

(A) Subject Services

Subject Services are pricing flexibility qualified access services or rate elements listed in Table A, below.

Table A – Subject Services

Category	Services Included
Interstate Special Access located in Pricing Flexibility Metropolitan Statistical Areas (MSAs)	DS1 and DS3, except for any rate elements not subject to pricing flexibility

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.2 Subject and Non-Subject Services (Cont'd)

(B) Non-Subject Services

Legacy Non-Subject Services and Ethernet Non-Subject Services are listed in Tables B and C, respectively, below (collectively, the "Non-Subject Services"). Non-Subject Services are included in determinations made under this Contract Offer No. 87 (including with respect to the Eligibility, MARC achievement, and Quarterly Credit calculations and issuances), but are not otherwise subject to the rates, terms or conditions of this Contract Offer No. 87.

Table B – Legacy Non-Subject Services

Category	Services Included ¹
Interstate Special Access Services provided by the Telephone Company but not located in Pricing Flexibility Metropolitan Statistical Areas (MSAs) and any rate elements located in Pricing Flexibility MSAs but not subject to pricing flexibility relief.	DS1 and DS3
Broadband Interstate Special Access ¹	SMARTRing® Services Lightgate® Services – OCN Optical Carrier Network (OCN) Point to Point Dedicated SONET Ring Service (DSRS)
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as either Subject Services or other Legacy Non-Subject Services

¹ Interstate OCN PTP, DSRS, GigaMAN,® DecaMAN,® OPT-E-MAN®, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at www.att.com/guidebook and <http://cpr.att.com/pdf/commonEthServGuide.html>.

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25. Pricing Flexibility Contract Offerings (Cont'd)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.2 Subject and Non-Subject Services (Cont'd)

(B) Non-Subject Services (Cont'd)

Table C – Ethernet Non-Subject Services

Category	Services Included ¹
Broadband Interstate Special Access ¹	GigaMAN® (Gigabit Ethernet Metropolitan Area Network) OPT-E-MAN® (Optical Ethernet Metropolitan Area Network) DecaMAN® (10 Gigabit Ethernet Metropolitan Area Network) BellSouth Metro Ethernet Service AT&T Switched Ethernet Services (ASE) Wavelength Metropolitan Area Network (WaveMAN) BellSouth Wavelength Service BellSouth Wavelength Dedicated Ring Service BellSouth Wavelength Channel Service AT&T Dedicated Ethernet (ADE)
Intrastate Special Access	Intrastate services equivalent to the interstate services listed above as Ethernet Non-Subject Services

¹ Interstate OCN PTP, DSRS, GigaMAN,® DecaMAN,® OPT-E-MAN®, BellSouth Metro Ethernet Service, AT&T Switched Ethernet, WaveMAN, BellSouth Wavelength Service, BellSouth Wavelength Dedicated Ring Service, BellSouth Wavelength Channel Service, and AT&T Dedicated Ethernet services are now provided on a contractual basis outside of the tariff, including all terms and conditions. As required by the Commission, to allow the Telephone Company to take advantage of the relief granted in the Commission's Memorandum Opinion and Order No. 07-180 released October 12, 2007, services have been de-tariffed by the Telephone Company. Rates, terms and conditions associated with de-tariffed services are available at www.att.com/guidebook and <http://cpr.att.com/pdf/commonEthServGuide.html>.

(N)

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.2 Subject and Non-Subject Services (Cont'd)

- (C) All terms and conditions for those MARC-Eligible Services that are tariffed are governed by their respective tariff sections, except as noted in this Contract Offer No. 87. All terms and conditions for those MARC-Eligible Services that are not tariffed are governed by the applicable guidebooks, service guides or contracts. No service purchased by or on behalf of any Affiliate of Customer that is not a "Permitted Affiliate," as defined herein, and no service purchased by Customer, or any of its Permitted Affiliates, for its provision of Wireless Telecommunications Services or for connecting to the Customer's or any of its Affiliate's cell sites, MTSOs, or MSCs, shall constitute a Subject Service or Non-Subject Service under this Contract Offer No. 87. A "Permitted Affiliate," as that phrase is used in this Contract Offer No. 87, is an Affiliate of Customer that (directly or indirectly) controls, is controlled by, or is under common control with, Customer and that, as of July 1, 2015 is purchasing any Subject Service from the Telephone Company using an Access Customer Name Abbreviations (ACNAs) that the Customer designates for inclusion in this Contract Offer No. 87 with its written notice of subscription to this Contract Offer No. 87. "Affiliate" is defined herein as set forth in the Communications Act of 1934, as amended. "Wireless Telecommunications Services" is defined as set forth in 47 CFR § 1.907.
- (D) Subject Services and Non-Subject Services shall also include any additional similar or successor services which are provided by the Qualified Companies and were not available as of the effective date of this Contract Offer No. 87.

(N)

(Nx)

(Nx)

(N)

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.3 Eligibility Criteria

The following Eligibility Criteria apply to this Contract Offer No. 87:

- (A) Contract Offer No. 87 is available for qualified special access services located in the Pricing Flexibility MSAs where the Telephone Company has been granted Phase II pricing flexibility, as listed in BellSouth Tariff F.C.C. No. 1, Section 23 and those additional MSAs listed below. During the Term Period of this Contract Offer No. 87, if the Telephone Company is granted pricing flexibility relief in additional MSAs not listed in Section 23 at the time of subscription, the Customer may, at its option, include Subject Services in those additional MSAs under this Contract Offer No. 87.

Phase I – All Rate Elements (Including Channel Terminations)

Birmingham, AL	Huntsville, AL	Mobile, AL	Panama City, FL
Augusta, GA	Columbus, GA	Lexington-Fayette, KY	Alexandria, LA
New Orleans, LA	Asheville, NC	Charlotte-Gastonia, NC	Greenville-Spartanburg, SC
Clarksville-Hopkinsville, TN			

Phase I – Rate Elements other than Channel Terminations

Macon-Warner Robins, GA	Non-MSA, KY	Non-MSA, MS	Pascagoula, MS
Non-MSA, NC			

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.3 Eligibility Criteria (Cont'd)

(B) During the twelve (12) months prior to the Subscription Date (as defined in Section 25.90.4(B)), the Customer and its Permitted Affiliates must have purchased from the Qualified Companies services included among the Subject Services and Non-Subject Services under this Contract Offer No. 87 and the Concurrently Subscribed Contract Offers, which services must have resulted in charges equivalent to those included in MARC-Eligible Charges (as defined in Section 25.90.4(C), below) during those twelve (12) months equal to no less than \$730 million.

(N)

(C) Concurrently Subscribed Contract Offers

(Nx)

The Customer must concurrently subscribe to the following Contract Offers:

- NBTC Tariff F.C.C. No. 1, Contract Offer No. 36;
- PBTC Tariff F.C.C. No. 1, Contract Offer No. 172;
- SWBT Tariff F.C.C. No. 73, Contract Offer No. 192; and
- Ameritech Tariff F.C.C. No. 2, Contract Offer No. 22.222.

(Nx)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.3 Eligibility Criteria (Cont'd)

(D) As of the time of the Customer's subscription to this Contract Offer No. 87, neither the Customer nor any Permitted Affiliate may be purchasing interstate or intrastate special access services from the Telephone Company or any other Qualified Company pursuant to

(1) any pricing flexibility contract offer, other than the Concurrently Subscribed Contract Offers, or

(2) any broadband services agreement or intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers.

Upon filing this Contract Offer No. 87, Telephone Company will be deemed to have irrevocably waived any claim that the Customer with which Telephone Company negotiated this Contract Offer No. 87, and its Permitted Affiliates, did not meet the requirements set forth in this Section 25.90.3(D).

25.90.4 Terms and Conditions

The following Terms and Conditions apply to this Contract Offer No. 87:

(A) Subscription

To subscribe to Contract Offer No. 87, the Customer must provide written notice to the Telephone Company that Customer is subscribing, which may be done by submission of a Letter of Subscription ("LOS") to the Telephone Company. The Customer must provide, at the time of subscription, all applicable and qualifying Access Customer Name Abbreviations ("ACNAs") that the Customer designates for inclusion in this Contract Offer No. 87 for itself and its Permitted Affiliates ("Eligible ACNAs"). For the Customer's subscription to this Contract Offer No. 87 to be valid, the Eligible ACNAs must be identical to the ACNAs submitted in each written notice of such subscription submitted for each of the other Concurrently Subscribed Contract Offers. Services ordered or purchased under other ACNAs may not be transferred to, or converted for inclusion under, this Contract Offer No. 87.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(B) Term Period

The term of this Contract Offer No. 87 ("Term Period") shall begin on the date the Telephone Company receives Customer's subscription (which for an LOS would be the date that a valid LOS signed by the Customer is received by the Telephone Company) ("Subscription Date"), and shall end on December 31, 2019. Term Year 1 shall begin on January 1, 2016 and end on December 31, 2016. Each subsequent Term Year shall consist of a period of twelve (12) consecutive calendar months, beginning January 1st after the end of the previous Term Year. A "Quarter" means a calendar quarter within a Term Year.

This Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers may be extended for up to two additional one-year periods with the written consent of Customer and the Qualified Companies. During each one-year extension, the MARC, the Quarterly Maximum Credits and Quarterly Credits will be administered at the same level as it was during Term Year 4. For clarity, agreement to the first additional one-year extension does not obligate Customer and the Qualified Companies to agree to the second additional one-year extension.

(C) The Customer must satisfy a MARC, as described in 25.90.5(A), for each Term Year of this Contract Offer No. 87. The MARC shall be satisfied by gross billed monthly recurring charges for, in the aggregate, the MARC-Eligible Services that are purchased by and billed to the Customer and its Permitted Affiliates (as each exists as of July 1, 2015, or their permitted successors) under the Eligible ACNAs, after application of

(i) any discounts or credits applicable to those recurring charges (including Area Commitment Plan credits under the BellSouth Tariff F.C.C. No. 1, Section 2.4.8) and

(ii) adjustments for overbilling, underbilling and billing dispute settlements applicable to those recurring charges, and

(iii) Quarterly Credit(s) attributable to the Quarter and/or Term Year for which MARC satisfaction is being calculated (collectively, "MARC-Eligible Charges").

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(C) (Cont'd)

By way of example only for Section 25.90.4(C)(iii), the Quarterly Credit due for the last Quarter within a Term Year will be included in the MARC calculation for such Term Year even though such Quarterly Credit is issued after the end of such Term Year, and will not be included in a MARC calculation for any following Term Year.

The MARC-Eligible Services are the Subject Services, the Legacy Non-Subject Services, and the Ethernet Non-Subject Services, as set forth in Section 25.90.2 of this Contract Offer No. 87, and the "Subject Services," the "Legacy Non-Subject Services," and the "Ethernet Non-Subject Services," as similarly set forth in the other Concurrently Subscribed Contract Offers (collectively referred as the "MARC-Eligible Services").

The MARC-Eligible Charges shall specifically exclude (among other possible items, the following list being illustrative only) the following:

- (1) Any non-recurring charges, usage-based charges, temporary service charges, surcharges, fractional debit/credit amounts, minimum period charges, termination liabilities, or any other billings other than billed amounts that are, in the normal course of business, applicable on a recurring monthly basis for the applicable Quarter or Term Year;
- (2) taxes or other charges imposed by a federal, state, local, or other governmental entity (e.g., Federal Universal Service Fund);
- (3) service or administrative fees or charges imposed by any Qualified Company (e.g., interest charge, late payment charge);
- (4) for only the Annual True-Up Process for a Term Year, any MARC-Eligible Charges billed in such Term Year that are disputed by Customer or a Permitted Affiliate, for which payment is being withheld by Customer or a Permitted Affiliate at the end of the forty-fifth (45th) day after such Term Year;

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(C) (Cont'd)

- (5) shortfall or overage charges associated with term plan true-ups (e.g., for failure to satisfy commitment levels);
- (6) any amount billed for special construction and any other one-time charges for building or installing facilities or equipment; and
- (7) billed amounts associated with any service (or any portion of a service) that is not a MARC-Eligible Service.

Notwithstanding any other provisions of this Contract Offer No. 87, both credits and debits issued to effectuate the re-termining of MARC-Eligible Services after the expiration of their previous term commitments, whether as a result of a mechanized order generator or otherwise, and credits and debits issued for overbilling, underbilling and billing dispute settlements, shall be applicable to the Quarter based upon the invoice dates of the invoices in which such credits or debits appear.

A "permitted successor" is a successor-in-interest to the Customer or a Permitted Affiliate that is itself a Customer Affiliate that (directly or indirectly) controls, is controlled by, or is under common control with, Customer.

- (D) Credits earned by the Customer under this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers shall be applied as described in Section 25.90.6, below, and in the analogous sections of the other Concurrently Subscribed Contract Offers.
- (E) Except as provided in Section 25.90.4(F), credits under this Contract Offer No. 87 are in addition to, and do not alter, any existing service discounts/term plans available in the Telephone Company's generally applicable tariffs.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(F) MARC-Eligible Services under this Contract Offer No. 87 may not be purchased pursuant to any pricing flexibility contract offer, broadband services agreement, intrastate "ICB" contract or other individually negotiated tariff or agreement that includes any minimum volume or revenue commitment, other than the Concurrently Subscribed Contract Offers (any such precluded tariffs or agreements hereafter referred to as an "Other Commitment Agreement"), unless the Other Commitment Agreement expressly refers to this Contract Offer No. 87 and expressly permits the Customer or a Permitted Affiliate to purchase such services subject to both this Contract Offer No. 87 and the Other Commitment Agreement. The word "purchase," as used in the foregoing sentence refers to the Customer or Permitted Affiliate obtaining or using any service in exchange for compensation, regardless of when the service was ordered or installed.

(G) Credits and waivers to be provided under this Contract Offer No. 87 will not be issued unless and until the Customer and the Permitted Affiliates have paid the billed charges for MARC-Eligible Services for the Subject Services and the Non-Subject Services due and owing as of the date the credits and waivers are issued (excluding amounts properly disputed), and is otherwise in material compliance with this Contract Offer No. 87; provided, however, a de minimis amount of past due billed charges, as compared to the total of such credits and waivers to be provided, shall not result in their non-issuance.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(H) Conditions to Certain Other Credits.
Any of the credits under Section 25.90.6(C) or DS1 Plan Credits under Section 25.90.6(D) shall only apply with respect to a Quarter to:

- (i) any Area Commitment Plan ("ACP") for SPA DS1 High Capacity Service, for Local Channel and Channel Mileage rate elements under Plan A only, and any ACP for SPA DS1 High Capacity Services, with Multiplexer rate elements under Plan A or B only, subscribed to by Customer and/or its Permitted Affiliates, which ACP includes only Eligible ACNAs and Permitted ACNAs.
- (ii) any Federal Government Transport Plan ("FGTP"), Plan A or Plan B only, subscribed to by Customer and/or its Permitted Affiliates, which FGTP includes only Eligible ACNAs and Permitted ACNAs.

A "Permitted ACNA" is an ACNA that is not an Eligible ACNA and that meets all of the following criteria:

- (1) assigned to Customer or a Permitted Affiliate as of the Subscription Date,
- (2) such Permitted Affiliate (if applicable) is a Permitted Affiliate of Customer on the Subscription Date, and
- (3) the primary business of Customer or such Permitted Affiliate (if applicable) is not the provision of Wireless Telecommunications Services. By way of example only, a Customer or Permitted Affiliate that owns or operates any cell site, any MTSO, or any MSC shall be deemed to have the primary business of the provision of Wireless Telecommunications Services, and
- (4) such ACNA is not primarily used in the provision of Wireless Telecommunications Services.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(H) (Cont'd)

Eligible ACNAs not included under such an ACP or FGTP subject to credits under Section 25.90.6(D) or DS1 Plan Credits under Section 25.90.6(E) (but not Permitted ACNAs) will be added to such ACP or FGTP by Telephone Company, and any rate elements eligible to be included in such an ACP or FGTP that are purchased under an Eligible ACNA prior to such addition, will be deemed to be under such ACP or FGTP, as the case may be. Any such ACP and/or FGTP may be modified, as permitted by BellSouth FCC Tariff No. 1. Upon the expiration of an ACP or FGTP receiving such credits during the Term Period, the Customer and its Permitted Affiliates must re-subscribe. The ACP is described in Sections 2.4.8 and 7.4.15 of BellSouth FCC Tariff No. 1; the FGTP is described in Section 10.6 of BellSouth FCC Tariff No. 1.

To be eligible to earn any of the credits under Section 25.90.6(D) or DS1 Plan Credits under Section 25.90.6(E) with respect to any Quarter, Customer and/or its Permitted Affiliates may not use any Eligible ACNA or any Permitted ACNA under an ACP subject to such credits to subscribe to any of the following: the Channel Services Payment Plan (CSPP); to an ACP for SPA DS1 High Capacity Service for Local Channel and/or Mileage rate elements, Plan B; or to an FGTP, Plan C.

ACNAs that are neither Eligible ACNAs nor Permitted ACNAs may not be used to subscribe to any of the following by or on behalf of Customer or any Permitted Affiliate: the Channel Services Payment Plan (CSPP); to an ACP for SPA DS1 High Capacity Service for SPA DS1 High Capacity Service for Local Channel and/or Mileage rate elements, Plan B; or to an FGTP, Plan C.

Services purchased by or on behalf of any Customer Affiliate that is not a Permitted Affiliate, or purchased under an ACNA that is not an Eligible ACNA or a Permitted ACNA, may not be included in the ACP for Customer and its Permitted Affiliates. This Section does not preclude Customer and/or its Affiliates from subscribing and/or placing ACNAs that are neither Eligible ACNAs nor Permitted ACNAs under one or more other, separate ACP for SPA DS1 High Capacity Service for Local Channel and/or Mileage rate elements, Plan A only; for SPA DS1 High Capacity Service for Multiplexer rate elements, Plan A or B; or for FGTP, Plan A or Plan B only.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.4 Terms and Conditions (Cont'd)

(I) Subject Services are subject to certain rates, charges and general terms and conditions in other sections of BellSouth Tariff F.C.C. Tariff No. 1 (Sections 2-General Regulations, 5-Ordering Options for Switched & Special Access Service, and 13-Additional Engineering, Additional Labor & Miscellaneous Services), and such terms and conditions may be modified through the filing of tariff changes at any time during the Contract Term. However, such tariff modifications will not change the Terms and Conditions described in this Contract Offer No. 87.

(J) No credits or waivers shall be due if the Customer or any Permitted Affiliate has been notified in writing by any of the Qualifying Companies that it is in material breach of this Contract Offer No. 87 or another Concurrently Subscribed Contract Offer, or in material breach of any other terms and conditions governing the Subject Services or Non-Subject Services, including, without limitation, material breach of any amount due for Subject Services or Non-Subject Services, until such breach is cured or payment of past due amounts is made by the Customer or the Permitted Affiliates, as the case may be.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.5 Minimum Annual Revenue Commitment (MARC)

(A) MARC Establishment

A MARC for each Term Year, as set forth in Table D, below, must be satisfied by MARC-Eligible Charges.

Table D

Term Year	Minimum Annual Revenue Commitment
Year 1	\$545,500,000
Year 2	\$545,500,000
Year 3	\$545,500,000
Year 4	\$545,500,000

(B) MARC Calculations

Satisfaction of the MARC shall be determined according to MARC-Eligible Charges (defined in Section 25.90.4(C)). MARC-Eligible Charges include charges for MARC-Eligible Services that were in service as of the Subscription Date, as well as those placed in service during the Term Period.

(C) Failure to Satisfy the MARC

If the Customer and its Permitted Affiliates fail to satisfy the MARC or a Year-to-Date MARC (as defined in Section 25.90.6(B)(1)), as the case may be, as determined in the Quarterly True-Up Process or the Annual True-Up Process, the Qualified Companies shall bill and the Customer shall pay the amount of the Quarterly Shortfall or Annual Shortfall (collectively, "Shortfalls"), as applicable, as provided in Sections 25.90.6(B) and (C), below. Any Shortfalls shall be divided among this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers in proportion to the MARC-Eligible Charges under the Concurrently Subscribed Contract Offers included in the applicable Shortfall calculation.

The Customer and the Qualified Companies shall complete the processes contemplated in the Quarterly True-Up and Annual True-Up, including making any payments or applying any credits resulting therefrom, within one hundred twenty (120) days from the end of the respective Quarter or Term Year.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits

(A) Quarterly Credits

For each Quarter of a Term Year, the Customer is eligible for a single Quarterly credit under, collectively, this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers (each, a "Quarterly Credit").

The Qualified Companies will issue a single Quarterly Credit to the Customer for each Quarter during a Term Year.

Each Quarterly Credit would be in an amount equal to ten percent (10%) times the actual MARC-Eligible Charges for Subject Services and Legacy Non-Subject Services for such Quarter in a Term Year under this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers, not to exceed the applicable Quarterly Maximum Credit set forth in Table E, below, applicable to such Term Year.

Each Quarterly Credit shall be divided among this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers in proportion to the MARC-Eligible Charges for Subject Services and Legacy Non-Subject Services during the relevant Quarter under the Concurrently Subscribed Contract Offers. The Telephone Company will apply the portion of the Quarterly Credit associated with this Contract Offer No. 87 to the Customer's bill no later than sixty (60) days from the end of the Quarter to which the Quarterly Credit relates.

Table E

Term Year	Quarterly Maximum Credit
Year 1	\$14,600,000
Year 2	\$13,100,000
Year 3	\$11,850,000
Year 4	\$8,350,000

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(B) Quarterly True-Up Process

- (1) The Qualified Companies shall perform a MARC true-up calculation following each of the first three Quarters of each Term Year of this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers ("Quarterly True-Up Process"). To perform such calculations, the Qualified Companies shall determine the aggregate MARC-Eligible Charges for the MARC-Eligible Services, for the completed Quarters of the Term Year, plus any Quarterly Shortfall(s) (defined in Section 25.90.6(B)(2) and analogous provisions of the other Concurrently Subscribed Contract Offers) previously paid by the Customer under this Contract Offer No. 87 and any of the other Concurrently Subscribed Contract Offers for the completed Quarters of that Term Year (collectively, "Year-to-Date Revenue"), and shall compare that amount to the Year-to-Date MARC. The Year-to-Date MARC shall be defined as the product of one-fourth of the MARC times the number of Quarters included in each Quarterly True-Up Process.
- (2) If, based on the Quarterly True-Up Process, the Year-to-Date Revenue is less than the Year-to-Date MARC, the Qualified Companies will bill and the Customer will pay the amount equal to the difference between the Year-to-Date MARC and the Year-to-Date Revenue ("Quarterly Shortfall"). Any Quarterly Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Quarter.

(N)

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(C) Annual True-Up Process

- (1) In calculating the MARC-Eligible Charges for a Term Year ("Current Term Year"), any Eligible Charges excluded from the Annual True-Up Process for a prior Term Year due to Section 25.90.4(C)(4) ("Previously Withheld Charges") will be included to the extent that payment is received during the Current Term Year for any such Previously Withheld Charge which has been finally resolved between the parties during the Current Term Year (a "Dispute Resolution Adjustment"). Payment of a Previously Withheld Charge without such a final resolution between the parties shall not result in a Dispute Resolution Adjustment. Payment by Customer and/or any Permitted Affiliate of a previously disputed and withheld charge shall result in a waiver of any right to re-dispute such charge and/or withhold any amount with respect to such charge, and is an example of the type of final resolution contemplated in the previous sentence. In no event will the aggregate Dispute Resolution Adjustments for any Term Year exceed \$5,000,000 ("DR Cap"), provided, that any excess may be carried forward for use only in the next Term Year (which excess shall be counted against the DR Cap for such next Term Year). There shall be no carry-back of any excess Dispute Resolution Adjustments to any prior Term Year.
- (2) If, at the end of a Term Year, the MARC-Eligible Charges (ignoring any Quarterly Shortfall(s) previously paid by the Customer for that Term Year) are equal to, or greater than, the MARC for that Term Year, the Telephone Company will issue a credit for any Quarterly Shortfall(s) previously paid by the Customer for that Term Year (Reversing Credit).

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(C) Annual True-Up Process (Cont'd)

- (3) If, at the end of a Term Year, the amount of the MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid for that Term Year is less than the MARC for that Term Year, the Qualified Companies shall bill, and the Customer shall pay an amount equal to the difference between (a) the MARC, and (b) the MARC-Eligible Charges plus any Quarterly Shortfall(s) paid for that Term Year ("Annual Shortfall"). Any Annual Shortfall will be allocated among the Qualified Companies according to the amounts of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Term Year.
- (4) If at the end of a Term Year, (a) the MARC-Eligible Charges are less than the MARC for that Term Year, but (b) the MARC-Eligible Charges plus any Quarterly Shortfall(s) previously paid by the Customer under this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers for that Term Year are greater than the MARC for that Term Year, then the Qualified Companies will issue a credit for the difference between (c) the MARC-Eligible Charges plus any Quarterly Shortfall(s) for that Term Year, less (d) the MARC for that Term Year. Any such credits will be allocated among the Qualified Companies according to the amount of MARC-Eligible Charges attributable to Subject Services and billed by the Qualified Companies during the relevant Quarter.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(D) Termination Liability Credit. The Telephone Company will bill, and the Customer and its Permitted Affiliates shall pay, termination liability charges in accordance with applicable tariffs. The Telephone Company will issue credits in an aggregate amount that is equal to such termination liability charges due from the Customer and its Permitted Affiliates for order activity relating to interstate DS1 and/or DS3 Subject Services under Eligible ACNAs that are located in pricing flexibility MSAs that occurs during a Term Year if such DS1 or DS3 Subject Service meets all of the following conditions (each, a Qualifying Termination Charge):

- (1) Such Subject Service must not have been disconnected by the Telephone Company as a result of a breach of the applicable Tariffs; and
- (2) Any such DS1 Subject Service must have been in-service not less than thirty (30) days; and
- (3) Any such DS3 Subject Service must have been in-service not less than one (1) year; and
- (4) Any such DS1 or DS3 Subject Service must not have received a termination liability credit under another revenue-based or volume-based offer, or otherwise received a waiver of such termination liability charge or other credit in an amount equal to such termination liability charge; and
- (5) Any such DS1 Subject Service that must have been subject to a Channel Services Payment Plan (CSPP) was either (i) in-service under the CSPP on the Subscription Date, or (ii) ordered under a CSPP as of the Subscription Date.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(D) (Cont'd)

By way of example only, if Customer submitted a disconnect order for an interstate DS1 Subject Service prior to the beginning of Term Year 1 and disconnection occurred during a Term Year, any termination liability charges could not constitute a Qualifying Termination Charge. By way of further example, if Customer submitted a disconnect order for an interstate DS3 Subject Service prior to the expiration of the Term Period and disconnection occurred after such expiration, any termination liability charges would constitute a Qualifying Termination Charge if the conditions in items (1) through (5) were all met.

Any credits due under this Section for Qualifying Termination Charges billed in a Quarter will be issued during the second calendar month after such Quarter.

This Section shall not result in any credit for a termination liability charge such that Customer and/or its Permitted Affiliate receives more than the amount paid to satisfy the termination liability charge.

- (E) DS1 Plan Credits. The Telephone Company will provide credits in an amount equal to any shortfall charges that apply as a result of Customer and/or its Permitted Affiliates failing to meet their commitment level(s) for ACP and/or FGTP described in Section 25.90.4(H)(i) and (ii)) (except for any such charges attributable to circuits disconnected by the Telephone Company as a result of a breach of the applicable Tariffs). Any such credits shall be applied to invoices for Subject Services, and will be issued during the second calendar month after the end of the Quarter in which such charges are billed. With respect to the application of the prior sentence to the last Quarter in the Term Period, the credit due for charges billed in the last Quarter will be made after expiration of the Term Period. In addition, such charges incurred in the final month of the Term Period which are subsequently billed after expiration of the Term Period, will be credited in the second month after the billing of such charges, notwithstanding the fact that the Term Period has expired.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.6 Discounts and Other Credits (Cont'd)

(E) Customer shall be issued a single, one-time credit by the Qualifying Companies in the amount of \$47,470,000, which will be divided among the Qualifying Companies and each portion issued during the second month of Term Year 1.

25.90.7 Assignment/Transfer/Successors

(A) This Contract Offer No. 87 may not be assigned or otherwise transferred, in whole or in part, by either party, except as provided in this Section or as a result of a divestiture described in Section 25.90.8 (in which case Section 25.90.8 will apply).

(B) Subject to the other requirements in this Contract Offer No. 87, this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers may only be assigned or otherwise transferred:

(i) together and in their entirety, to any person or entity only with the prior written consent of the other party, which shall not be unreasonably withheld, or

(ii) in part, only as part of a transaction described in Section 25.90.8.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.7 Assignment/Transfer/Successors (Cont'd)

- (C) Notwithstanding Section 25.90.7(B), Customer shall have the right, without the consent of but with prior notice to the Qualifying Companies for determination of credit worthiness, to assign or otherwise transfer all of the Concurrently Subscribed Contract Offers in their entirety at the same time to a single Permitted Affiliate, so long as that Permitted Affiliate otherwise qualifies under the Concurrently Subscribed Contract Offers. Upon any such assignment or other transfer to such a Permitted Affiliate, Customer shall thereafter be considered a Permitted Affiliate.
- (D) Subject to the provisions of Sections 25.90.7(B) and (C),
 - (i) any assignee or other transferee of the Concurrently Subscribed Contract Offers in its entirety (including any Permitted Affiliate) from Customer must demonstrate credit worthiness under both (1) and (2), below (and if (1) and (2) are not applicable, then (3), below shall apply); and
 - (ii) neither the proposed assignee or transferee nor its parent has commenced a voluntary receivership or bankruptcy proceeding (or had a receivership or bankruptcy proceeding initiated against it) at any time during the Term Period.
 - (1) Any debt securities of the proposed assignee or transferee or any parent (defined in this Contract Offer No. 87 as any entity that owns directly or indirectly more than fifty percent (50%) of the equity of the proposed assignee or transferee) are rated below investment grade, as defined by the Securities and Exchange Commission, or if any debt securities of a proposed assignee or transferee or its parent are rated the lowest investment grade and have been placed on review by the rating organization for a possible downgrade.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.7 Assignment/Transfer/Successors (Cont'd)

(D) (ii) (Cont'd)

- (2) The proposed assignee or transferee or its parent does not have any outstanding securities rated by credit rating agencies, e.g., Standard and Poor's, but does have a Dun and Bradstreet rating, and the proposed assignee or transferee is rated:
 - (a) "fair" or below in a composite credit appraisal published by Dun and Bradstreet; or
 - (b) "high risk" in a Paydex score as published by Dun and Bradstreet.
- (3) If the information required to review the assignee or transferee's credit worthiness pursuant to either Subsection (1) or (2) of this Section 25.90.7(D) is not available, the Qualifying Companies shall exercise their reasonable discretion in determining the credit worthiness of the assignee or transferee based on any information available.
- (E) Any assignment or other transfer shall be subject to the other party's rights under this Contract Offer No. 87. Any assignee or transferee shall continue to perform the assigning or transferring party's obligations under this Contract Offer No. 87. Further, notwithstanding Section 25.90.7(B), the Telephone Company may also, without the Customer's consent, assign its rights and obligations under this Contract Offer No. 87 to an Affiliate with notice to Customer, or subcontract to an Affiliate or a third party work to be performed under this Contract Offer No. 87. For avoidance of doubt, except as provided in Section 25.90.8, any and all credit and MARC calculations under the Concurrently Subscribed Contract Offers shall be performed in same manner and with the same data irrespective of the parties to the Concurrently Subscribed Contract Offers.
- (F) The assignor or transferor will remain financially responsible for the performance of this Contract Offer No. 87 and/or its obligations hereunder.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.7 Assignment/Transfer/Successors (Cont'd)

(G) Any assignment or other transfer of this Contract Offer No. 87 or the rights or obligations hereunder, or any attempt to do either, in violation of this Section or Section 25.90.8 shall be void.

25.90.8 Mergers/Acquisitions and Sales/Divestitures

(A) Subject to Sections 25.90.8(B), (C) and (D), all provisions of this Contract Offer No. 87 shall continue in full force and in effect notwithstanding any merger or acquisition affecting a party. A merger or acquisition within the meaning of this provision, shall include, without limitation, any transaction in which the party, in whole or in part, merges with, acquires, is acquired by, or sells all or substantially all its stock or assets to any other entity, or purchases all or substantially all stock or assets of another company. Upon the Transaction Close Date of a merger of another entity with Customer or any Customer Affiliate, or the acquisition by the Customer and/or any Customer Affiliate of another company or a portion of the business of another company (including, but not limited to, any ACNA that is not an Eligible ACNA) (the "Acquired Property"), if the Acquired Property purchases any service from the Telephone Company, such service shall not be included in the Concurrently Subscribed Contract Offers for any purpose (including without adding any services or charges attributable to expansion of Customer's and/or any Permitted Affiliate's purchase of any services from the Telephone Company through an Acquired Property), nor shall any credits or waivers be due or issued hereunder that are attributable or associated with such service or such Acquired Property. The "Transaction Close Date" shall be defined as the date that the stock purchase is complete and/or the final date on which the assets of the acquired/merged company have been purchased. Purchases by the Acquired Property shall not be part of any calculation hereunder, including, without limitation, as a MARC-Eligible Service, as generating MARC-Eligible Charges, to determine achievement of the MARC, in fulfilling the commitment set forth in this Contract Offer No. 87, or be eligible for any credits or waivers under this Contract Offer No. 87.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(A) (Cont'd)

If Customer violates the provisions of this Section 25.90.8(A), then (without limiting any right the Qualifying Companies might otherwise have to terminate this Contract Offer No. 87 and the other Concurrently Subscribed Contract Offers):

- (i) Customer shall notify the Telephone Company promptly upon the occurrence of such violation, or the Telephone Company, upon discovering the violation on its own, shall issue its own notice to Customer (either notice, a "Violation Notice"). Such a violation will be deemed to occur if (a) Customer or any Permitted Affiliate assigns any Eligible ACNAs to any existing MARC-Eligible Services purchased through an Acquired Property as of the closing of the acquisition of the Acquired Properties, or (b) Customer or any Permitted Affiliate disconnects any MARC-Eligible Services purchased under an ACNA of the Acquired Property and then re-purchases that same MARC-Eligible Service for the same end-user location under an Eligible ACNA; provided, however, that any such activity performed solely to reflect changes in services ordered by Customer's (or its Permitted Affiliate's) end user shall not be deemed a violation of this provision.
- (ii) Upon a Violation Notice provided by either party, Customer and/or its Permitted Affiliates must promptly, and no later than sixty (60) days after the date of the Violation Notice, complete such activities in cooperation with the Telephone Company to exclude the Acquired Properties from the Concurrently Subscribed Contract Offers and to ensure such exclusion continues prospectively.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(A) (Cont'd)

(iii) In the event of a Violation Notice provided by either party, the Telephone Company shall calculate the effect of the violation (such effect may include, but is not limited to, any difference in charges paid by Customer, any Permitted Affiliate, or the Acquired Property as a result of the violation, any avoidance of shortfall or overage charges under the Tariffs as a result of the violation, any credits or waivers of termination liability charges as a result of the violation, and any avoidance of Shortfalls that Customer would have been required to pay had the Acquired Properties been excluded) for the period during which the violation occurred and for such time as the violation continues prospectively until cured ("Unearned Economic Benefit"). Customer, upon being billed by the Telephone Company, shall pay the Telephone Company the amount of such Unearned Economic Benefit plus: (a) in a case where Customer provided the Telephone Company the Violation Notice, interest at one percent (1.0%) per month for any period during which the violation resulted in Customer receiving an Unearned Economic Benefit, and (b) in a case where the Telephone Company provided Customer the Violation Notice, interest at three percent (3.0%) per month for any period during which the violation resulted in Customer and/or any Permitted Affiliate receiving an Unearned Economic Benefit.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(B) If, during the Term Period, any entity included in the definition of Qualifying Companies is no longer an Affiliate of the other entities included within such definition (a "Divested Entity or Entities"), then as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, separately to: (i) the Qualifying Companies (if any) that continue to be Affiliates (the "Remaining AT&T ILECs"), and (ii) the Divested Entity or Entities, after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits, and the Quarterly Credits will be pro-rated between the Remaining AT&T ILECs, and the Divested Entity or Entities in proportion to the amount of the MARC-Eligible Charges (as defined in the Concurrently Subscribed Contract Offers) billed by the Remaining AT&T ILECs and by the Divested Entity or Entities, for the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s).

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(C) If, during the Term Period, any transaction results in a portion of any entity included in the definition of Qualifying Companies being sold or otherwise transferred to a Non-Affiliate of such entity ("Acquirer"), then subject to a partial assignment of the Concurrently Subscribed Contract Offer applicable to such entity, as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, separately to: (i) the Qualifying Companies (including their remaining portions) (if any) that continue to be Affiliates ("Remaining AT&T Properties"), and (ii) the Acquirer, after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits, and the Quarterly Credits will be pro-rated between the Remaining AT&T Properties and the Acquirer in proportion to the amount of the MARC-Eligible Charges billed for MARC-Eligible Services (1) remaining with the Remaining AT&T Properties, and (2) that would be provided by the Acquirer, for the three full calendar months immediately prior to the Transaction Close Date of the relevant transaction(s). However, if, despite commercially reasonable efforts, pursued in good faith, the Acquirer refuses to accept partial assignment of the Concurrently Subscribed Contract Offer, then the MARCs, the Quarterly Maximum Credits, and the Quarterly Credits between the Remaining AT&T Properties and Customer under the other Concurrently Subscribed Contract Offers shall be reduced to reflect the proportional reduction in the amount of the MARC-Eligible Charges billed for MARC-Eligible Services that will be provided by the Remaining AT&T Properties immediately following the Transaction Close Date of the relevant transaction(s).

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.8 Mergers/Acquisitions and Sales/Divestitures (Cont'd)

(D) If, during the Term, Customer and/or any of the Permitted Affiliates (collectively, "Customer Group") (or any portion of any of them, for example, in the event of an asset sale) no longer is an Affiliate of or Affiliated with, or (as in the case of an asset sale) otherwise part of, entities included within the Customer Group, then as of the closing date(s) of the relevant transaction(s), the Concurrently Subscribed Contract Offers shall be administered and enforced, and any rights or obligations of any party shall apply, only to the entities and portions thereof remaining in the Customer Group (the "Remaining Customer Entities"), after taking into account such relevant transaction(s). In particular, but without limitation, the MARCs, the Quarterly Maximum Credits, and the Quarterly Credits, will be reduced to reflect the proportional reduction to the amount of the MARC-Eligible Charges billed for MARC-Eligible Services that will be provided by the Qualified Companies to the Remaining Customer Entities immediately following the Transaction Close Date of the relevant transaction(s).

(E) This Contract Offer No. 87 shall not apply to any ACNA listed in the Customer's written notice of subscription that is assigned or otherwise transferred. Sections 25.90.7(D) and (F) shall not apply to any partial assignment implemented in connection with a divestiture under this Section, and neither the partial assignor nor transferor shall have any remaining responsibility for the prospective performance of the Concurrently Subscribed Contract Offers and/or its obligations thereunder by the assignee or transferee, except to the extent otherwise expressly set forth in the documentation implementing said partial assignment. Any assignment or other transfer under Section 25.90.8(B), (C) or (D) shall only have prospective effect from the Transaction Close Date of the relevant transaction, including that such assignment or other transfer shall not relieve any of the parties from its obligations or liabilities attributable to the period prior to the Transaction Close Date. A party shall provide written notice to its planned partial assignment or other transfer under Section 25.90.8(B), (C) or (D) not less than thirty (30) days prior to the anticipated Transaction Close Date of the relevant transaction.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.9 Termination

- (A) Termination for Convenience. Customer may terminate all, but not less than all, of the Concurrently Subscribed Contract Offers at any time upon not less than ten (10) days' written notice to the Qualified Companies.
- (B) If any of the Concurrently Subscribed Contract Offers is terminated for any reason other than due to the material breach by a Qualifying Company, all of the other Concurrently Subscribed Contract Offers will also automatically and simultaneously terminate.
- (C) In the event of the termination of the Concurrently Subscribed Contract Offers as described in Section 25.90.9(A) or 25.90.9(B), the MARC for the Term Year, the Quarterly Maximum Credits, and the Quarterly Credit for the Quarter, in which the effective date of termination occurs will be pro-rated to such effective date, and the Annual True-Up Process will be used to determine fulfillment of such pro-rated MARC, with all calculations made with reference to such termination effective date (including the amount of MARC-Eligible Charges, and any MARC Shortfalls). Any such termination shall not affect any credits or waivers due prior to the effective date of termination.
- (D) If this Contract Offer No. 87 is terminated due to a material breach by the Telephone Company, any credits under Section 25.90.6(D) would be limited to order activity prior to the effective date of termination, and any credit under Section 25.90.6(E) for the month in which such termination occurs would be pro-rated to the effective date of such termination.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.9 Termination (Cont'd)

(E) If any of the Concurrently Subscribed Contract Offers is terminated due to a material breach by a Qualifying Company, the Quarterly Credit and Quarterly Maximum Credit for the Quarter, and the MARC for the Term Year, in which the effective date of termination occurs will each be reduced, based upon such termination effective date and the proportions of the amount of the MARC-Eligible Charges billed for the period of the three full calendar months immediately prior to such termination by the Qualifying Companies that have effective Concurrently Subscribed Contract Offers, and by such terminated Qualifying Company. The Quarterly Maximum Credits and Quarterly Credits applicable to subsequent Quarters, and the MARCs applicable to subsequent Term Years, will each be reduced, based on the proportions of the amount of the MARC-Eligible Charges billed for the period of the three full calendar months immediately prior to such termination by the Qualifying Companies that have effective Concurrently Subscribed Contract Offers, and by such terminated Qualifying Company.

(F) (1) If any portion of Section 25.90.3, Section 25.90.4, Section 25.90.5, or Section 25.90.6 of this Contract Offer No. 87 is found to be invalid, unenforceable, or otherwise contrary to applicable law, the Telephone Company or the Customer may, in its respective sole discretion, terminate this Contract Offer No. 87 upon (10) days' written notice to the other.

(2) If any portion of this Contract Offer No. 87 not addressed by Section 25.90.9(F)(1) is found to be invalid, unenforceable, or otherwise contrary to applicable law, the remaining provisions of this Contract Offer No. 87 will remain in effect.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.9 Termination (Cont'd)

(G) After a transaction to which Section 25.90.8(B) or (C) applies,

(1) the termination of this Contract Offer No. 87 solely applicable to any portion of the Telephone Company remaining under the control of AT&T Inc. will not terminate this Contract Offer No. 87 as it applies to any Divested Entity or Entities, and

(2) the termination of this Contract Offer No. 87 solely applicable to any Divested Entity or Entities will not terminate this Contract Offer No. 87 as it applies to any portion of the Telephone Company remaining under the control of AT&T Inc.

(H) Termination for Persistent MARC Shortfalls. If, pursuant to the Quarterly Review described in Section 25.90.5(C), above, the Qualified Companies determines that for two (2) consecutive Quarters the MARC-Eligible Charges are less than \$129,556,250, then the Qualified Companies in their sole discretion may, but shall not be required to, terminate the Concurrently Subscribed Contract Offers by providing written notice of termination to Customer within ninety (90) days after the end of the last of such two (2) consecutive Quarters. Such a termination shall not alter Customer's obligation to pay any Shortfall charges due hereunder (including any Quarterly Shortfall), or the Qualified Companies' obligation to issue any credits or waivers due under the Concurrently Subscribed Contract Offers for the period up until the date of termination. For avoidance of doubt, (a) the Quarterly Credit attributable to the last of such two (2) consecutive Quarters shall be due, and the Quarterly Shortfall owed for such Quarter shall be paid, and (b) termination under this Section shall not be considered to be a result of any material breach by Customer or any Permitted Affiliate.

(N)

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25. Pricing Flexibility Contract Offerings (Cont'd)

(N)

25.90 Contract Offer No. 87 – Access Service Offer (Cont'd)

25.90.10 Effect of Contract Offer No. 87 on Any Grandfathering or Sunsetting of Subject Services or Non-Subject Service

Nothing in this Contract Offer No. 87 shall prevent the Telephone Company or any other Qualified Company from terminating the provision of Subject Services or Non-Subject Services, in part or in their entirety, prior to the end of the Term Period, to the extent permitted by applicable law provided that if any such action has the effect of materially reducing the Customer's and its Permitted Affiliates' MARC-Eligible Charges, the MARC. Quarterly Maximum Credits, and the Quarterly Credits shall be reduced in proportion to such reduction in the Customer's and its Permitted Affiliates' MARC-Eligible Charges. The Telephone Company and the Customer will meet and confer as necessary to determine the amount of such reduction.

(N)