

BILLING SERVICES AGREEMENT

Between

IDEARC MEDIA CORP.

and

Verizon Services Corp.

THIS BILLING SERVICES AGREEMENT ("Agreement") effective the 17th day of November, 2006 ("Effective Date") is entered into between Verizon Services Corp., with offices at One Verizon Way, Basking Ridge, New Jersey 07920, acting on behalf of its affiliated operating telephone companies listed in Attachment A (together and separately) referred to in this Agreement as "Verizon" and Idearc Media Corp., a Delaware corporation, with offices at Verizon Place, 2200 West Airfield Drive, P.O. Box 619810, DFW Airport, TX 75261-9810 ("referred to in this Agreement as "Idearc"). Idearc and Verizon are sometimes collectively referred to as the "Parties" and individually referred to as a "Party."

NOW, THEREFORE, in consideration of the mutual obligations of the Parties, Verizon and Idearc agree as follows:

Section 1 - Scope and Effect of This Agreement

- 1.1 The terms used in this Agreement, unless otherwise defined herein, shall have the meanings set forth in Attachment B.
- 1.2 This Agreement specifies the rights and obligations of each Party with regard to Verizon's provisioning of billing Services to Idearc. All prior Billing and Collections and Billing Services Agreements between the Parties are hereby terminated on the Effective Date of this Agreement.
- 1.3 Idearc desires to purchase from Verizon the Services listed below ("Services"):

<u>Service</u>	<u>Service Attachment</u>	<u>Applicable CIC/ABEC/ACNA</u>
Message Ready Service with Inquiry Verizon Billing Regions 5-8	Service Attachment 1	9007; BAV
Invoice Service without Inquiry	Service Attachment 2	9007; BAV
End-Users Communications Service	Service Attachment 5	9007; BAV
Supplemental Services	Service Attachment 7	9007; BAV
Directory Publishing Service Without Inquiry Service Verizon Billing Regions 1-4	Schedule 1	9007; BAV
With Inquiry Service Verizon Billing Regions 5-8		

- 1.4 Services are provided pursuant to the terms and conditions of this Agreement, Verizon Policies, and Applicable Law. Should a conflict exist between the provisions contained in this

Agreement and Applicable Law, the provisions of Applicable Law shall prevail. In those jurisdictions where a service is offered by tariff, the provisions of this Agreement shall apply only to the extent that they do not change, modify, or conflict with the tariff offering.

- 1.5 If Applicable Law requires that any of the Services provided pursuant to tariff shall no longer be offered under tariff and provided that it is otherwise permissible, the Parties agree to continue such Services under the rates, terms, and conditions set forth in this Agreement.
- 1.6 If Applicable Law requires that this Agreement be approved by a regulatory agency before the Agreement becomes effective, this Agreement, even if fully executed, shall not become effective in such jurisdiction until the first Business Day after such approval shall have been obtained.

Section 2 - Services

- 2.1 Verizon shall perform the Services described in the Service Attachments as described in Section 1.3 and attached hereto and incorporated herein by reference. During the Term (as described in Section 5.1), Verizon, in its sole discretion may agree to provide additional Services to Idearc or to add additional Verizon Billing Regions by amendment to this Agreement. Such new Services and Verizon Billing Regions shall be deemed to be part of the Services or Verizon Billing Regions defined in this Agreement to the same extent as if they were originally part of this Agreement.
- 2.2 Verizon will provide to Idearc Services for Billing Records. Unless Verizon specifically agrees to do so in writing, Verizon shall not be obligated to provide Billing Service for any Miscellaneous Service, other products or services, call types or charges, including but not limited to recurring or non-recurring service fees, membership fees, charges for merchandise, catalogs, and political or charitable contributions. Miscellaneous Services are set forth in Verizon's Policies as amended from time to time. It is Idearc's responsibility to ensure that all Billing Records sent to Verizon for billing fully comply with Verizon's Policies and applicable rules and regulations.
- 2.3 Idearc shall only submit charges for Miscellaneous Services that Verizon has agreed upon in writing and that comply with Applicable Laws and Verizon's Policies. All Miscellaneous Services charges must be submitted to Verizon on the appropriate EMI record type.
- 2.4 Verizon, in its sole discretion, upon written notice to Idearc, may suspend or terminate Services to any CIC or Sub-CIC that engages the conduct described in subsections 2.4.1, 2.4.2, 2.4.3 and 2.4.4 below,
 - 2.4.1 Idearc submits unauthorized Miscellaneous Services in its Billing Records for inclusion on the End User bill;
 - 2.4.2 Verizon receives fifteen (15) or more Escalated Complaints during any calendar month from End-Users stating that they have been Crammed (i.e., billed for services or charges they did not authorize); or a Sub-CIC exceeds the thresholds for Complaints set forth in the BUG;
 - 2.4.3 Adjustment levels for charges related to Cramming, as determined by Verizon in its sole and absolute discretion, exceed fifteen percent (15%) of the amount billed to End-Users for two (2) consecutive months, or
 - 2.4.4 A federal or state agency files a complaint or initiates an investigation alleging unlawful cramming or billing activity, or is found by a court of competent jurisdiction or

state agency through its administrative judicial powers to have engaged in any unlawful activity.

Section 3 - Idearc Representations and Warranties

- 3.1 Idearc represents and warrants that it:
- 3.1.1 is incorporated in the state of Delaware, and is currently in good standing with the Secretary of State and taxing authorities of such jurisdiction;
 - 3.1.2 has full regulatory authority, if required, to conduct business as a telecommunications service provider or billing agent in each Verizon Billing Region where Services have been requested by Idearc;
 - 3.1.3 maintains all applicable and requisite licenses, certificates, registrations, and authorizations;
 - 3.1.4 will comply with, and require that all Sub-CICs for which it provides records will comply with, all Applicable Laws, regulations orders or other legislative or judicial mandate with respect to Verizon's provision of Services under this Agreement; and
 - 3.1.5 is financially capable of carrying out the duties and responsibilities required in this Agreement and will pay its bills when they become due.
- 3.2 Idearc represents and warrants that it shall **NOT** submit to Verizon for billing any of the following:
- 3.2.1 Billing Records other than Billing Records authorized to be submitted pursuant to a Service Attachment;
 - 3.2.2 Billing Records Idearc does not own or, if Idearc is acting as a Clearinghouse for other telecommunication service providers, does not have the authority to act on behalf of the service provider including the right to sell the accounts receivable to Verizon;
 - 3.2.3 Billing Records that include a per call or per minute charge (such as Audiotext services) that is greater than, or in addition to, the customary charge for the transmission of the call; unless (a) Service Attachment 3, (Pay-Per-Call Billing Service) is made a part of this Agreement and (b) the Billing Records comply with the terms and conditions of this Agreement. All such Billing Records related to the provisioning or use of Pay-Per-Call Billing Service must be submitted as a 900 NPA or other prefix or area code, or NY NPA with NXX call on an EMI Record Type 16 as set forth in Service Attachment 3 or such calls shall be considered prohibited charges under Section 3.2.3, Section 3.2.4 or Section 3.2.5 and shall be grounds for immediate termination of this Agreement.
 - 3.2.4 Billing Records that were initiated through a toll free record type service access code (800, 888, 877, etc.) and result in a charge to the originator of that call upon call completion or call forwarding or call back for the purposes of circumventing Verizon's Bill Block, Toll Block or Pay-Per-Call Block services or other prohibitions set forth in this Agreement;
 - 3.2.5 Billing Records where Verizon, in its sole and absolute discretion, believes that the purpose of the call is to circumvent the FCC's 900 Number Rules; or

- 3.2.6 Billing Records for Calling Card, collect, or third number calls unless the Billing Telephone Number for such calls has been validated through a line information data base service (LIDB) or such similar verification procedure.
- 3.2.7 Billing Records that contain unauthorized, misleading, or deceptive charges for products or services (See Attachment B Definitions - "Cramming") or that are the result of PIC change(s) that are not authorized by the End-User (See Attachment B Definitions - "Slamming").
- 3.3 Idearc represents and warrants that it shall **NOT** submit Billing Records to Verizon that contain charges for material deemed objectionable by Verizon, in its sole and absolute discretion, including, without limitation, any of the following:
 - 3.3.1 Material that explicitly or implicitly refers to sexual conduct, or invites, describes, stimulates, excites, arouses or otherwise refers to sexual conduct or sexual innuendoes;
 - 3.3.2 Material that contains indecent, obscene, or profane language;
 - 3.3.3 Material that alludes to bigotry, racism, sexism, or other forms of discrimination;
 - 3.3.4 Material that through marketing, advertising, content, or delivery is deceptive, misleading, unclear, or that may take unfair advantage of the elderly, minors or the general public;
 - 3.3.5 Material that is prohibited by Applicable Law;
 - 3.3.6 Material that reflects negatively upon Verizon;
 - 3.3.7 Material that results in an unacceptable level of End-User complaints as determined by Verizon in its sole discretion; or
 - 3.3.8 Material that Verizon deems unacceptable, inappropriate or objectionable.
- 3.4 Idearc represents and warrants that it will not suggest, recommend, counsel or advise any person on procedures or methods for circumventing Pay-Per-Call Block, Bill Block, or Toll Block services directly or through advertising or other direct or indirect contact with End-Users.
- 3.5 Idearc represents and warrants that it will not provide Verizon with any false or misleading information under this Agreement or any Attachment or Service Attachment, including but not limited to, any information regarding any CIC, ABEC, ACNA or Sub-CIC if Idearc knew or should have reasonably known of the false or misleading nature of the information at the time Idearc submits billing records to Verizon.
- 3.6 Verizon reserves the right to immediately terminate this Agreement or any CIC or Sub-CIC, without the right to cure, upon notice from any federal or state agency or governmental body, including but not limited to, the FCC, FTC, US Department of Justice, FBI, US or state attorney general or state public utility commission that Sub-CIC or its management are under an investigation by that agency or governmental body. Further, Idearc shall notify Verizon of any action or investigation taken by a governmental body relative to the foregoing.
- 3.7 Idearc represents and warrants that, under the terms of service to its Idearc End-Users, it is authorized to impose late payment charges on amounts billed by Verizon on its behalf. Idearc

authorizes Verizon to impose Verizon's late payment charge on all such outstanding amounts which remain unpaid at the time the next Verizon bill is rendered, or at such other time of imposition as may be determined by Verizon.

- 3.8 Idearc represents and warrants that all Billing Records that it sends for billing shall be accurate as to date, call and record type, call length, calling number, and called number, and shall be in the format(s) specified in the applicable Service Attachment and/or by Applicable Law.
- 3.9 Idearc represents and warrants they shall maintain the telephone number for End-User Contact Referrals shown in Attachment D, provide, or require that Sub-CICs provide, adequate customer service personnel during Idearc's specified business hours, that End-User inquiries and customer complaints will be resolved in a reasonable, responsive manner, and expeditious manner, including but not limited to a description of services. All End-User bills shall contain a toll free number answered by a live person during normal business hours that can answer all questions regarding the information on the End-User's bill as well as provide information regarding the End-User's account with the Sub-CIC.
- 3.10 Idearc represents and warrants its compliance with all regulatory requirements in all Verizon Billing Regions for which Verizon provides Services on Idearc's behalf.
- 3.11 Idearc represents and warrants that all notices required under Applicable Law relating to Billing Records shall be sent in a timely manner.
- 3.12. Idearc represents and warrants that it will screen and remove from Idearc record billing files submitted to Verizon, all billing records that do not comply with the requirements of Section 3.
- 3.13 In the event Idearc submits Billing Records in violation of Section 3, hereof, Verizon in its sole discretion may reject the Billing Records not yet billed or, if already billed, return the Billing Records to Idearc without further obligation on Verizon's part including the right to refuse to bill for and accept the billing records of any Sub-CIC that generates excessive numbers of Complaints (defined in Attachment B) as set forth in Attachment F.
- 3.14 In addition to the termination rights and other remedies provided elsewhere in this Agreement, Verizon shall have the right to stop Services for any CIC, ACNA, ABEC or Sub-CIC for violations of Section 3.

Section 4 – Carrier Identification Codes

- 4.1 Verizon shall treat each of Idearc's CICs, ACNAs or ABECs as a separate set of Services, according to list of Services as set forth in Section 1.3. Idearc may add or delete CICs, ACNAs or ABECs upon ninety (90) days written notice to Verizon, without amendment to this Agreement.
- 4.2 Verizon will administer and provide separate PAR reports and Ancillary Bills for each of Idearc's CICs, ACNAs and/or ABECs.
- 4.3 Idearc represents and warrants that it will perform due diligence, on a continuing basis, of all Sub-CICs for which it submits records to Verizon to determine Sub-CIC compliance with Section 3. Furthermore, Idearc shall conduct due-diligence on an ongoing basis to determine whether any new Sub-CIC for which Idearc submits Billing Records is associated with a Sub-CIC, or the management of the Sub-CIC that Verizon has requested Idearc terminate. Idearc shall immediately report the identity of any such Sub-CIC and shall, upon Verizon's request, terminate such Sub-CIC at Verizon's sole discretion. Idearc shall provide, at a minimum, the

following information regarding each Sub-CIC and update the information from time to time as applicable:

- 4.3.1 Corporate name
- 4.3.2 Address and phone
- 4.3.3 Names of all offices/principal management
- 4.3.4 Background and history of officers/principal management

Section 5 - Term and Termination

5.1 Term

- 5.1.1 This Agreement shall remain in full force and effect for a period of three (3) years from the Effective Date ("Term") with a one (1) year renewal term, unless otherwise terminated pursuant to the provisions contained in this Agreement.
- 5.1.2 With regard to California, this Agreement will not expire on the expiration date but will be automatically extended for a period if both Parties wish to enter into a new Agreement: (1) Ninety (90) Days from the expiration date or (2) until a new Agreement has been executed by the Parties, and filed and approved by an appropriate state regulatory agency.
- 5.1.3 The Term shall not be extended, expanded or renewed other than as defined in Sections 5.1.1 and 5.1.2 of this Agreement without amendment by the Parties.

5.2 Termination by Verizon

- 5.2.1 Verizon shall have the right to terminate this Agreement for cause upon the occurrence of an Event of Default, including:
 - 5.2.1.1 A continuing and uncured material breach of the terms of this Agreement by Idearc or any Sub-CIC;
 - 5.2.1.2 The filing for bankruptcy protection; insolvency; an assignment for the benefit of creditors; the refusal or inability to pay debts as they mature; or the appointment of a trustee or receiver for all or a substantial portion of Idearc's assets;
 - 5.2.1.3 A breach by Idearc or any Sub-CIC of any of the representations and warranties set forth in Section 3;
 - 5.2.1.4 An excessive number of requests by Verizon to Idearc to deny Services to Idearc's Sub-CICs due to excessive Cramming/Slamming Complaints as set forth in Attachment F.
 - 5.2.1.5 A change of control of Idearc defined as any transfer, sale or disposition in any manner of greater than 25% of: (1) the capital or voting stock or securities of Idearc as a block; or (2) the composition of the board of directors or management of the company; or (3) the assets of Idearc not done in the ordinary course of business and without Verizon's written consent.

5.2.2 Notice and Cure Period

5.2.2.1 Verizon shall give Idearc written notice of the occurrence of an Event of Default. Except as otherwise set forth herein, Idearc shall have thirty (30) Days from the date of such notice to cure the Event of Default. If the breach is not for the payment of money and is not physically capable of being cured within such thirty (30) Day period, Idearc shall submit a written plan within ten (10) Days to cure such breach. The plan must include the steps to be taken by Idearc to remedy such breach. The breach must be cured no later than sixty (60) Days after the receipt of Verizon's notice of an Event of Default. If a breach is not cured within the thirty (30) Day period or (within sixty (60) Days for breaches not capable of being cured within thirty (30) Days), Verizon may, at its sole option, terminate this Agreement. Verizon shall be entitled to pursue all available remedies for such breach, including the remedies listed in Section 5.2.3.

5.2.3 Remedies

5.2.3.1 In the event that Idearc fails to cure the Event of Default as set forth in Section 5.2.2.1, Verizon is entitled to any or all of the following:

5.2.3.1.1 Terminate this Agreement upon ten (10) Days written notice to Idearc;

5.2.3.1.2 Recover from Idearc the cost of system development and installation, less the net salvage value of equipment and material either ordered, provided, or installed, plus any non-recoverable costs of system development and installation (including, but not limited to reinstatement of software, removal of system code, etc.) not to exceed the total development costs authorized in writing by Idearc and not previously paid; and

5.2.3.1.3 Recover from Idearc the Minimum Monthly Charge, as set forth in Attachment E, multiplied by the number of months remaining in the Term, following the last month Services are rendered.

5.3 Termination by Idearc

5.3.1 Idearc shall have the right to terminate this Agreement for cause upon the occurrence of an Event of Default, including:

5.3.1.1 A continuing and uncured material breach of the terms of this Agreement by Verizon (as set forth in Section 5.3.2 herein);

5.3.1.2 The filing for bankruptcy protection; insolvency; an assignment for the benefit of creditors; the refusal or inability to pay debts as they mature; or the appointment of a trustee or receiver for all or a substantial portion of Verizon's assets;

5.3.1.3 A breach of any of the representations and reservations set forth in Section 8;

5.3.2 Notice and Cure Period

5.3.2.1 Idearc shall give Verizon written notice of the occurrence of an Event of Default. Except as otherwise set forth herein, Verizon shall have thirty (30) Days from the date of such notice to cure the Event of Default. If the breach is not for the payment of money and is not physically capable of being cured within such thirty (30) Day period, Verizon shall submit a written plan within ten (10) Days to cure such breach. The plan must include the steps to be taken by Verizon to remedy such breach. The breach must be cured no later than sixty (60) Days after the receipt of notice. If a breach is not cured within the thirty (30) Day period or (within sixty (60) Days for breaches not capable of being cured within thirty (30) Days), Idearc may, at its sole option, terminate this Agreement. Idearc shall be entitled to pursue all available remedies for such breach, including the remedies listed in Section 5.3.3.1.

5.3.3 Remedies

5.3.3.1 In the event that Verizon fails to cure the Event of Default as set forth in Sections 5.3.2.1, Idearc is entitled to any or all of the following:

5.3.3.1.1 Termination of this Agreement upon ten (10) Days written notice to Verizon.

5.3.3.1.2 Recovery of a pro-rated refund of amounts paid, or credits for amounts due, as the case may be, to Verizon for the development of systems and procedures. This amount shall be calculated by dividing the total number of months remaining in the Term following the last month Services are rendered, by the total number of months in the Term and multiplying that result by the total actual development costs arising under this Agreement.

5.4 Termination without Cause

5.4.1 Either Party may terminate this Agreement for any reason upon one hundred eighty (180) Days prior written notice.

5.4.2 If Verizon raises its rates or charges set forth in Attachment E, Idearc may terminate this Agreement upon ninety (90) Days prior written notice to Verizon.

5.4.3 In the event Verizon's ability to provide the Services in the manner and under the terms set forth in this Agreement is prevented or substantially impaired by a Force Majeure (as defined in Section 25 herein), either Party may terminate this Agreement or any affected Service Attachment upon sixty (60) Days prior written notice to the other Party.

5.5 In the event of termination for any reason, Verizon shall be entitled to a return of its Purchase of Account Receivables (PARS) for any unbillable, uncollectible and Adjustment amounts that may be due and owing or that may accrue after termination.

5.6 Termination of this Agreement will not terminate Services that are offered pursuant to tariff in applicable jurisdictions.

5.7 The rights and obligations set forth in this Section 5 shall survive the termination of this Agreement.

Section 6 - End-User Denial and Blocking of Service

- 6.1 Idearc authorizes Verizon to disconnect End-User service for nonpayment in accordance with Applicable Law, and Verizon Policy, as may be modified from time to time.
- 6.2 Verizon reserves the right to install Toll Blocking (blocking all outgoing toll calls), Pay-Per-Call Blocking (blocking all 900 numbers) or Bill Block (blocking billing of Miscellaneous Service Billing Records from service providers other than Verizon or the End-User's PIC) on an End-User's line at the End-User's request or in accordance with Verizon Policy, system capability and Applicable Law.

Section 7 - Confidentiality and Non-Disclosure

- 7.1 All Proprietary Information disclosed by either Party during negotiations or during the Term of this Agreement shall be protected by the other Party in accordance with the terms of this Section 7.
- 7.2 The term "Proprietary Information" includes but is not limited to, all written, recorded, and machine-readable information, such as End-User information as set forth in Attachment C, Idearc system or new product specifications, and examinations or other information provided in tangible form to one Party by the other Party. All Proprietary Information must be marked as proprietary and/or confidential with the appropriate owner name, e.g., "Verizon Proprietary", except that machine readable information shall be considered Proprietary without marking. Information disclosed orally shall not be considered to be Proprietary Information unless such information is reduced to writing by the providing Party and a copy is delivered to the receiving Party within thirty (30) Days after such oral disclosure. This writing shall also state the place and date of the disclosure, and the persons to whom the disclosure was made.
- 7.3 The receiving Party shall not be liable for inadvertent or accidental disclosure of Proprietary Information of the other Party provided that it uses at least the same degree of care in safeguarding such Proprietary Information as it uses for its own proprietary information of like importance that shall be reasonably calculated to prevent such inadvertent disclosure.
- 7.4 Information shall not be deemed to be Proprietary Information and the receiving Party shall have no obligation with respect to any information which:
 - 7.4.1 Is or becomes publicly known through no wrongful act, fault or negligence of the receiving Party;
 - 7.4.2 Was lawfully obtained by the receiving Party or by any other affiliate or subsidiary of the receiving Party prior to disclosure without obligation of confidentiality, except for any information related by and among the parties in the course of negotiating this Agreement, or is at any time developed by the receiving Party independently of any such disclosure;
 - 7.4.3 Was disclosed to the receiving Party by a third party who was free of obligations of confidentiality to the Party providing the information or is furnished to a third party by the disclosing Party without a similar restriction on the third party's rights;
 - 7.4.4 Is approved for release by written authorization of the disclosing Party;

- 7.4.5 Is disclosed pursuant to a requirement or request of a governmental agency or regulator or if disclosure is required by Applicable Law.
- 7.5 Neither Party is responsible or liable for any business decisions made by the other in reliance upon any disclosures made during any meeting between the Parties or during the course of negotiations. The furnishing by either Party of Proprietary Information to the other shall not obligate either Party to enter into any further agreement or negotiation with the other.
- 7.6 Nothing contained in this Agreement shall be construed as granting to a Party a license, either express or implied, under any patent, copyright, or trademark, now or hereafter owned, obtained, controlled by, or which is or may be licensable by, the other Party.
- 7.7 Unless otherwise agreed upon, neither Party shall publish or use the other Party's name, language, pictures, or symbols from which the other Party's name may be reasonably inferred or implied in any advertising, promotion, or any other publicity matter relating directly or indirectly to this Agreement. All publicity regarding this Agreement is subject to the Parties' prior written consent.
- 7.8 In the event that this Agreement is required to be disclosed pursuant to Section 7.4.5, the Parties agree to seek commercial confidential status for this Agreement to the extent such a designation can be secured.
- 7.9 The obligations set forth in this Section 7 shall survive the termination of this Agreement.
- 7.10 Upon expiration or termination of this Agreement, the receiving party shall, upon request and to the extent not prohibited by Applicable Law or regulation, return or destroy all Proprietary Information of the disclosing Party that is in tangible or machine-readable form in its possession at the time of such expiration or termination.

Section 8 – Verizon Reservations

- 8.1 Verizon reserves the right to change its standard bill format(s). Verizon shall use reasonable efforts to notify Idearc of any substantial bill format(s) changes that will affect Idearc's billing system thirty (30) Days prior to such change.
- 8.2 Verizon reserves the right to modify or replace its billing systems. Verizon shall use reasonable efforts to provide Idearc ninety (90) Days written notice of such changes. Idearc understands and agrees that as used herein, the term "billing systems" shall refer solely to the protocol that Verizon employs in tandem with the particular transmission medium used by Idearc that enables Verizon to read and process Idearc's data as detailed in the Service Attachments set forth herein. Such term shall not include other procedures, Policies or methods which Verizon expressly reserves the right to change from time to time without notice.
- 8.3 To the extent that any of the Attachments or Policies are in conflict with the Principal Agreement, the Principal Agreement shall prevail. To the extent that any of the Policies are in conflict with the Attachments the Policies shall prevail.
- 8.4 Verizon reserves the right to increase its rates and charges as set forth in Attachment E upon ninety (90) Days written notice but shall not increase its rates and charges more than once every twelve (12) calendar months during the term of this Agreement; provided, however, that Idearc shall have the right to terminate this Agreement in accordance with Section 5.4.2. If Verizon increases its rates during an annual billing period and after Idearc has provided their

bill volume guarantee, Idearc may request to change their bill volume guarantee. The new bill volume guarantee will be effective for twelve (12) months and start on the first day of the next month following receipt of Idearc's new bill volume guarantee sent to Verizon's account manager in writing.

- 8.5 Notwithstanding anything contained herein to the contrary, Verizon reserves the right to deduct from the sums due Idearc any amounts owed by Idearc to Verizon, where the amounts are past due and have not yet been paid.

Section 9 - Purchase of Accounts Receivable and Settlements

- 9.1 Verizon shall purchase accounts receivable for Accepted Billing Records from Idearc. The amount due Idearc shall be the dollar amount of the Accepted Billing Records on a per transmission basis, subject to the edits, Adjustments and procedures set forth in Verizon Policies.
- 9.2 In the event of Agreement expiration or termination, with or without cause, Verizon may withhold payment of any amount for PARs or other amounts owed to Idearc, until such time as Verizon is fully satisfied and that there are no outstanding financial obligations owed by the Idearc to Verizon.
- 9.3 Verizon shall purchase accounts receivable from Idearc on a monthly basis. The settlement date, i.e. actual cash flow to Idearc, shall be in accordance with the "Payment Date Calculation" procedure described in Verizon Policies.

Section 10 – Deposits and Reserves

10.1 Deposits

Verizon may, at its discretion, require a non-interest bearing deposit from Idearc any time during the term of this Agreement ("Deposit"). Upon termination of service, Verizon may use the Deposit to offset any future debts, Adjustments and shortfalls in PARs for a period up to one year. Any portion of the Deposit remaining after all of Idearc's debts, Adjustments and shortfalls have been fully satisfied will be returned ninety (90) days after the end of the one-year period.

10.2 Reserves

Verizon shall have the right to retain PARs due to Idearc for Negative PARs, Adjustments, or Uncollectible reserves due Idearc until Verizon is fully compensated as set forth in the Verizon Policies.

Section 11 - Payment for Services Rendered

- 11.1 Idearc agrees to pay to Verizon the rates and charges for Service rendered as set forth in Attachment E, as modified from time to time pursuant to Section 8.4 hereof.
- 11.2 Verizon shall bill Idearc for Services rendered in accordance with this Agreement on a monthly basis. Each invoice shall be for a period of approximately thirty (30) Days. Verizon reserves the right to bill Idearc for services within two (2) years of the rendering of services.

- 11.3 Idearc agrees to pay the full invoiced amount or, in the event that an amount is in dispute, submit a written request for review of the disputed portion of the bill by the payment due date of the invoice to the contact designated in Attachment D. If Idearc fails to pay or submit a request for review of a disputed billing procedure by the payment due date, late payment charges shall be assessed as set forth in Section 13.
- 11.4 The payment due date for each invoice shall be determined by adding thirty (30) Days to the invoice preparation date. Verizon shall use diligent efforts to distribute the invoice on the invoice preparation date.
- 11.5 If the payment due date of the invoice causes such payment to be due on a Saturday, Sunday, or Federal Banking Holiday, payment for the amount due Verizon shall be made as follows:
- 11.5.1 If such payment due date falls on a Sunday or Federal Banking Holiday that is observed on a Monday, the payment date shall be the next Business Day.
- 11.5.2 If such payment due date falls on a Saturday or a Federal Banking Holiday is observed on a Tuesday, Wednesday, Thursday, or Friday, the payment date shall be the last Business Day preceding such Saturday or Federal Banking Holiday.
- 11.6 In the event that the Agreement is terminated pursuant to Section 5 hereof, or Idearc fails to pay amounts that are undisputed and owing within thirty (30) Days of the invoice preparation date, Verizon, without limiting any other rights it may have, may net any undisputed amounts due by Idearc to Verizon against the PAR amounts due Idearc under this Agreement. This Section 11 shall survive the termination or expiration of this Agreement.

Section 12 - Minimum Charges

- 12.1 If total amounts incurred by Idearc for Services rendered in any month are less than the Minimum Monthly Charge per Verizon Billing Region per month as set forth in Attachment E, even if no Billing Records are submitted to Verizon, Verizon shall bill and Idearc shall pay such Minimum Monthly Charge amounts. Such Minimum Monthly Charge amounts shall be due and owing regardless of whether Idearc admits insolvency, makes an assignment for the benefit of creditors, is unable to pay debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets. A separate Minimum Monthly Charge applies for each Verizon Billing Region as set forth in Attachment E.

Section 13 - Late Payment Charge

- 13.1 Subject to Section 13.3, any amount not received by the payment due date shall be subject to a late payment charge unless otherwise specified by tariff or Applicable Law. The late payment charge shall be the balance overdue multiplied by the lesser of:
- 13.1.1 The highest interest rate (in decimal value) allowed by Applicable Law, for the number of Days from the Day following the payment due date up to and including the date payment is actually made; or
- 13.1.2 Twelve per cent (12%) per annum simple interest for the number of Days from the Day following the payment due date up to and including the date payment is actually made.

- 13.2 Late payment charges shall not be levied on disputed amounts until resolution. If the Claim is resolved in Verizon's favor, Idearc shall pay the late payment charges on the disputed amounts previously deducted. If the Claim is resolved in Idearc's favor, and Idearc has already paid the amount in dispute including any late payment charges, Idearc shall be entitled to interest on the excess amounts already paid to Verizon using the applicable interest rate set forth in Section 13.1.
- 13.3 Late payment charges are not applicable to late payments caused by bank or third party errors; rather, the banks or other third parties involved shall resolve the discrepancy. The Parties shall notify the banks or third parties involved and coordinate resolution.
- 13.4 Late payment charges shall be included in a subsequent settlement statement, but shall be excluded in calculating new late payment charges.

Section 14 - Transfer of Funds

- 14.1 Any payment by either Party to the other Party may be paid by check, draft, or electronic funds transfer to the payee's address. Late payment charge as set forth in Section 13 shall be due the payee if any portion of an amount due is in funds that are not immediately available to the payee.
- 14.2 Where the Parties have made arrangements for a bank or other third party to remit funds to the other, proper identification of the bank or third party, including the account number, shall be furnished. The remitting Party shall cooperate in correcting any bank or other third party errors and shall not be relieved of its payment responsibilities because of such errors.

Section 15 - Examination

- 15.1 Upon sixty (60) Days written notice either Party may request an examination of the other Party (an "Examination"). With respect to an Examination of Verizon by Idearc, a review of Verizon's records shall be limited to records and procedures containing information bearing upon: (a) amounts being billed to End-Users by Verizon as part of its provision of Services; and (b) charges to Idearc for Services provided by Verizon pursuant to this Agreement; and (c) customer Inquiries or Complaints. With respect to an Examination of Idearc by Verizon, a review of Idearc's records shall be limited to records and procedures containing information bearing upon customer contact policies and procedures, customer Complaint records and procedures, record screening and formatting procedures, and transmission procedures. The Examination shall be conducted during normal business hours without interference with either Party's business operations and in compliance with that Party's security procedures. Either Party may request a maximum of one (1) Examination per eighteen (18) month period.
- 15.2 The Parties shall mutually agree on an estimated commencement date, estimated duration, location, subject matter, and the materials to be examined.
- 15.3 Each Party shall bear its own expenses in connection with the conduct of an Examination. Special Data Extractions required by Idearc to conduct the Examination shall be paid for by Idearc, and ordered using the Change Request Process outlined in Verizon's Policies.
- 15.4 Either Party's materials reviewed by the other Party in the course of an Examination shall constitute Proprietary Information and their use shall be limited to the conduct of the Examination and preparation of a report for appropriate distribution Idearc to those with a need to know the results of the Examination. Both Parties reserve the right to require that the

Examination or any portion thereof be conducted by an independent third party to be mutually agreed upon in good faith by the Parties. The Parties also agree that the third party will not divulge any Proprietary Information not associated with Idearc's billing. Both Parties agree to provide a copy of Section 7 of this Agreement to employees and or agents acting on its behalf and to require their compliance with its provisions.

Section 16 - Taxes

- 16.1 Tax applications and procedures are set forth in Attachment H.

Section 17 - Resolution of Claims in the Ordinary Course of Business

- 17.1 Claims made for accounts receivable or payable between the Parties of less than \$25,000 arising from the ordinary course of business ("Claims in the Ordinary Course") shall be resolved pursuant to the procedures set forth in Attachment G.

Section 18 - Claims Limitation

- 18.1 Idearc shall submit Claims for Services not later than two (2) years of the bill date unless otherwise provided by tariff or Applicable Law. Service is considered rendered when the PAR report is submitted to Idearc. No Claims may be made under this Agreement or referred to the dispute resolution procedures set forth in Section 19 more than two (2) years after the bill date of the Ancillary Bill or the PAR report date. Failure to make such Claim within two (2) years shall bar any course of action before a judicial or regulatory body unless otherwise provided by tariff or Applicable Law. Claims for indemnity under this Agreement shall not be limited by the two (2) year limitation provided, but shall be governed by the appropriate statute of limitation.
- 18.2 In no event shall Claims exceed the limitations set forth in Section 21.

Section 19 - Dispute Resolution

- 19.1 Verizon and Idearc shall cooperate with and assist each other in promptly identifying and correcting problems arising out of Verizon's provision of Services to Idearc under this Agreement. The Parties recognize that despite the best efforts of both Parties, from time to time errors will occur in the billing process. In such cases, the Parties agree to fully cooperate in joint efforts, including the exchange of data to minimize billing disruptions as soon as possible. Each Party will bear its own costs incurred in connection with the above recovery activities.
- 19.2 Disputes between the Parties resulting from Claims that exceed \$25,000 and have not been resolved using the procedures set forth in Attachment G, or any other claim or controversy concerning the terms and conditions of this Agreement, except for actions filed to enforce this Section 19 or to obtain injunctive relief or any subject matter referenced or governed hereby, will be resolved by the Parties using the following dispute resolution procedure as their sole remedy.
- 19.3 At the written request of a Party, each Party shall appoint a knowledgeable, responsible non-lawyer business representative with the authority to act on behalf of each Party, to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The location, format, frequency, duration, and conclusion of these 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, exempt from discovery and production which shall not be used in the arbitration described below without the agreement of both Parties. If the negotiations do not resolve the dispute within sixty (60) Days of the initial written request for negotiation, a party may request that the controversy or Claim be resolved by final, binding arbitration in accordance with the American Arbitration Association (AAA) Rules for Arbitration of Disputes. A single neutral arbitrator licensed to practice law, preferably with telecommunication experience, shall conduct the arbitration. The arbitrator shall conduct the arbitration using and applying the Federal Rules of Evidence and the Federal Rules of Civil Procedure excluding the rules concerning discovery. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§1-16, to the exclusion of any provision of state law inconsistent there with or which would produce a different result.

- 19.4 The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) Days after the close of hearings. The arbitration will constitute the sole and final non-appealable method of dispute resolution of all claims arising out of this Agreement. Judgment upon the award rendered by the arbitrator may be entered in any court of competent jurisdiction.
- 19.5 The arbitrator shall have the discretion to award costs and attorney fees at the conclusion of the arbitration proceedings.

Section 20 - Indemnity

20.1 Indemnification of Verizon

Idearc, as the indemnifying Party, will indemnify, defend and hold harmless Verizon, as the indemnified Party, from and against all costs, claims, liabilities, damages, settlements, awards, and expenses whatsoever (including reasonable attorneys' fees and costs related to the defense of the foregoing), resulting from third party claims related to Idearc's duties and obligations under this Agreement or Idearc's provision of telecommunications and information related services to End-Users and other Idearc customers concerning the Services provided hereunder.

- 20.1.1 Verizon, as the indemnified Party, will notify Idearc, the indemnifying Party promptly, in writing of any written claims, lawsuits or demands by third Parties for which Verizon, as the indemnified Party, alleges that Idearc as indemnifying Party is responsible under this Section and will tender the defense of such claim to Idearc. Upon tender, Verizon, as indemnified Party, shall have the right to have its own attorneys present in any proceedings, but Verizon shall have no right to enter into or make any settlement offers, demands or counterclaims of any nature. Idearc, as indemnifying Party, shall not be responsible for any settlement offers or actual settlements made by Verizon, as indemnified Party, without the written consent of Idearc.
- 20.1.2 In the event that Idearc, as indemnifying Party, after receiving written tender of such claim, takes no action to defend such claim within a reasonable time, Verizon, as the indemnified Party, may assume the defense of the claim but shall not in any way waive its right to recover all costs, claims, liabilities, damages, settlements, awards, expenses, attorneys fees and any other liability resulting there from. Verizon, as the indemnified Party, shall have the right to recover all expenses (including reasonable attorneys' fees) in any action undertaken to enforce this indemnity obligation.

20.2 Indemnification of Idearc

Verizon, as the indemnifying Party, will indemnify, defend and hold harmless Idearc, as indemnified Party, from and against all costs, claims, liabilities, damages, settlements, awards, and expenses whatsoever (including reasonable attorneys' fees and costs related to the defense of the foregoing), from third party claims brought against Idearc for loss or damage directly caused by Verizon's failure to perform the Services requested by Idearc under this Agreement.

20.2.1 Idearc, as the indemnified Party, will notify Verizon, as the indemnifying Party, promptly, in writing of any written claims, lawsuits or demands by third parties for which Idearc, as indemnified Party, allege that Verizon, as indemnifying Party, is responsible under this Section and will tender the defense of such claim to Verizon. Upon tender, Idearc, as indemnified Party, shall have the right to have its own attorneys present in any proceedings, but Idearc, as indemnified Party, shall have no right to enter into or make any settlement offers, demands or counterclaims of any nature. Verizon, as indemnifying Party, shall not be responsible for any settlement offers or actual settlements made by Idearc, as indemnified Party, without the written consent of Verizon.

20.2.2 In the event that Verizon, as the indemnifying Party, after receiving written tender of such claim, takes no action to defend such claim within a reasonable time, Idearc may assume the defense of the claim but shall not in any way waive their right to recover for all costs, claims, liabilities, damages, settlements, awards, expenses, attorneys fees and any other liability resulting there from. Idearc, as the indemnified Party, shall have the right to recover all expenses (including reasonable attorneys' fees) in any action undertaken to enforce this indemnity obligation.

20.3 The provisions of this Section 20 shall survive the termination of this Agreement.

Section 21 - Limitation of Liability; Warranty

21.1 EXCEPT FOR THE INDEMNITIES PROVIDED IN SECTION 20 OF THIS AGREEMENT AND EXCEPT FOR AMOUNTS OWED TO VERIZON FOR PROVISION OF SERVICES HEREUNDER, IN NO EVENT SHALL DAMAGES FOR ALL CLAIMS ARISING HEREUNDER, IN THE AGGREGATE, EXCEED THE TOTAL VALUE OF ANCILLARY BILL CHARGES FOR SERVICES RENDERED BY VERIZON UNDER THIS AGREEMENT FOR THE PRECEDING TWELVE (12) MONTH PERIOD LESS CLAIMS PREVIOUSLY PAID DURING THE TERM.

21.2 SUBJECT TO THE LIMITATION SET FORTH IN SECTION 21.1, AND EXCEPT FOR SECTION 9.6 OF SA1 AND SECTION 9.6 OF SA2, IF APPLICABLE, VERIZON'S LIABILITY TO IDEARC FOR ANY LOSS, COST, DAMAGE, CLAIM, INJURY, LIABILITY, OR EXPENSE, INCLUDING REASONABLE ATTORNEYS' FEES, RELATING TO OR ARISING OUT OF THE SERVICES PROVIDED HEREUNDER SHALL BE LIMITED TO THE ANCILLARY BILL CHARGES PAID BY IDEARC FOR VERIZON'S PROVISION OF SUCH SERVICES. MOREOVER, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE RESPONSIBLE OR LIABLE FOR INCIDENTAL, SPECIAL, LOST PROFITS, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY KIND, NOTWITHSTANDING THEIR FORESEEABILITY OR DISCLOSURE BY EITHER PARTY OF SUCH DAMAGES. THIS LIMITATION SHALL NOT AFFECT THE OBLIGATIONS OF THE PARTIES REGARDING INDEMNIFICATION SET FORTH IN SECTION 20 HEREOF.

21.3 VERIZON HEREBY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND MAKES NO WARRANTIES, WITH RESPECT TO THE SERVICES PROVIDED HEREUNDER, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

21.4 THIS SECTION 21 SHALL SURVIVE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

Section 22 - Independent Contractors

22.1 Each Party is engaged in a business that is independent of the other Party and each Party shall perform its obligations under this Agreement as an independent contractor. No Party has control or the discretion to exercise control over the employees or agents of the other and no employer/employee relationship exists, or is intended to exist, between the Parties. Each Party will be solely responsible for all matters relating to payment of such employees, including compliance with social security Taxes, withholding Taxes, and all other regulations governing such matters. Each Party will be responsible for its own acts and those of its own subordinates, employees, agents, and subcontractors during the performance of that Party's obligations hereunder.

Section 23 - Remedies Cumulative

23.1 Except as otherwise provided in this Agreement, all rights of termination, cancellation, or other remedies in this Agreement are cumulative. Use of any remedy shall not preclude any other remedy in this Agreement.

Section 24 - Assignment

- 24.1 With the exception of collateral assignments, Idearc shall not assign this Agreement, in whole or in part, without the prior written consent of Verizon; provided, however, that Idearc may assign all or part of its rights and obligations to a subsidiary or affiliate of Idearc without Verizon's consent, but with written notification to Verizon. Any assignment in violation of this paragraph shall be void.
- 24.2 Idearc shall notify Verizon in writing of a collateral assignment by Idearc. Verizon shall have no obligation to obtain consent from, or provide notice to, any lender of Idearc in connection with an amendment to, or termination of, this Agreement.
- 24.3 The assignment of any right by Idearc under this Agreement shall not impact any of Verizon's rights under Applicable Law, including the right of set-off.
- 24.4 Verizon may assign this Agreement, in whole or in part, to a subsidiary or affiliate of Verizon. In addition, Verizon may assign this Agreement, in whole or in part, to any third party in connection with the sale or other disposition of local exchange telephone franchises.
- 24.5 Verizon may use subcontractors, including, without limitation, Verizon Data Services Inc., to perform all or any portion of the Services.
- 24.6 All obligations and duties of any Party under this Agreement shall be binding on all successors in interest and assigns of such Party.
- 24.7 Verizon may sell any Uncollectible account to third parties at such time as Verizon

determines that an Uncollectible account has aged to a point where collection activity is unlikely to result in any collection of the debt owed and a sale could result in a financial recovery to Idearc of some percentage of the Uncollectible account. If any recovery is made from a sale of such Uncollectible accounts, Idearc will be compensated based on the total sales price times Idearc's calculated percentage of outstanding debt for the portfolio of Uncollectible accounts sold. The sale and payment to Idearc of its percentage of such recovery will be deemed to be payment in full to Idearc and satisfaction of any monies owed to Idearc for such Uncollectible accounts without further obligation on the part of Verizon.

Section 25 - Force Majeure

- 25.1 Neither Party shall be liable for any delay or failure in performance of any part of this Agreement from any cause beyond its control and without its fault or negligence, including but not limited to acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, strikes, power blackouts, unusually severe weather conditions, unavailability of equipment from vendors, common carriers or any other circumstances beyond the reasonable control of the Party affected ("Force Majeure Condition"). If any Force Majeure Condition occurs, the Party delayed or unable to perform shall give immediate notice to the other Party. During the pendency of the Force Majeure Condition, the duties of the Parties under this Agreement affected by the Force Majeure Condition shall be abated and shall resume without liability thereafter.

Section 26 - Severability

- 26.1 In the event that any one or more of the provisions shall for any reason be held to be unenforceable in any respect under Applicable Law, such unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such unenforceable provision or provisions had never been contained.

Section 27 - Non-Exclusive Agreement

- 27.1 This Agreement is non-exclusive. Verizon reserves the right to extend to others the services provided for herein. Idearc reserves the right to obtain Services from persons or entities other than Verizon.

Section 28 - Third-Party Beneficiaries

- 28.1 The provisions of this Agreement are for the benefit of the Parties and not for any other person. However, should any third party institute proceedings, this Agreement shall not provide any such person with any remedy, Claim, liability, reimbursement, cause of action, or other right in excess of those provided in this Agreement.

Section 29 - Governing Law and Venue

- 29.1 Unless as otherwise expressly provided in this Agreement, this Agreement shall be deemed to be a contract made under the laws of the state of New York and subject to the exclusive jurisdiction of the state and federal courts in and for New York.

Section 30 - Multiple Counterparts

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

Section 31 - Headings

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

Section 32 - Attachments

- 32.1 The following Attachments are made part of this Agreement:

Attachment A - Verizon Telephone Operating Companies
Attachment B - Definition of Terms
Attachment C - Proprietary Billing Information
Attachment D - Contacts
Attachment E - Rates and Charges for Services
Attachment F - Complaint Control Process
Attachment G - Resolution of Claims in the Ordinary Course of Business
Attachment H - Taxes
Service Attachment 1 Message Ready Service
Service Attachment 2 Invoice Service
Service Attachment 5 End-Users Communications Services
Service Attachment 7 Supplemental Services
Schedule 1 Directory Publishing Service

- 32.2 To the extent that any of the Attachments or Policies are in conflict with the Principal Agreement, the Principal Agreement shall prevail. To the extent that any of the Policies are in conflict with the Attachments, the Policies shall prevail.

Section 33 - Entire Agreement

- 33.1 This Agreement, including all Attachments, constitutes the entire Agreement between the Parties and supersedes all prior or contemporaneous oral or written agreements, representations, statements, negotiations, understandings, proposals and undertakings with respect to the subject matter of this Agreement.

Section 34 - Amendments and Waivers

- 34.1 No amendment, modification, or supplement to this Agreement shall be effective unless it: (a) is in writing and signed by the authorized representatives of both Parties, and (b) by reference incorporates this Agreement and identifies the specific portions that are amended, modified, or supplemented or indicates that the material is new. The term "this Agreement" includes any future amendments, modifications, and supplements.
- 34.2 No course of dealing or failure of any Party to strictly enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition.

- 34.3 Waiver by either Party of any default by the other Party shall not be deemed a waiver of any other default.
- 34.4 No waiver of any provision or consent to default of any term shall be effective unless the same shall be in writing and signed by or on behalf of the Party against whom such waiver or consent is claimed.

Section 35 - Construction

- 35.1 This Agreement and the provisions contained herein shall not be construed or interpreted for or against any Party because that Party drafted or caused its legal representative to draft any of its provisions.

Section 36 - Execution

- 36.1 Each Party acknowledges that it has read this Agreement, that each fully understands its rights and obligations under this Agreement, and that it enters this Agreement freely and voluntarily. Each Party further acknowledges that it has had an opportunity to consult with an attorney of its own choosing to explain the terms of this Agreement and the consequences of signing it.
- 36.2 Each person executing this Agreement for the respective Parties expressly represents and warrants that he or she has authority to bind the entity on whose behalf he or she has executed this Agreement.

Section 37 - Notices and Demands

- 37.1 Except as otherwise provided under this Agreement, all notices, demands, or requests that may be given by any Party to the other Party shall be in writing and shall be deemed to have been given on the date delivered in person, or sent via facsimile, telex, cable or electronic mail service used by Verizon and Idearc, next Business Day when mailed via commercial overnight delivery or on the third Business Day after deposit, postage prepaid, in the United States Mail via certified mail, return receipt requested, and addressed as set forth in Attachment D. Notwithstanding the foregoing, the exclusive means of providing notice under Section 5 shall be by certified mail or commercial overnight delivery.
- 37.2 If personal delivery is selected as the method of giving notice under this section, a receipt of such delivery shall be obtained.
- 37.3 The address to which such notices, demands, requests, elections, or other communications shall be delivered may be changed by written notice given by such Party to the other Party pursuant to this section.
- 37.4 Idearc agrees to notification of End-Users by Verizon concerning the termination of the billing arrangements between Idearc and Verizon under this Agreement. Verizon will provide a copy of any such End-User notice to Idearc.

Section 38 - Change Request Process

- 38.1 Requests for changes or modifications to Verizon's billing systems shall be submitted pursuant to the Change Request procedures set forth in Verizon's Policies.

Section 39 - No Common Principals

- 39.1 Idearc represents and warrants that Idearc does not, and will not at any time during the Term, have an officer, director, general partner, or holder of at least ten percent (10%) of its ownership interest (any of the foregoing being referred to as a "Principal") who is or has been a Principal of any entity that has entered into a billing and collection agreement with Verizon or any affiliate of Verizon that has been terminated for cause by Verizon or any affiliate of Verizon.

Section 40 - Survival

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

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date or dates indicated below to be effective as of the Effective Date.

Idearc Media Corp.

Verizon Services Corp. on behalf of
Verizon Telephone Operating Companies
Listed on Attachment A

By: *Katherine J. Harless*

By: _____

Name: Katherine J. Harless

Name: _____

Title: President

Title: _____

Date: _____

Date: _____

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date or dates indicated below to be effective as of the Effective Date.

Idearc Media Corp.

Verizon Services Corp. on behalf of
Verizon Telephone Operating Companies
Listed on Attachment A

By: _____

By: George S. Dowell

Name: Katherine J. Harless

Name: George S. Dowell

Title: President

Title: VP - Supply Chain Services

Date: _____

Date: _____

BILLING SERVICES AGREEMENT

ATTACHMENT A

VERIZON TELEPHONE OPERATING COMPANIES

Contel of the South Inc. d/b/a Verizon Mid States
GTE Southwest Incorporated, d/b/a Verizon Southwest
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Virginia Inc.
Verizon West Coast Inc.

BILLING SERVICES AGREEMENT

ATTACHMENT B

DEFINITION OF TERMS

The terms used in the Attachments and the Services Attachments, but not specifically defined herein or elsewhere in the Agreement, are understood by the Parties to have their ordinary meanings.

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

"Accepted Billing Records" - data which has been transmitted by Idearc or its network provider to Verizon for billing and has passed all Verizon format requirements and up front edit checks as stated in the File Receipt Confirmation report.

"ACNA (Access Customer Name Abbreviation)" - a unique three (3) character alpha identification assigned to Idearc by Telcordia in association with a particular Carrier Identification Code (CIC).

"Adjustment" - a billing amount related to End-User charges that is added to or subtracted from the balance due from the End-User.

"Adjustment Voucher" - a voucher issued by Verizon to adjust End-User charges at the request of Idearc or an End-User. An Adjustment Voucher is issued at the single line and multi-line account level. Each Adjustment Voucher can be used to adjust up to ninety-nine (99) calls and up to four (4) call types.

"Aged Records" - domestic Billing Records that are greater than 90 Days old, international Billing Records that are greater than 180 Days old, or any other Billing Record that is too old to bill as defined in individual state tariffs.

"Agreement" - this Billing Services Agreement consisting of the Principal Agreement and the Attachments and Service Attachments.

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

"Ancillary Bill" - Verizon bill for Services rendered.

"Applicable Law" - any applicable federal, state, or local statute, tariff, regulation, rule, ordinance, judicial decision, or administrative ruling.

"Attachments" - the attachments and service attachments to this Agreement as listed in Section 32 of the Principal Agreement or as added by amendment.

"Audiotext" - any product that is supplied for caller's retrieval via a telephone call.

"Bill Block" - End-User initiated capability to block billing of miscellaneous charges on their bill.

"Billing Contact Center" - location where an End-User calls to raise billing questions or request Adjustments.

"Billing Cycle Schedule" - a schedule of dates within a month when accounts are processed by Verizon's billing system and End-User bills are produced.

"Billing Name and Address" - the name and address used for mailing the End-User bill.

"Billing Records" - data transmitted to Verizon containing call detail and other information relating to charges or credits to be placed on an End-User's local telephone bill.

"Billing Regions" - see Attachment E.

"Bill Rendering" - the preparation and distribution of billed information on behalf of Idearc.

"Billing Telephone Number (BTN)" - the primary End-User number representing the account responsible for invoice payment. The BTN may link multiple telephone lines and Calling Card numbers for billing purposes and may or may not be a dialable number.

"Billing User Guide" or "BUG" - written statement of Verizon billing policies and procedures provided to Idearc, updated by Verizon from time to time.

"BNA" - see Billing Name and Address.

"Business Days" - regular Monday through Friday weekdays which are customary working Days, excluding Holidays.

"Calling Card" - a telephone Calling Card issued by Verizon or by Idearc.

"Calling Party Number (CPN)" - the telephone number of the party (originator) originating the call.

"Change Request" - a document through which Idearc requests a service modification, an enhancement, an addition, a report or data, etc.

"Carrier Identification Code (CIC)" - a numeric code used to identify Idearc.

"Claim" - a dispute by a Party as to whether a monetary amount has been calculated, withheld or paid in accordance with the terms and conditions of this Agreement.

"Class of Service" - a Verizon code used to identify the service purchased by the End-User, such as residence, business, public or official, and may also specify the number of party lines, Foreign Exchange service, etc.

"Clearinghouse" - an entity that provides billing services to other telecommunications and information service providers and aggregates and forwards such usage/data to Verizon for inclusion on the Verizon bill.

"Complaint" - any inquiry received through Verizon's customer service or any formal End-User complaint to a law enforcement agency, consumer protection agency, regulatory body, Verizon executive or established Verizon action line concerning Cramming, Slamming, Pay-Per-Call, complaints of fraud or fraudulent business practices or Miscellaneous Services..

"Cram", "Crammed", "Cramming" - the practice of placing unauthorized, misleading, or deceptive charges on an End-User's telephone bill.

"Customer Database" - Verizon's file containing standard information for End-Users.

"Days" - all Days including Saturdays, Sundays, and Holidays.

"Direct Billing" - billing sent to Idearc's customers who do not subscribe to Verizon's basic local telephone service.

"Directory Assistance" - a telephone call where Interexchange Carrier (IC) and/or Operator Services Position System (OSP) support services (either manual or mechanized) are provided to the End-User at the End-User's request in order to determine a telephone number.

"Directory Assistance Exemption" - an identification of an account that is exempt from directory assistance charges.

"Disputed Billed Amounts" - complaint by End User to Verizon regarding charges for calls or other services that appear on Idearc's portion of the bill, including but not limited to, Complaints about billed amount, call or product description, authorization for Idearc to provide call or service or existence of End User relationship with Idearc.

"EC Memo" - see Exchange Carrier Memo.

"Effective Date" - the date set forth in the Preamble of the Principal Agreement.

"End-User" - a subscriber of Verizon's local telephone service who purchases Idearc's services or products.

"End-User Billing Complaint" - see "Complaint".

"End-User PIC" - the Presubscribed Interexchange Carrier (PIC) code that indicates the carrier selected by the End-User to provide 1+ Interexchange long distance service.

"Escalated Complaint" - any End-User Complaint to a law enforcement agency, consumer protection agency, regulatory body, Verizon executive or established Verizon action line submitted by an End-User regarding the End-User's phone bill, conduct by Verizon or Idearc's customer service or any issue related to charges appearing on the Verizon phone bill for which End-User requests action or resolution.

"Event of Default" - any of the events described in Section 5 of the Principal Agreement.

"Examination" - a review of Verizon's or Idearc's Billing Records as set forth in Section 15.

"Exchange Carrier (EC) Memo" - used to pass Adjustments and Toll investigation requests manually from Idearc to Verizon. The following are examples of the types of inquiries and Adjustments that may be received:

Adjustments:

- Intrastate optional calling plans
- Accounts not found in Idearc's database
- InterLATA directory assistance charges
- Duplicate billing
- Foreign exchange charges
- Requests to rebill toll calls when Idearc claims previously adjusted call is valid
- Flat-Rate Adjustments as a result of carrier selection problems, Adjustments over several months' billing, and any adjustment that is not directly tied to an itemized charge

Inquiries for:

- Wire checks
- Suspected fraud billing of Toll calls

"Exchange Message Interface (EMI)" - industry standard record layouts for Interexchange Carrier/LEC data exchange published by the Alliance for Telecommunication Industry Standards ("ATIS").

"Federal Banking Holiday" – includes all days the US Federal banks are closed for business.

"Federal Communications Commission or FCC" - the FCC was established by the Communications Act of 1934 and is charged with regulating interstate and international communications by radio, television, wire satellite and cable.

"File Receipt Confirmation" – the report generated by Verizon and sent to the Idearc as confirmation of receipt of Billing Records.

"Final Account Date" - the date local telephone service was disconnected for an End-User account or the date of final billing for Idearc's customers in those jurisdictions where local telephone service cannot be disconnected for non-payment of toll or other charges, whichever is applicable.

"Generic Tax Area Codes" - the values used to indicate the rate of tax or type of tax applicable to a particular End-User.

"Holiday" - includes all holidays that are observed by Verizon by jurisdiction.

"Information Service" - offering of a capability for generating, acquiring, storing, transforming, processing, retaining, utilizing, or making available information via telecommunications, including electronic publishing.

"Inquiry" - answering End-Users' questions received through Verizon customer service about charges, collections, credits, payments, balances, or Adjustments in regard to services billed by Verizon on behalf of Idearc or any Sub-CIC.

"Inquiry Service" – Services product offered by Verizon for subscription by Idearc whereby Verizon will resolve all End-User Inquiries or Complaints with End-Users for voice, mail, automated attendants, electronic communications or an integrated voice response system, concerning the billing, collecting, crediting, adjusting, and pre-billing and post-billing record investigating of Idearc's charges for services rendered to the End-User.

"Interest Rate" - the prime rate, as reported in *The Wall Street Journal* the first business day of January and July of every year.

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

"International Toll Block" - block of all outgoing International Calls.

"Invoice" - combination of Billing Records for a particular BTN grouped to form a bill. The Invoice can be sent electronically for inclusion in an End-User bill. Invoice may include any combination of approved EMI Billing Records to provide billing to the End-User.

"LEC" - Local Exchange Carrier.

"Marketing Message" - an informational or advertising message developed by Idearc and approved by Verizon that appears on Idearc's bill Page.

"Master Service Date" - the date when a billing account was established for a specified End-User in Verizon's billing system.

"Message Ready" - combination of Billing Records for a particular BTN to be billed to an End-User.

"Miscellaneous Services" - services, other than message Toll services, for which Verizon has agreed to provide Service, in writing, and that comply with all Applicable Law, regulations, tariffs, and Verizon's Policies.

"Negative PAR" - Purchase of Accounts Receivable statement that has a credit balance, reflecting that the amount due is owed to Verizon.

"Network Data Mover (NDM)" - a transmission medium used for direct transfer of data files between Idearc and Verizon, also known as "Connect Direct".

"Non Pub Indicators" - identification values that indicate that the End-User has requested that his or her telephone number not appear in the telephone directory and that the number not be provided via directory assistance.

"Number Change" - the information that indicates that an End-User's telephone number has been changed. This information includes the "from" number, the "to" number, and the date of the change.

"Other Verizon Affiliates Customers" - Verizon Affiliates Customers who do not subscribe to Verizon local telephone service and who purchase Verizon Affiliates services or products.

"Page" - one side of one page of duplex printing.

"PAR" - see Purchase of Accounts Receivable, herein.

"Pay-Per-Call Block" - block of all outgoing calls beginning with a 900 or 976 prefix.

"Pay-Per-Call Service" - Any service:

1. In which any person provides or purports to provide:
 - (a) Audio information or audio entertainment produced or packaged by such person;
 - (b) Access to simultaneous voice conversation services; or
 - (c) Charges for any service which are assessed on the basis of the completion of the call
2. For which the caller pays a per-call or per-time-interval charge that is greater than, or is in addition to, the charge for transmission of the call; and
3. Which is accessed through use of a 900 number or other prefix or area code, or NY NPA with NXX designated by the North American Numbering Plan Administrator.
4. Such term does not include directory services provided by a common carrier or its affiliate or by a local exchange carrier or its affiliate or any service for which users are assessed charges only after entering into a pre-subscription or comparable arrangement with the provider of the service.

"PIC" - Primary Interexchange Carrier selected by an End-User (sometimes referred to as a "Presubscribed Interexchange Carrier").

"Policy" - Verizon policies and procedures, including but not limited to Billing Users Guide (BUG), Technical Reference Guides, Product Bulletins and internal business practices.

"Principal Agreement" - the main body of this Agreement, excluding the Attachments.

"Purchase of Accounts Receivable (PAR)" - the acquisition/purchase of Idearc's End-User receivables as part of the billing and collection of Idearc's charges reflected in EMI Records as accepted by Verizon for those End-User accounts that have used Idearc's services.

"Recourse" - the return of charges that have been removed from the End-User's bill by Verizon via an EC Memo or other means.

"Responsible Party" - the person or persons designated by the Subscriber as having authority to add, delete or modify telecommunications services or to incur new charges that will be billed on the Subscriber's local telephone bill.

"Service Address" - the address where the End-User telephone service is actually installed (which may be different from the billing address).

"Services" - billing services provided pursuant to the terms and conditions set forth in this Agreement as described in the Service Attachments.

"Single Balance Due" - the total amount due from End-User for all Verizon's local, equipment, directory, and intraLATA services, all Idearc charges and all charges of carriers for which Verizon provides billing service.

"Slamming" - the illegal practice of changing an End-User's telephone service - local, intralata service, or interlata service (including state to state, in state and international long distance) - without End-User's permission.

"Special Data Extraction" - the creation of an output record from existing data files that cannot normally be created from software programs or the processing of a software program that is resident on the production library.

"Sub-CIC" - Subordinate Carrier Identification Code. Identifies the service providers billing through a Clearinghouse, aggregator, interexchange carrier or Service Provider on an End-User's bill.

"Subscriber" - means End-User.

"Tax Exempt Status" - any special identification value that is used to omit tax from an End-User's bill.

"Taxes" - appropriate Federal, State, and Local taxes, including any surcharges.

"Temporary Denial of Service Indicator" - any special identification value that indicates that the End-User's service is temporarily suspended at the End-User's request.

"Time and Cost Matrix (T&C Matrix)" - (where available) - a matrix containing Verizon's then current charges and time lines for standard change requests. Verizon may change the prices and time lines contained in the T&C matrix from time to time at Verizon's discretion.

"Toll" - a service charge for long distance telephone calls.

"Toll Block" - block of all outgoing toll calls except toll-free and 911.

"Unbillable" - Billing Records that Verizon is unable to apply to an End-User account for billing.

"Uncollectible" - a dollar amount on an End-User bill that the End-User has not paid: (a) after the account is disconnected from local service or (b) in those jurisdictions where Applicable Law does not allow disconnection of local service for unpaid Toll or charges other than for local service,

approximately ninety (90) Days after the first bill date for the unpaid charges. Uncollectible amounts may be stripped from the End-User bill and recoured to Idearc with no further liability to Verizon.

"Verizon Billing Regions" - Billing Regions defined in Attachment E.

BILLING SERVICES AGREEMENT

ATTACHMENT C

PROPRIETARY BILLING INFORMATION

The following Idearc billing items are considered proprietary by Verizon and Idearc and should be limited to those individuals in their respective corporations with a need to know:

Idearc Billing Records
Identification of Idearc Services in Verizon's Records

As used in this Attachment C, the following terms shall be defined as:

Identification of Idearc Services in Verizon's Records - means an indicator or similar notation in Verizon's billing system or records that specify that an End-User or account subscribes to one or more Idearc services and may identify such service or services.

Billing Records - includes international, interstate and intrastate interLATA message telephone usage, where approved by the appropriate regulatory body, intraLATA usage, and other contracted for billable activity.

The following billing items to be jointly provided are considered proprietary by Verizon and Idearc and shall be treated as Proprietary Information in accordance with the provisions of Section 7 of the Principal Agreement. These billing items refer to End-Users for whom Idearc is the Primary Interexchange Carrier (PIC). The following types of billing information are considered confidential by Verizon and Idearc.

- Billing Name and Address
- Billing Telephone Number
- Billing Cycle Schedules
- Class of Service
- Directory Assistance Exemption
- End-User PIC
- Final Account Date
- Generic Tax Area Codes
- Master Service Date
- Non Pub Indicators
- Number Change
- Service Address
- Tax Exempt Status
- Temporary Denial of Service Indicator

The terms used above are defined in Attachment B.

BILLING SERVICES AGREEMENT

ATTACHMENT D

CONTACTS

Notices and Demands - Section 37 of Principal Agreement

Verizon

Idearc

Contract Notices

Contract Notices

Karin Petzold, Director
Billing Services
Verizon Telephone Operations
3632 N. Roxboro Rd, 2nd Floor, Mailcode 901177
Durham, NC 27704
Telephone: 919-317-7126
karin.m.petzold@verizon.com

Carol Desmond-Donahue
Director-Credit/Collections
Idearc Media Corp.
5601 Executive Drive, Room 4000
Irving, TX 75038
Telephone:

**Change Request Procedures -
Verizon's Policies & practices**

End-User Contact Referral

Verizon Billing Services
Idearc Account Manager
3632 N. Roxboro Rd, 2nd Floor, Mailcode 901177
Durham, NC 27704
Telephone: 919-317-7126
karin.m.petzold@verizon.com

Carol Desmond-Donahue
Director-Credit/Collections
Idearc Media Corp.
5601 Executive Drive, Room 4000
Irving, TX 75038
Telephone:

Contacts for specific subject areas are set forth in Verizon's Policies.

BILLING SERVICES AGREEMENT

ATTACHMENT E

RATES AND CHARGES FOR THE SERVICES

Section 1 - General - Term of Charges

The following charges for the Services provided under this Agreement are effective during the Term of the Agreement as specified in Section 5 of the Agreement. The applicability of these rates is limited to End-User accounts where Verizon is the provider of basic local service billing.

Section 2 - Customer Complaint Assessment

See Complaint Control Process, Attachment F.

Section 3 - Change Request Charges

Change Request Charges

The T&C Matrix, where available, contains charges for routine requests for changes to Verizon's billing system. When Idearc requests one of the routine changes listed on the T&C Matrix, these rates may be used by Idearc for a pre-authorized Change Request as described in Verizon's Policies. A Change Request must be sent to Verizon by Idearc for T&C Change Requests not included in the T&C Matrix as described in Verizon's Policies.

Section 4 - Minimum Monthly Charge

Minimum Monthly Charge for Services rendered under this Agreement:

Per Verizon Billing Region \$5,000.00

Section 5 - Verizon Telephone Operating Regions

Verizon Billing Region 1:

New York Connecticut

Verizon Billing Region 2:

Maine Vermont New Hampshire
Massachusetts Rhode Island

Verizon Billing Region 3:

Delaware New Jersey Pennsylvania

Verizon Billing Region 4:

Virginia West Virginia Washington DC
Maryland

Verizon Billing Region 5:

Texas

Verizon Billing Region 6:

Illinois Indiana Michigan
Ohio Wisconsin

Verizon Billing Region 7:

Florida North Carolina South Carolina

Verizon Billing Region 8:

Arizona California Idaho
Nevada Oregon Washington

Section 6 - Tariff Rates

In the event that the rates charged hereunder to Idearc for any state where the intrastate tariff does not mirror the Agreement rates agreed by the Parties hereunder, an adjustment shall be made in accordance with Verizon Policies to credit or debit the difference between the tariff rate and Agreement rate for intrastate Services.

Service Attachments

Service Attachment 1 Message Ready Service

SA1.1 Systems preparation charge, to prepare Verizon systems to provide Message Ready Service:

For each individual Verizon Billing Region	\$125,000.00
Add or Change CIC after initial preparation (Per CIC per Verizon Billing Region)	\$125,000.00
For all Verizon Billing Regions	\$450,000.00
Add or Change CIC after initial preparation (Per CIC)	\$450,000.00

SA1.2 Non-Detail Credit and Miscellaneous Billing Records

(EMI 41-50-01 and 42-50-01 Billing Records)

Implementation Charge

For Verizon Billing Regions 1,2,3,4	Included in System Preparation charges (Pricing available upon request)
For Verizon Billing Regions 5,6,7,8	

Per Billing Record charge (41-50-01)

For all Verizon Billing Regions	\$0.25
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Per Billing Record charge (42-xx-xx)

For all Verizon Billing Regions	\$0.25
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SA1.3 Specialized Service Billing Records

(EMI 01-01-18 Billing Records):

Implementation Charge

For Verizon Billing Regions 1,2,3,4	Included in System Preparation charges (Pricing available upon request)
For Verizon Billing Regions 5,6,7,8	

Per Billing Record charge

For all Verizon Billing Regions	\$0.25
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SA1.4 Bill Rendering Rate

Per bill non-discounted

For all Verizon Billing Regions \$1.40

Bill Volume Guarantee Band

Discount per Bill

0 bills to 1,999,999	\$0.00
2,000,000 bills to 5,999,999	\$0.05
6,000,000 bills to 11,999,999	\$0.10
12,000,000 bills to 24,999,999	\$0.15
25,000,000 bills to 49,999,999	\$0.20
50,000,000 bills to 74,999,999	\$0.25
75,000,000 bills to 99,999,999	\$0.30
100,000,000 bills to 149,999,999	\$0.35
150,000,000 bills or more	\$0.40

Billing Commitment

Idearc agrees to utilize Verizon for billing a minimum of 85% of End-Users to whom Verizon also provides local exchange services.

Per Bill discount \$0.10
(in addition to Bill Volume discount)

Postage

For Verizon Billing Regions 1,2,3,4

Increases to the first ounce of postage will be added to the Bill Rendering rate at 33% of the increase.

For Verizon Billing Regions 5,6,7,8

Extra bill page postage charge

3 - 8 Pages	\$0.24
9 - 14 Pages	\$0.48
15 - 20 Pages	\$0.72
21 - 26 Pages	\$0.96

Increases to the first ounce of postage will be added to the Bill Rendering rate at 33% of the increase. 100% of any change in the additional (second) ounce thereafter and will be added to or deducted from the Postage rate section.

For all Verizon Billing Regions

The discounted Bill Rendering rate is based upon Idearc's annual bill volume guarantee. The selected bill volume guarantee band should include the total number of bills for all CICs, ABECs, or ACNAs, Verizon Billing Regions ordered and Services (Message Ready, Invoice) associated with this Agreement. This annual bill volume guarantee is due Verizon's Idearc account manager one month prior to the beginning of each annual billing period. If Idearc fails to provide an annual bill volume guarantee within the agreed time frame, Verizon will use the full non-discounted Bill Rendering rate for the annual bill period that Idearc did not provide a bill volume guarantee.

A bill volume guarantee true-up will be performed the first month following the annual billing period, based on actual total bill volumes for the annual billing period. If it is determined by the true-up, that Idearc failed to qualify for the bill volume guarantee band discount based on the actual total bill volumes for that annual billing period, Idearc agrees to pay the bill volume guarantee true-up amount equal to the difference between the minimum number of bills in the bill volume guarantee band and the actual total number of bills, times the average cost per bill during that annual billing period, **(minimum # bills – actual total number of bills) X average cost per bill = true-up charges for that annual billing period.** All true-up amounts will be settled on an Ancillary Bill following the annual billing period.

True-up calculation example:

Bill volume guarantee band:	25,000,000 bills to 49,999,999
Actual total bill volume for the annual billing period:	- 24,000,000 bills
Difference in bills for true-up	1,000,000 bills

Average cost per bill:

Total ancillary cost billed by Verizon during the annual billing period (less development and Change Request charges) divided by the total number of bills during the annual billing period.
Note: for this example the estimated average cost per bill is \$1.20

Average cost per bill X bill difference = True-up amount.

$$\$ 1.20 \times 1,000,000 = \$ 1,200,000$$

SA1.5 Message Processing Rate

Price per Billing Record

For all Verizon Billing Regions \$0.02

Rate Application

For Message Ready Service, rates shall include a Bill Rendering charge per bill per month and a message processing charge per Billing Record.

SA1.6 Exchange Carrier Memorandum (EC Memo) or Recourse Adjustments

This charge shall apply when Idearc or Verizon requests an Adjustment to an End-User account or when Applicable Law mandates an adjustment to an End-User account.

With Inquiry Service

For all Verizon Billing Regions No Charge

No Inquiry Service

(If Idearc initiated)
For all Verizon Billing Regions \$15.00 each

(If Verizon initiated)
For all Verizon Billing Regions \$15.00 each

Rate Application

The EC Memo or Recourse Adjustment charge shall be assessed each time Idearc or Verizon Services initiates an Adjustment to an End-User account. This charge applies per account adjusted per EC Memo or Recourse Adjustments.

SA1.7 Complementary Services

SA1.7.1 Inquiry Service

Inquiry rate per message process record billed

For all Verizon Billing Regions

0 bills to 24,999,999	\$0.05
25,000,000 bills to 49,999,999	\$0.04
50,000,000 bills or more	\$0.03

Note: For all Verizon Billing Regions – For any CIC(s) whose average Billing Records per bill are equal to or greater than 50, the rate is capped at the price for 50 Billing Records.

Inquiry rate per Adjustment Voucher

For all Verizon Billing Regions No charge

Any Adjustment to End-User billing resulting from End-User Inquiry and any subsequent investigation, as set forth above, shall be made utilizing Verizon internal Adjustment procedures.

SA1.7.2 Uncollectible Transaction Reporting (EMI 46 Summary Record) (where available)

Per Billing Record

For all Verizon Billing Regions Included in Bill Rendering

SA1.7.3 EMI Detail Billing Record (EMI 46-XX-XX Record) (where available)

Per Billing Record

For all Verizon Billing Regions

Included in Bill Rendering

SA1.8 Regulatory Bill Phrase

Per Billing Record

For Verizon Billing Regions 1,2,3,4

\$0.075

Per line

For Verizon Billing Regions 5,6,7,8

\$0.0096

One to fifteen lines per line of text

(Used with Message Ready Service if Idearc does not subscribe to End-User Communications Service)

Service Attachment 2 Invoice Service

SA2.1 Systems preparation charge, to prepare Verizon systems to provide Invoice Service:

For each Verizon Billing Region

\$125,000.00

Add or change CIC after initial preparation
(Per CIC per Verizon Billing Region)

\$125,000.00

For all Verizon Billing Regions

\$450,000.00

Add or change CIC after initial preparation
(Per CIC)

\$450,000.00

Note: Systems preparation charges(s) are a one-time startup charge and are non-refundable.

SA2.2 Bill Rendering Rates

Per bill non-discounted

For all Verizon Billing Regions

\$1.40

Bill Volume Guarantee Band

Discount per Bill

0 bills to 1,999,999
2,000,000 bills to 5,999,999
6,000,000 bills to 11,999,999
12,000,000 bills to 24,999,999

\$0.00
\$0.05
\$0.10
\$0.15

25,000,000 bills to 49,999,999	\$0.20
50,000,000 bills to 74,999,999	\$0.25
75,000,000 bills to 99,999,999	\$0.30
100,000,000 bills to 149,999,999	\$0.35
150,000,000 bills or more	\$0.40

Billing Commitment

Idearc agrees to utilize Verizon Services for billing a minimum of 85% of End-Users to whom Verizon also provides local exchange services.

Per Bill discount (in addition to Bill Volume discount)	\$0.10
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Postage

For Verizon Billing Regions 1,2,3,4

Increases to the first ounce of postage will be added to the Bill Rendering rate at 33% of the increase.

For Verizon Billing Regions 5,6,7,8

Extra bill page postage charge

3 - 8 Pages	\$0.24
9 - 14 Pages	\$0.48
15 - 20 Pages	\$0.72
21 - 26 Pages	\$0.96

Increases to the first ounce of postage will be added to the Bill Rendering rate at 33% of the increase. 100% of any change in the additional (second) ounce thereafter and will be added to or deducted from the Postage rate section.

The discounted Bill Rendering rate is based upon Idearc's annual bill volume guarantee. The selected bill volume guarantee band should include the total number of bills for all CICs, ABECs, or ACNAs, Verizon Billing Regions ordered and Services (Message Ready, Invoice) associated with this Agreement. This annual bill volume guarantee is due Idearc's account manager one month prior to the beginning of each annual contract billing period. If Idearc fails to provide an annual bill volume guarantee within the agreed time frame, Verizon will use the full non-discounted Bill Rendering rate for the annual billing period that Idearc did not provide a bill volume guarantee.

A bill volume guarantee true-up will be performed the first month following the annual billing period, based on actual total bill volumes for the annual billing period. If it is determined by the true-up, that Idearc failed to qualify for the bill volume guarantee band discount based on the actual total bill volumes for that annual billing period, Idearc agrees to pay the bill volume guarantee true-up amount equal to the difference between the minimum number of bills in the bill volume guarantee band and the actual total number of bills, times the average cost per bill during that annual billing period, **(minimum # bills -**

actual total number of bills) X average cost per bill = true-up charges for that annual billing period.
All true-up amounts will be settled on an Ancillary Invoice following the annual billing period.

True-up calculation example:

Bill volume guarantee band:	25,000,000 bills to 49,999,999
Actual total bill volume for the annual billing period:	24,000,000 bills
Difference in bills for true-up	1,000,000 bills

Average cost per bill:

Total ancillary cost billed by Verizon during the annual billing period (less development and Change Request charges) divided by the total number of bills during the annual billing period.
Note: for this example the estimated average cost per bill is \$1.20

Average cost per bill X Bill difference = True-up amount.

$$\text{\$ 1.20} \times 1,000,000 = \text{\$ 1,200,000}$$

SA2.3 Message Processing Rate

Call Detail Billing Record (81, 82-XX-XX)

For all Verizon Billing Regions For any CIC(s) whose average Billing Records per bill are equal to or less than 49 Billing Records per bill

Per Billing Record	\$0.02
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For all Verizon Billing Regions for any CIC(s) whose average Billing Records per bill are equal to or greater than 50 Billing Records per bill

Per Billing Record	\$0.015
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Rate Application

For Invoice Service, rates shall include a Bill Rendering charge per invoice per month and a message processing charge per Billing Record.

Other EMI Records

SA2.3.1 Miscellaneous Charge Billing Records (01-51-22, 23)

Per Billing Record

For all Verizon Billing Regions	\$0.001
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SA2.3.2 Flexible Invoice Billing Record (01-51-27)

Per Billing Record

	For all Verizon Billing Regions	
	01-51-27 Billing Records that contain detail charges	\$0.02
	01-51-27 Billing Records that are totals, subtotals and text	\$0.001
SA2.3.3	Mechanized Adjustment Billing Record (01-51-24)	
	Per Billing Record	
	For all Verizon Billing Regions	\$0.02
SA2.3.4	Invoice Advice Billing Record (49-51-01)	
	Per Billing Record	
	For all Verizon Billing Regions	No Charge

SA2.4 Complementary Services

SA2.4.1 Inquiry Service (only available in conjunction with Verizon Rating Service.

Inquiry rate per Billing Record billed

For all Verizon Billing Regions (**Except as noted below**)

0 bills to 24,999,999	\$0.05
25,000,000 bills to 49,999,999	\$0.04
50,000,000 bills or more	\$0.03

NOTE: For all Verizon Billing Regions for any CIC(s) whose average Billing Records per bill are equal to or greater than 50, the rate is capped at the price for 50 Billing Records.

Inquiry rate per Adjustment Voucher

For all Verizon Billing Regions No Charge

Any Adjustment to End-User billing resulting from End-User Inquiry and any subsequent investigation, as set forth above, shall be made utilizing Verizon internal adjustment procedures.

SA2.4.2 Exchange Carrier Memorandum (EC Memo) or Recourse Adjustment

This charge shall apply when Idearc or Verizon requests an Adjustment to an End-User account or when Applicable Law mandates an Adjustment.

With Inquiry Service

For all Verizon Billing Regions No Charge

No Inquiry Service

(If Idearc initiated)
For all Verizon Billing Regions \$15.00 each

(If Verizon initiated)
For all Verizon Billing Regions

\$15.00 each

Rate Application

The EC Memo or Recourse Adjustment charge shall be assessed each time Idearc or Verizon initiates an Adjustment to an End-User account. This charge applies per account adjusted per EC Memo or Recourse Adjustments.

SA2.4.3 Invoice Advice Billing Record (49-51-01)

Per Billing Record

For all Verizon Billing Regions

No Charge

SA2.4.4 Uncollectible Transaction Reporting (EMI 46 Summary Billing Record)
(where available)

Per Billing Record

For all Verizon Billing Regions

Included in Bill Rendering

SA2.4.5 EMI Detail Billing Record (EMI 46 0X XX Billing Record)
(where available)

Per Billing Record

For all Verizon Billing Regions

Included in Bill Rendering

Service Attachment 5 End-Users Communications Services (where available)

SA5.1 Bill Message Page/Package Discount Information Page

SA5.1.1 Bill Message Page

For Verizon Billing Regions 1,2,3,4

Individual Case Basis

For Verizon Billing Regions 5,6,7,8

Charge assessed per page per bill:

\$0.30

Set up charge per Verizon Billing Region per order

\$1000.00

SA5.1.2 Package Discount Information Page

For All Verizon Billing Regions

Charge assessed per Page per bill:

\$0.30

Set up charge per Verizon Billing Region per order

Individual Case Basis

SA5.2 Bill Insert Charge Assessed Per Insert Per Bill

For Verizon Billing Regions 1,2,3,4	Individual Case Basis
For Verizon Billing Regions 5,6,7,8	
Single Sheet	Folded Sheet
\$.16	\$.20
Set-up Fee per Verizon Billing Region per order	\$700.00

SA5.3 Direct Mail Charge assessed per hour

Available in Verizon Billing Regions 5,6,7,8 Individual Case Basis

SA5.4 Bill Message Charge (Used with Message Ready Service)

For Verizon Billing Regions 1,2,3,4 Per Billing Record	\$0.075
For Verizon Billing Regions 5,6,7,8, one to fifteen lines, per line of text	\$0.0096

SA5.5 Marketing Message (Used with Invoice Service)

For Verizon Billing Regions 1,2,3,4 Per Billing Record	\$0.075
For Verizon Billing Regions 5,6,7,8, one to fifteen lines, per line of text	\$0.0096

Service Attachment 7 Supplemental Services (as requested where available)

SA7.1 Recording

Pricing available upon request.

SA7.2 Rating

Pricing available upon request.

SA7.3 Taxing

The application of appropriate federal, state and local taxes, including any surcharges, to billable events at a summary level.

Pricing available upon request.

BILLING SERVICES AGREEMENT

ATTACHMENT F

COMPLAINT CONTROL PROCESS

Verizon's policy regarding the control of End-User billing Complaints (as defined in Attachment B), is set forth below supplemented by detailed thresholds and requirements in the Billing User Guide ("BUG") which is incorporated in this Agreement by reference. Verizon may change the Complaint Policy, as Verizon deems appropriate by publishing a new Complaint Policy in the Billing User Guide and by giving Idearc ten (10) Days written notice of the change.

Each month, Verizon will send Idearc a Complaint report that shows all Complaints received by Verizon by Sub-CIC for the past three consecutive months. In addition, Verizon will notify Idearc when the number of Complaints for any Sub-CIC exceeds the Complaint threshold levels set forth in the BUG ("Threshold(s)"). In such event, Verizon will immediately notify Idearc by e-mail, followed by written notice that the Complaint level for the offending Sub-CIC has exceeded the Threshold(s) and Verizon will request that Idearc obtain a written action plan from the Sub-CIC to reduce the number of Complaints ("Action Plan") which must be submitted to Verizon for its approval.

If no Action Plan is forthcoming or should the number of Complaints not fall below Threshold(s) within the time set forth in the Action Plan (which in no event shall exceed ninety (90) days after the date of Verizon's notice to Idearc) or should Complaint levels for the same Sub-CIC exceed the Threshold(s) again within twelve (12) months of the date of the Action Plan, Verizon may terminate the Sub-CIC immediately without further recourse, upon notice to Idearc. In addition, should the aggregate volume of Sub-CIC's generating Complaints become excessive, Verizon may, in its sole discretion, terminate this Agreement in accordance with Section 5.2 of the Principal Agreement.

Verizon may, in its sole discretion resume the processing of Billing Records for certain Sub-CIC's that have been denied services due to excessive Complaint levels if they have met the requirements of the Action Plan or if the high Complaint levels are found to be anomalous, but in no way shall Verizon be liable for its refusal to bill for any Sub-CIC. Verizon may also refuse to bill for any Sub-CIC that it knows to have management or board members employed by a prior Sub-CIC that engaged in Cramming, Slamming, Pay-Per-Call or other fraudulent activity or who was or is under investigation by any governmental authority.

BILLING SERVICES AGREEMENT

ATTACHMENT G

RESOLUTION OF CLAIMS IN THE ORDINARY COURSE OF BUSINESS

All Claims made for accounts receivable or accounts payable between the Parties regarding PARS and/or Uncollectible amounts made in the ordinary course of business ("Claims in the Ordinary Course") must be submitted and resolved in writing. A Party making a bona fide, good faith Claim, shall provide written notification to the other Party, identifying the issue or amount in dispute, including a detailed explanation of the circumstances.

1. For Claims in the Ordinary Course discovered after payment of the disputed amount, the written notification regarding the Claim shall be sent by the claiming Party within thirty (30) Days from the date of discovery of such Claim.
2. The Party against whom the Claim in the Ordinary Course is made shall respond in writing within thirty (30) Days from the date notification is received.
3. The Party filing the Claim in the Ordinary Course shall have an additional thirty (30) Days after the receipt of the response to accept the resolution offered by the other Party.
4. Both Parties agree to negotiate resolution in good faith and Verizon shall have the final discretion to decide all matters up to \$24,999.99. Disputes of \$25,000 or greater that cannot be resolved as set forth herein, will be submitted to dispute resolution in accordance with Section 19 of the Principal Agreement, which shall be binding on the Parties as set forth therein.

BILLING SERVICES AGREEMENT

ATTACHMENT H

TAXES

Section 1 - Definitions

All federal, state, and local sales, use, excise, gross receipts, and other Taxes and tax-like charges imposed on or with respect to Idearc's services billed by Verizon under this Agreement, including Idearc computed tax surcharges, are collectively referred to as a "Tax" or "Taxes." "Taxes" do not include income Taxes imposed on Verizon with respect to the fee Verizon charges Idearc for the Services Verizon performs under this Agreement or gross receipt Taxes that are imposed directly on Idearc without a means of recourse from the End-User.

Section 2 - Pay-Per-Call and/or Message Ready Services

2.1 Calculation

Idearc is solely responsible for the determination of the appropriate Federal, state and local Taxes and Tax associated rate elements and surcharges, including sales Taxes, Federal excise Taxes, and other Taxes and Tax surcharges imposed on End-Users.

2.2 Application Procedures

Idearc shall follow the Change Request process set forth in the Verizon Policies to direct Verizon regarding the application and billing of Taxes, including, without limitation, implementation of the following:

2.2.1 Procedures or information relating to Taxes that are applicable to Idearc's services but not applicable to Verizon's services.

2.2.2 Procedures or information arising from changes in Applicable Law relating to Taxes.

2.2.3 Procedures or information relating to Taxes on new services offered by Idearc.

2.2.4 Procedures or information relating to Tax surcharges.

2.2.5 Procedures or information relating to the Tax status of a particular End-User.

2.3 In the absence of direction from Idearc pursuant to Section 2.1 above, without warranty as to accuracy, completeness, or applicability to Idearc's services, Verizon shall apply, bill, record, and collect Taxes using standard Verizon procedures and information, including without limitation, tax applications, tax rates, and tax-exempt information.

2.4 Verizon shall use reasonable efforts to implement Tax changes or new procedures as instructed by Idearc on a timely basis.

2.5 Taxes - Other Procedures

2.5.1 Verizon's contact representatives shall accept and resolve End-User Tax inquiries in accordance with service procedures when Idearc has purchased Inquiry Service.

- 2.5.2 Verizon shall remit collected Taxes to Idearc as part of the monthly PAR payment; provided, however, that Verizon shall not remit Taxes to Idearc when remittance is specifically prohibited by Applicable Law.
- 2.5.3 Verizon shall provide Tax reports to Idearc in support of the Taxes billed Idearc's End-Users in order that Idearc may file its Tax returns. The reports shall be enclosed with the monthly PAR report sent to Idearc unless limited by system capabilities. In addition, at Idearc's request, Verizon shall make available to Idearc all existing information in Verizon's possession reasonably necessary for Idearc to file its Tax returns, seek administrative or judicial relief with respect to Taxes, or comply with audits.
- 2.5.4 Idearc shall file with the applicable taxing authorities all returns for Taxes and pay or remit to the applicable taxing authorities all such Taxes and any applicable interest, penalties, and Tax surcharges. Idearc shall be solely responsible for the preparation and content of its Tax returns.
- 2.5.5 Verizon shall notify Idearc if any taxing authority advises Verizon that it intends to audit Billing Records in Verizon's possession, custody, or control with respect to Taxes that Idearc may be required to pay or for which Idearc may be required to reimburse Verizon.

Section 3 - Invoice Services

3.1 Taxes - Application Procedures

Idearc shall be responsible for determining and calculating Taxes to be billed or collected by Verizon in connection with Idearc's Invoice Services, including the tax-exempt status of any End-User. Each Party recognizes that Verizon is merely acting as Idearc's agent with respect to the billing and collection of Taxes hereunder.

3.2 Other Procedures

- 3.2.1 Verizon shall bill the Taxes as calculated by Idearc. Verizon shall remit collected Taxes to Idearc as part of the monthly purchase of receivables payment; provided, however, that Verizon shall not remit Taxes to Idearc when remittance is specifically prohibited by Applicable Law.
- 3.2.2 Idearc shall file with the applicable taxing authorities all such Taxes and any applicable interest, penalties, and Tax surcharges. Idearc shall be solely responsible for the preparation and content of its Tax returns.
- 3.2.3 Verizon shall notify Idearc if any taxing authority advises Verizon that it intends to audit Billing Records in Verizon's possession, custody, or control with respect to Taxes that Idearc may be required to pay or for which Idearc may be required to reimburse Verizon.
- 3.2.4 Any communications from End-Users relating to Taxes shall be the responsibility of Idearc. All determinations as to the removal, addition, or Adjustment of Taxes to be billed End-Users shall be the responsibility of Idearc.
- 3.2.5 All communications with taxing authorities regarding Taxes applicable to Idearc charges shall be the responsibility of Idearc.

Section 4 - Taxes - Indemnity and Recourse

- 4.1 The indemnities provided for in this Section 4 shall be payable without regard to which Party is obligated to collect and remit Taxes or to file the Tax returns and shall be the sole indemnification provided by either Party with respect to the Tax matters covered in this Service Attachment. Neither the indemnification provisions nor the claim limitation provisions contained elsewhere in this Agreement shall apply to the Tax matters covered in the Service Attachment.
- 4.2 Idearc shall indemnify, defend, and hold harmless Verizon from and against any and all liabilities or losses resulting from any Tax, interest, penalties, additions to Tax, Tax surcharge, or other charge or expense payable by Verizon (including attorneys' fees and other reasonable expenses incurred in defending Claims or actions for such charges) incurred by Verizon as a result of:
 - 4.2.1 The delay or failure of Idearc, for any reason, to pay any Tax or file any Tax return or other Tax information as required by Applicable Law or this Agreement;
 - 4.2.2 Verizon complying with this Agreement or any determination or direction by or advice of Idearc or correctly using information provided by Idearc in performing any Tax-related service hereunder;
 - 4.2.3 Any audit or investigation by a taxing authority with respect to Taxes associated with this Agreement.
- 4.3 Verizon agrees to indemnify, defend, and hold Idearc harmless from any liability or loss resulting from Tax penalties or other similar charges (including attorneys' fees and other reasonable expenses incurred in defending Claims or actions for such charges) incurred by Idearc as a result of the willful misconduct or gross negligence on the part of Verizon.
- 4.4 Should any taxing authority determine that any Taxes (including interest, penalties, additions to Taxes, and Tax surcharges) that have not been paid by Idearc are payable by Verizon to the taxing authority as a result of Verizon's performance of any obligation under this Agreement, Verizon shall so advise Idearc. Idearc shall be liable for all such Taxes, interest, penalties and additions to Taxes and Tax surcharges. Idearc shall, at its option and expense (including reimbursement or payment of any such assessment prior to final resolution of the issue), have the right to seek a ruling as to the applicability of any such Tax or to protest any assessment and participate in any legal challenge to such assessment, but shall be liable for all Taxes, penalties, additions to Taxes, and Tax surcharges ultimately determined to be due. Verizon shall, when requested by Idearc and at Idearc's expense, cooperate or participate with Idearc in any such proceeding, protest, or legal challenge; provided, however, that Verizon may decline to participate if Verizon determines, in its sole discretion, that such participation would be without merit or may result in contempt proceedings against Verizon.

Section 5 - Taxes - Miscellaneous Provisions

- 5.1 Verizon shall not be entitled to retain or receive from Idearc any statutory fee or share of Taxes to which the person collecting such Taxes is entitled under Applicable Law.

- 5.2 As a billing agent, Verizon is billing Idearc's revenues for a specific fee. Verizon shall not report these billings as its own receipts for gross receipts Tax purposes or any other Tax purpose, unless otherwise required by Applicable Law.

BILLING SERVICES AGREEMENT

SERVICE ATTACHMENT 1

MESSAGE READY SERVICE

Idearc agrees to order and Verizon agrees to provide Message Ready Service (a.k.a. Non-Invoice Service) with Inquiry Service/without Inquiry Service under the terms and conditions set forth in the Agreement and within this Service Attachment as follows:

Section 1 - Service Description

- 1.1 Message Ready Service is the purchase of accounts receivables and the preparation and distribution of an integrated bill to Subscribers of Verizon's basic local service that includes Idearc Billing Records. Message Ready Service is provided on a per-Billing Record basis and includes posting of rated charges, preparation activities for billing, and maintenance of End-User database information.
- 1.2 Verizon shall accumulate, guide, and post Billing Records in preparation for billing, including the application of appropriate Taxes. Verizon shall print and distribute End-User bills showing amounts due to Idearc from End-Users for the services provided by Idearc.
- 1.3 Verizon shall receive payments from End-Users, provide treatment of past due amounts, when appropriate, and maintain the End-User database, in accordance with Verizon Policies.
- 1.4 Idearc may order complementary Services in addition to Message Ready Service, as necessary.

Section 2 - Service Restrictions

- 2.1 As a part of its treatment procedures, Verizon shall have the final authority to make judgments to deny service for disputed charges on the End-User's account. Verizon has the right to initiate toll block where technically feasible and where allowed by Applicable Law.
- 2.2 Message Ready Service shall only be provided in conjunction with the purchase of Idearc's receivables. Verizon shall not be responsible for any Idearc balance due from End-Users prior to the effective date of this Service Attachment.
- 2.3 Message Ready Service does not include the purchase of receivables for Pay-Per-Call Billing Records. Pay-Per-Call Billing Records shall not be sent to Verizon by Idearc and will be rejected unless Pay-Per-Call Service (Service Attachment 3) has been purchased.
- 2.4 Idearc shall not submit Billing Records for billing that have previously been billed and recouped back to Idearc by Verizon.
- 2.5 Idearc shall not submit Aged Records for billing. Verizon may reject Aged Records to Idearc with no further liability to Verizon.

- 2.6 Idearc shall not submit Miscellaneous Service charges for billing that have not been agreed to in writing, as set forth in Section 2 of the Principal Agreement or that do not comply with Verizon's Policies.
- 2.7 Idearc shall not submit international Toll Billing Records that will result in a rebate, refund, kickback or other revenue sharing arrangement for all or part of the international settlement received by a foreign government, agency or company for completion of a call originating in the United States and terminating in a foreign country.

Section 3 - Charges for Services

Idearc agrees to pay the Verizon rates and charges for Message Ready Service set forth in Attachment E.

Section 4 - Uncollectible Procedures

- 4.1 Uncollectible Procedures are set forth in Verizon Policies.
- 4.2 Billing Records that are Uncollectible will be returned to Idearc with no further liability to Verizon.
- 4.3 Where available, EMI-46-51-01, Uncollectible Account Summary Write-Off/Recovery Billing Records are available at the rates set forth in Attachment E.

Section 5 - End-User Payment Procedures

- 5.1 Verizon shall not be responsible to collect on behalf of Idearc for any balances due from End-Users that may have existed prior to the initiation of Verizon billing for that End-User unless agreed upon by both Parties in writing. If Verizon receives payment from the End-User for Idearc accrued balances due prior to the initiation of Message Ready Service for the End-User, Verizon shall show the amount as a credit balance on the End-User's bill pursuant to its customer service procedures.
- 5.2 Verizon shall use its then current operating procedures to determine the need for an advance payment and/or deposit from an End-User to secure a new or existing End-User account, consistent with Applicable Law.
- 5.3 Verizon shall apply all cash/payment transactions to a Single Balance Due on an End-User's account. Neither Idearc nor the End-User shall be permitted to designate a specific application for partial payments, when specifically authorized under Applicable Law.
- 5.4 Verizon shall apply partial payment consistent with Applicable Law and Verizon Policy.
- 5.5 The Single Balance Due on the End-User's bill shall be the amount used for treatment and denial activities consistent with Applicable Law.
- 5.6 In treating amounts due for services provided by Idearc, Verizon shall use its then existing treatment and denial of Services procedures which may change from time to time. Verizon will use reasonable efforts to perform the foregoing Services. However, Idearc acknowledges that Uncollectible levels may vary substantially, and may be adversely affected by changes to the procedures referenced herein or by events beyond

the control of Verizon. Verizon disclaims any responsibility to maintain Uncollectibles below any particular level and Idearc acknowledges Verizon's sole responsibility is as set forth herein and not any claimed industry standards.

- 5.7 Idearc authorizes Verizon to disconnect End-User service for nonpayment in accordance with Applicable Law and established Verizon Policies.

Section 6 - End-User Adjustments

- 6.1 Idearc has ordered Inquiry Service.
- 6.2 At the request of Idearc, Verizon shall adjust the End-User's bill. Requests for such Adjustments shall be forwarded to Verizon on an EC Memo or via Verizon accepted EMI credit Billing Records. Adjustments for only one account shall be included on each memo. Applicable charges for EC Memos and EMI Billing Records are shown in Attachment E.
- 6.3 For Verizon initiated Adjustments, Verizon shall provide EMI 45 Adjustment Billing Records to Idearc at Idearc's option where technically available. EMI 45-01-01 is for record detail, and EMI 45-50-01 is for summary transactions.
- 6.4 Adjustments shall be reflected in the total amount due that appears on the End-User's billing summary Page. The total amount due shall be derived from Verizon and all Idearc's subtotals that represent the End-User's monthly telephone charges. Credit balances shall net against the End-User's total amount due shown on the Verizon summary Page.
- 6.5 Certain situations shall require that End-User Inquiries or Complaints shall be directly referred to Idearc. For example, inquiries such as a request to speak to a president, or a question regarding Idearc's special promotions for which Idearc has made no prior arrangements with Verizon for handling such inquiries, may be referred directly to Idearc.
- 6.6 In order to minimize End-User dissatisfaction and expedite the resolution of service and adjustment Claims, Verizon and Idearc shall establish appropriate lines of communication to address specific non-routine situations. To accommodate these situations, Verizon and Idearc shall provide to each other designated telephone numbers for the reporting and expeditious resolution of extraordinary End-User service and/or adjustment Claims.

Section 7 - End-User Bill Formats

- 7.1 Charges for Billing Records shall appear in Verizon standard format(s) and shall be printed on Verizon's bill stock.
- 7.2 Idearc's charges shall be included in the total amount due from the End-User on the summary Page.
- 7.3 Verizon shall bill Idearc charges to End-Users in accordance with Verizon's normal billing schedule.

Section 8 - Taxes

See Attachment H

Section 9 - Transmission

- 9.1 Idearc shall transmit Billing Records to Verizon via a transmission medium (e.g., NDM) agreed to by the Parties via the Change Request process. The Billing Records shall be presented to Verizon in Verizon standard format. Backup copies of Billing Records shall be maintained by Idearc for a minimum of thirty (30) Days for domestic Billing Records and ninety (90) Days for international Billing Records.
- 9.2 Upon receipt of Idearc Billing Records, Verizon shall ensure that the proper tape or transmission has been received using the control number procedures that have been developed between Verizon and Idearc. The number of Billing Records and amounts that are received direct through NDM from Idearc shall be verified to ensure that the total reported by Idearc is the total received and entered into Verizon's system.
- 9.3 Accepted Billing Records shall be entered into Verizon's billing system. Control of Idearc's data shall begin upon entry.
- 9.4 When the amounts are verified by Verizon, after up front edits, and entered into Verizon's billing system, that amount shall be considered Idearc's "Total Gross Revenue".
- 9.5 If transmission damage occurs as a result of Idearc's creation of the data or it is damaged in transit, Idearc shall be fully liable for any loss of revenue. Idearc and Verizon shall work together to recover and process any unprocessable data under the terms of this Agreement.
- 9.6 If Idearc Billing Records are determined to be lost, damaged, or destroyed as a result of Verizon's processing, Verizon shall use the procedure set forth below to determine the volume of records determined to be lost, damaged, or destroyed, subject to the limitations set forth in Section 21 of the Principal Agreement.
 - 9.6.1 If Verizon loses or damages a data transmission that contains Idearc's Billing Records, Verizon shall request backup data from Idearc. If the data cannot be recovered, and the actual amount is not available, an estimated amount shall be included on Line A of the PAR report as due Idearc and "purchased" by Verizon. If the Billing Records can not be recovered within thirty (30) Days for domestic Billing Records and ninety (90) Days for international Billing Records, Verizon shall reimburse Idearc, less normal Uncollectible and Adjustment amounts.
 - 9.6.2 The billable revenue equals the total gross Toll and other charges purchased from Idearc for the applicable period less the estimated Uncollectibles and Adjustments which shall be based on Verizon history of such toll and other charges.
 - 9.6.3 Idearc and Verizon shall work together to recover and process any unprocessable data under the terms of this Agreement.
 - 9.6.4 Verizon shall reimburse Idearc for the lost revenue by utilizing Idearc's control report for that transmission. If the control report is not available, Verizon will calculate a three (3) month average revenue using the most recent three (3) consecutive months, based on Idearc's control reports. This average revenue shall be used to increase the Amounts Due to Idearc as set forth in this Service Attachment, per the PAR report, and this reimbursement, less normal

Uncollectible and Adjustment amounts, shall be applied on the next PAR report submitted by Verizon to Idearc.

- 9.7 Verizon shall process all Accepted Billing Records from transmissions that do not have an unacceptable error threshold rate in the Billing Records, as determined by Verizon Policies. Transmissions that have greater than the acceptable error threshold rate, as defined in Verizon Policies, shall be rejected by Verizon and Idearc shall be notified of such rejection.

BILLING SERVICES AGREEMENT

SERVICE ATTACHMENT 2

INVOICE SERVICE

Idearc agrees to order and Verizon agrees to provide Invoice Service under the terms and conditions set forth in the Agreement, including this Service Attachment, as follows:

Section 1 - Service Description

- 1.1 Invoice Service is the acceptance of Idearc Billing Records in an invoice-ready format for inclusion in the Verizon End-User bill. Idearc shall perform accumulation and guiding of Billing Records. Accumulation of Billing Records consists of holding the Billing Records for a given End-User for a billing period. A billing period is comprised of a thirty (30) Day period.
- 1.2 For the purposes of this Service Attachment, an Idearc End-User is an End-User that has chosen Idearc as the End-User's service provider.
- 1.3 Invoice Service includes the preparation of End-User bills, distribution of bills for the amount due for services provided by Idearc, collection of deposits consistent with Verizon Policies, collection of monies due from the End-User, and account maintenance and treatment.
- 1.4 Idearc's Invoice preparation process consists of transmitting End-User Billing Records that have been Invoice-prepared to Verizon in EMI and Verizon standard format. The Invoice may contain record detail that has been rated by Idearc and may also contain credits, promotions, discounts, other charges, and Taxes that have been calculated by Idearc.
- 1.5 Idearc's statement of the amount due shall be included as part of the regular monthly bill for local exchange service distributed to the End-User.

Section 2 - Service Restrictions

- 2.1 As a part of its treatment procedures, Verizon shall have the final authority to make judgments to deny service for disputed charges on the End-User's account. Verizon has the right to initiate Toll Block where technically feasible and where allowed by Applicable Law.
- 2.2 Invoice Service shall only be provided in conjunction with the purchase of Idearc receivables. Verizon shall not be responsible for any Idearc balance due from End-Users prior to the effective date of this Service Attachment unless mutually agreed upon at the time of conversion pursuant to Section 7 hereof.
- 2.3 Idearc shall not submit Billing Records for billing that have previously been billed and Recoursed back to Idearc by Verizon.
- 2.4 Idearc shall not submit Aged Records for billing. Verizon may reject and Recourse Aged Records to Idearc with no further liability to Verizon.
- 2.5 Idearc shall not submit charges for any Miscellaneous Service that do not comply with Verizon Policies.

Section 3 - Charges

Idearc agrees to pay the Verizon rates and charges for Invoice Service set forth in Attachment E.

Section 4 - Uncollectible Procedures

- 4.1 Uncollectible Procedures are set forth in Verizon Policies.
- 4.2 Uncollectible Billing Records will be returned to Idearc with no further liability to Verizon.
- 4.3 Where available, EMI-46-51-01, Uncollectible Account Summary Write-Off/Recovery Billing Records are available at the rates set forth in Attachment E.

Section 5 - End-User Payment Procedures

- 5.1 Verizon shall not be responsible to collect on behalf of Idearc for any balances due from End-Users that may have existed prior to the initiation of Verizon billing for that End-User unless agreed upon by both Parties in writing. If Verizon receives payment from the End-User for Idearc accrued balances due prior to the initiation of Invoice Service for the End-User, Verizon shall show the amount as a credit balance on the End-User's bill pursuant to its customer service procedures.
- 5.2 Verizon shall use its then current Policies to determine the need for an advance payment and/or deposit to secure a new or existing End-User account consistent with Applicable Law.
- 5.3 Verizon shall apply all cash/payment transactions to a Single Balance Due on an End-User's account. Neither Idearc nor the End-User shall be permitted to designate a specific application for partial payments unless specifically authorized under Applicable Law.
- 5.4 Application of partial payments shall be consistent with Applicable Law and standard Verizon Policies.
- 5.5 The Single Balance Due shall be the amount used for treatment and denial activities, consistent with Applicable Law.
- 5.6 In treating amounts due for services provided by Idearc, Verizon shall use its then existing treatment and denial of service Policies. Verizon will use reasonable efforts to perform the foregoing services. However, Idearc acknowledges that Uncollectible levels may vary substantially from time to time, and may be adversely affected by changes to the procedures referenced herein or by events beyond the control of Verizon. Verizon disclaims any responsibility to maintain Uncollectibles below any particular level and Idearc acknowledges Verizon's sole responsibility hereunder is as set forth herein and not any claimed industry standards.
- 5.7 Idearc authorizes Verizon to cease billing for its services whenever Verizon disconnects an End-User's local telephone service for nonpayment in accordance with Applicable Law and established Verizon Policies.

Section 6 - End-User Adjustments

With Inquiry –

- 6a.1 Idearc has ordered Inquiry Service. "Inquiry Service" shall consist of contact with End-Users by voice, mail, automated attendants, electronic communications or an integrated voice response system, concerning the billing, collecting, crediting, adjusting, and pre-billing and post-billing record investigating of Idearc's charges for services rendered to the End-User.
- 6a.2 At the request of Idearc, Verizon shall adjust the End-User's bill. Requests for such Adjustments shall be forwarded to Verizon on an EC Memo or via Verizon accepted EMI credit Billing Records. Adjustments for only one account shall be included on each memo. Applicable charges for EC Memos and EMI Billing Records are shown in Attachment E.
- 6a.3 For Verizon Initiated Adjustments, Verizon shall provide EMI 45 Adjustment Billing Records to Idearc at Idearc's option where technically available. EMI 45-01-01 is for record detail, and EMI 45-50-01 is for summary transactions.
- 6a.4 Adjustments shall be reflected in the total amount due that appears on the End-User's billing summary page. The total amount due shall be derived from Verizon and all carriers' subtotals that represent the End-User's monthly telephone charges. Credit balances shall net against the End-User's total amount due shown on the Verizon summary Page.
- 6a.5 Certain situations shall require that End-User inquiries or Complaints shall be directly referred to Idearc. For example, inquiries such as a request to speak to a president, or a question regarding Idearc's special promotions for which Idearc has made no prior arrangements with Verizon for handling such inquiries, may be referred directly to Idearc.
- 6a.6 In order to minimize End-User dissatisfaction and expedite the resolution of service and Adjustment Claims, Verizon and Idearc shall establish appropriate lines of communication to address specific non-routine situations. To accommodate these situations, Verizon and Idearc shall provide to each other designated telephone numbers for the reporting and expeditious resolution of extraordinary End-User service and/or Adjustment Claims.

Section 6 - End-User Adjustments

Without Inquiry –

- 6b.1 Idearc shall be responsible for contacts and arrangements with End-Users concerning the credit, Adjustment, and record investigation of Idearc charges resulting from Invoice Service.
- 6b.2 Verizon shall refer to Idearc all appropriate End-User inquiries concerning the Invoice Service portion and Adjustments of the bill according to the agreed method as defined in the End-User Inquiry Matrix shown in the Billing User Guide.
- 6b.3 Idearc shall be responsible for the negotiation of Adjustments for Idearc charges with the End-User. Those End-Users who question or make Claims regarding charges with a Verizon service representative shall be referred to Idearc customer service telephone number.
- 6b.4 Idearc shall maintain the telephone number shown for End-User Contact Referrals shown in Attachment D, provide adequate customer service personnel during Idearc specified business hours, and resolve End-User inquiries and customer Complaints in a reasonable, responsive manner. Without limitation of the foregoing, Idearc shall meet or exceed all applicable answer time and complaint resolution standards required pursuant to state regulation, or absent applicable state regulation, Verizon Policy to which Verizon's customer contact centers are subject.

- 6b.5 Idearc shall provide Billing Records of Adjustments to Verizon containing information about Invoice Service invoice amounts that are being disputed by the End-User.
- 6b.6 "Disputed Billed Amounts" occur when a dispute arises between Idearc and an End-User over the billing for a long distance call or calls on Idearc's portion of the End-User bill, and the End-User refers the matter to Verizon. When an End-User and Idearc cannot resolve a dispute and the dispute is referred to Verizon by the End-User, Verizon shall follow the procedures set forth below in Section 6.7.
- 6.7 When the End-User refuses to contact Idearc, or is unable to resolve a dispute with Idearc, and appeals the matter to Verizon, Verizon shall review the dispute. If after such review Verizon determines the Disputed Billed Amount should not be included in the Verizon bill, Verizon shall Recourse the charge to Idearc.
- 6.7.1 Verizon shall adjust the Disputed Billed Amount off the End-User's bill and shall notify the End-User of the Adjustment. At the same time Verizon shall also notify the End-User that Idearc may pursue collection of the Disputed Billed Amount.
- 6.7.2 Idearc reserves the right to pursue, independent of this Agreement, collection and treatment of Recoursed Disputed Billed Amounts with the End-User.

Section 7 - Taxes

See Attachment H

Section 8 - Other Terms and Conditions

- 8.1 Idearc agrees to include the CUS-Code, provided by Verizon in the Verizon Care process, in Idearc's invoice transmission to Verizon within Verizon Billing Region 8.

Section 9 - Transmission

- 9.1 Idearc shall transmit Billing Records to Verizon via a transmission medium (e.g., NDM) agreed to by the Parties via the Change Request process. The Billing Records shall be presented to Verizon in Verizon standard format. Backup copies of Billing Records shall be maintained by Idearc for a minimum of thirty (30) Days for domestic Billing Records and ninety (90) Days for international Billing Records.
- 9.2 Upon receipt of Idearc Billing Records, Verizon shall ensure that the proper transmission has been received using the control number procedures that have been developed between Verizon and Idearc. The number of Billing Records and amounts that are received direct through NDM from Idearc shall be verified to ensure that the total reported by Idearc is the total received and entered into Verizon's system.
- 9.3 Accepted Billing Records shall be entered into Verizon's billing system. Control of Idearc's data shall begin upon entry.
- 9.4 When the amounts are verified by Verizon, after up front edits, and entered into Verizon's billing system, that amount shall be considered Idearc "Total Gross Revenue".

- 9.5 If transmission damage occurs as a result of Idearc's creation of the data or it is damaged in transit, Idearc shall be fully liable for any loss of revenue. Idearc and Verizon shall work together to recover and process any unprocessable data under the terms of this Agreement.
- 9.6 Idearc Billing Records determined to be lost, damaged, or destroyed as a result of Verizon's processing shall be recovered, if possible, by Verizon. In the event the data cannot be recovered by Verizon, Idearc shall retransmit the data to Verizon within twenty-four (24) hours of notice by Verizon. If the Billing Records can not be recovered within thirty (30) Days for domestic Billing Records and ninety (90) Days for international Billing Records, Verizon shall reimburse Idearc, less normal Uncollectible and Adjustment amounts as set forth below, subject to the limitations set forth in Section 21 of the Principal Agreement.
- 9.7 Verizon shall reimburse Idearc for the lost revenue by utilizing Idearc's control report for that transmission. If the control report is not available, Verizon will calculate the three (3) month average revenue, using the most recent three (3) consecutive months, based on Idearc's control reports. This average revenue per Invoice shall be used to increase the Amounts Due to Idearc as set forth in this Service Attachment, per the PAR report, and this reimbursement, less normal Uncollectible and Adjustment amounts, shall be applied on the next PAR report submitted by Verizon to Idearc.
- 9.8 Verizon shall process all Accepted Billing Records from transmissions that have less than the established error threshold rate in the Billing Records. Transmissions that have greater than the acceptable error threshold rate, as defined in Verizon's Policies, the Billing Records shall be rejected by Verizon.

BILLING SERVICES AGREEMENT

SERVICE ATTACHMENT 5

END-USERS COMMUNICATIONS SERVICES

Idearc agrees to order and Verizon agrees to provide End-Users Communications Services (the "Services") where available under the terms and conditions set forth in the Agreement and within this Service Attachment as follows:

Section 1 - Service Description

- 1.1 "End-Users Communications Services" consist of communications to End-Users in the form of Direct Mail, Bill Inserts, Bill Message Page, Package Discount Information Page, Marketing Messages and Bill Messages. The availability of each of these services will vary by Verizon Billing Region and space on the bill Page or in the billing envelope.
- 1.2 These services are described as follows:
 - 1.2.1 "Direct Mail" - Direct Mail is independent of the Verizon Billing Cycle Schedule. Idearc can target specific End-User groups and specific mail dates that fall during off-peak mailing times, subject to availability. Idearc provides the mailing pieces and envelopes, and instruction on list selection. Idearc retains full creative control of the Direct Mail piece. Direct Mail is not available in the Verizon Billing Regions 1, 2, 3 and 4.
 - 1.2.2 "Bill Insert" - Idearc provides Verizon with the insert and Verizon encloses it in the Verizon billing envelope with End-User's bill. Bill Inserts are only available to Idearc's PIC'd End-User base. Ordering of this service is subject to technical and capacity limitations of Verizon's inserting equipment. Bill Inserts are not available in Verizon Billing Regions 1, 2, 3 and 4.
 - 1.2.3 "Bill Message Page or Package Discount Information Page" - A Bill Message Page or Package Discount Information Page may contain up to eighty-one (81) lines of approximately fifty-four (54) characters per line.

Bill Message Pages are positioned before or after the Idearc bill section and before any other carrier's statement. Bill Message Pages are available monthly to Idearc's PIC'd End-Users, and may be available to Idearc's casual End-Users subject to space availability and technical limitations. A Idearc casual End-User must have Idearc usage in the month the Service is requested. Bill Message Page is not available in Verizon Billing Regions 1, 2, 3 and 4.

A Package Discount Information Page is a means to communicate across product or bundled service package discounts to the End-User and is positioned immediately after the Verizon sections of the bill. Package Discount Information Pages are available monthly to Idearc's PIC'd End-Users, and may be available to Idearc's casual End-Users subject to space availability and technical limitations. A Idearc casual End-User must have Idearc usage in the month the Service is requested. Selection criteria are customized as agreed to by Idearc and Verizon. Package Discount Information Page is available in all Verizon Billing Regions.

- 1.2.4 "Bill Message" - A Bill Message contains from one to eight lines of text and 75 characters long in Verizon Billing Regions 1, 2, 3 and 4 and from one to fifteen lines of text of approximately fifty-four (54) characters each in Verizon Billing Regions 5, 6, 7 and 8. It appears on the Idearc's bill section preceding the detail of itemized calls. The Bill Message is only available for End-Users when Idearc has ordered Message Ready Service. Where technically available, up to three Bill Messages per bill are allowed.
- 1.2.5 "Marketing Message" may contain between one and ten lines of print for Verizon Billing Regions 1 and 2 and between one and fifteen lines of print for Verizon Billing Regions 3, 4, 5, 6, 7 and 8. Marketing Messages must be sent to Verizon as a text file. Where technically available, up to three Marketing Messages per bill are allowed.

Section 2 - Ordering Procedures

- 2.1 Package Discount Information Page, Bill Message Page, Bill Insert, Bill Message, Marketing Message or Direct Mail shall be ordered through a Change Request. The Change Request must be received forty (45) Business Days in advance of the bill date of the End-User bill in which the End-Users Communications Services are to be included, excluding requests for Bill Message Page and Bill Insert.
- 2.2 Bill Message Page and Bill Insert reservation requests must be made by Idearc no less than two (2) months in advance but no more than twelve (12) months in advance. Reservation requests shall specify the Verizon Billing Region state(s) and month being requested. Verizon shall accept actual bill inserts from Idearc five (5) Business Days prior to the first Day of the bill cycle month during which the inserts are to be enclosed in End-User bills. Inserts must be delivered directly to each of Verizon's designated bill distribution centers. See Section 5 below for a list of the bill distribution centers.
- 2.3 If there are more requests than can be accommodated, a lottery process shall be used by Verizon for bill inserts or the casual usage caller message option of the Bill Message Page Service. Idearc shall be contacted immediately if selected or for alternative dates if it is not awarded its choice of date. Verizon shall assess Idearc a ten per cent (10%) charge, based on the estimated order value, if Idearc cancels the order after such order has been selected through the lottery process and the slot is not utilized.
- 2.4 All requested text must be included with each Change Request for the Bill Message Page, Package Discount Information Page or Bill Insert. Verizon agrees to use diligent efforts to provide a response to the requested text within five (5) Business Days but in no event more than ten (10) Business Days to Idearc's conceptual review request. Verizon shall review the type of service or product being advertised as well as the content of such advertisement. Verizon shall have the right to reject any Bill Message Page, Package Discount Information Page, Bill Message, Marketing Message, or Bill Insert in its absolute and sole discretion without liability. Verizon shall ensure that such right of rejection shall not be unreasonably exercised. Idearc agrees that no End-User Communications Services shall either directly or indirectly imply an endorsement of Idearc's services by Verizon. If the text is not acceptable, Verizon shall notify Idearc with suggestions for acceptable text. Idearc shall have five (5) Business Days to meet Verizon's requirements; otherwise Idearc's request for service shall be rejected.
- 2.5 Per Line Marketing Messages shall be sent to Verizon in the form of text files. Verizon shall review the text, and if any changes are required, Verizon shall notify Idearc of the

changes within ten (10) Business Days. Idearc shall have five (5) Business Days to respond to Verizon with acceptance or the request shall be denied.

- 2.5.1 All Marketing Messages must comply with Section 3 of the Principal Agreement and Verizon Policies.
- 2.6 Bill Inserts, Marketing Messages, Package Discount Information Page and Bill Message Pages shall comply with Verizon's graphic, printing and production format standards. Verizon's Bill Insert specifications are set forth in Section 4 below.
- 2.7 Verizon agrees to provide targeting of Bill Message Page, Package Discount Information Page and Bill Inserts to Idearc subject to Verizon Policies and associated charges set forth in Attachment E and ordering requirements described in Section 2 above. Targeting capabilities for Bill Inserts may vary by Verizon location. At a minimum Idearc's pre-subscribed End-User base shall be available at a state level. When the Bill Insert order is evaluated by Verizon, a determination shall then be made as to whether Idearc's targeting requirements can be met.
- 2.8 End-Users Communications Services, other than regulatory bill messages or advisory messages, are not available for Pay-Per-Call Services.

Section 3 - Limitation of Liability

In the event that Verizon fails to print Idearc's Marketing Message, Verizon's total liability to Idearc shall be limited to the refund of the amounts paid to Verizon for printing such message. In the event Verizon prints an Idearc Marketing Message inaccurately, and the inaccuracies as printed materially distort and misrepresent the original message, Idearc shall be entitled to a refund. Verizon shall not otherwise be liable to Idearc for any loss, cost, Claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising out of the provision of End-User Communications Service by Verizon nor shall Verizon indemnify Idearc for any Claims brought against Idearc by any third party relating to or arising out of the provision of End-User Communications Service by Verizon to Idearc.

Section 4 - Charges and Specification for the Service

- 4.1 All End-Users Communications Services shall be priced according to the schedules shown in Attachment E.
- 4.2 Bill insert specifications are as follows:

	<u>Insert Size</u>		<u>Weight Requirement</u>	
	<u>Length</u>	<u>Width</u>	<u>Single Sheet</u>	<u>Folded Sheet</u>
			<u>no folds</u>	<u>maximum of 2 folds</u>
All Areas	6 3/4"	4"	70 lb.	60 lb.

No staples, accordion folds, or uncoated paper
Packaging 4" stack/2" paper band

NOTE: Idearc must assign a code number to bill inserts sent to Verizon bill distribution centers. The code is generally printed on the back left-hand corner at the bottom of the bill insert. This numbering system assists the bill distribution center to accurately identify the Idearc insert. In addition, Verizon may require unique bar coding on each insert.

Section 5 - Bill Distribution Centers

Below are listed the Verizon bill distribution centers:

<u>Address</u>	<u>States Served</u>
Verizon Bill Distribution Center 3632 Roxboro Road Durham, NC 27704	Indiana, Illinois, Michigan, Ohio, Wisconsin, Florida, North Carolina, Texas
Verizon Bill Distribution Center 1845 Camino dos Rios Newbury Park, CA 91320	California, Oregon, Washington
Verizon Bill Distribution Center 3011 Hungary Spring Road 3rd Floor Richmond, VA 23228	Virginia, West Virginia, Maryland, and Washington, DC
Verizon Bill Distribution Center 1500 Tech Center Drive Monroeville, PA 15146	Pennsylvania, New Jersey, Delaware
Verizon Bill Distribution Center 120 Hicksville Road Massapequa, NY 11758-5898	New York, Maine, Rhode Island, New Hampshire, Vermont, Massachusetts

The locations of these bill distribution centers are subject to change.

BILLING SERVICES AGREEMENT

SERVICE ATTACHMENT 7

SUPPLEMENTAL SERVICES

Idearc agrees to order and Verizon agrees to provide Supplemental Services ("Service") under the terms and conditions set forth in the Agreement and within this Service Attachment as follows:

Section 1 - Service Description

1.1 Supplemental Service includes:

- 1.1.1 Record Processing - For Message Ready customers is the total records processed through the system and distributed as output.
- 1.1.2 Rating - Applying Idearc's desired rates to individual billable transactions and applicable Taxes as set forth in Attachment H.
- 1.1.3 Taxing - The application of appropriate federal, state and local taxes, including any surcharges, to billable events at a summary level.

Section 2 - Charges for Services

Charges for Supplemental Services are quoted on an individual case basis.

BILLING SERVICES AGREEMENT

SCHEDULE 1

DIRECTORY PUBLISHING SERVICE

Idearc may order and Verizon will provide separate bill rendering for certain Idearc End-Users, and pricing for Billing Regions 5-8 on an interim basis, under the terms and conditions set forth in the Principal Agreement, including this Schedule 1.

Section 1 - Service Description

- 1.1 Verizon will provide Services to Idearc by rendering a separate bill for Idearc End-Users when:
 - 1.1.1 An End-User who subscribes to Verizon Local Exchange Services discontinues local exchange services from Verizon and no longer received a monthly billing statement containing charges for Verizon local exchange services.
 - 1.1.2 An End-User's service from Idearc is billed on a separate statement rather than included with their local bill.
 - 1.1.3 For Billing Regions 1-4 only, Idearc requests that an End-User be billed on a separate bill.
- 1.2 All Services described in the Principal Agreement will apply for these End-Users based on the terms, conditions and rates in the Principal Agreement including the purchase of accounts receivable. The term 'End-User' as defined in Attachment B or the Principal Agreement is expanded to include Other Verizon Affiliate Customers. All procedures associated with the Principal Agreement including Uncollectible procedures, End-User payment procedures, and End-User Adjustment procedures will apply.
- 1.3 Verizon shall print and distribute End-User bills showing amounts due to Verizon for the services provided by Idearc to its End-Users. Charges for Billing Records shall appear in Verizon standard format(s) and shall be printed on Verizon's bill stock. Verizon shall bill Idearc such charges to End-Users in accordance with Verizon's normal Billing Cycle Schedule.
- 1.4 Verizon shall receive payments from End-Users, provide treatment of past due amounts, when appropriate, in accordance with Verizon Policies.
- 1.5 Idearc may order complementary services in addition to Services, as necessary.

Section 2 – Service Restrictions

- 2.1 Services shall only be provided in conjunction with the purchase of Idearc's receivables. Unless otherwise agreed, Verizon shall not be responsible for any Idearc balance due from Idearc's End-Users prior to the effective date of this Schedule.
- 2.2 Idearc shall not submit Billing Records for billing that have previously been billed and Recoursed to Idearc by Verizon.
- 2.3 Idearc shall not submit Aged Records for billing. Verizon may reject Aged Records to Idearc with no further liability to Verizon.

Section 3 – Charges for Services

- 3.1 Idearc agrees to pay Verizon for Services described in Section 1 of this Schedule 1 a Carrier Only Surcharge of \$2.02 per bill in Verizon Billing Regions 1-4 and \$1.80 per bill in Verizon Billing Regions 5-8. This is a premium charge per bill applicable to each End-User bill with no local Verizon charges. The Carrier Only Surcharge replaces the Bill Rendering fee in SA 1.4 and SA 2.2 in Attachment E, but is in addition to all other applicable rates and charges set forth in Attachment E of the Principal Agreement.
- 3.2 Idearc agrees to pay for Services for Bill Rendering Services described in Section SA 1.4 (Message Ready) of Attachment E a Carrier Only Surcharge of \$.90. The Carrier Only Surcharge replaces the Bill Rendering fee in SA 1.4 in Attachment E, but is in addition to all other applicable rates and charges set forth in Attachment E of the Principal Agreement.
- 3.3 Idearc agrees to pay Verizon for Bill Rendering Services described as Section 2.2 (Invoice Ready) of Attachment E a Carrier Only Surcharge of \$.90. The Carrier Only Surcharge replaces the Bill Rendering fee in SA 2.2 in Attachment E, but is in addition to all other applicable rates and charges set forth in Attachment E of the Principal Agreement.
- 3.4 Verizon reserves the right to increase its rates and charges as set forth in this Schedule 1 upon ninety (90) Days written notice; provided, however, that Idearc shall have the right to terminate this Schedule 1 upon ninety (90) Days prior written notice to Verizon.