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Verizon Northwest Inc.

P.O. Box 1003
Everett, WA 98206-1003
Fax: 425-261-5262

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October 8, 2007

Ms. Carole J. Washburn,
Executive Secretary
Washington Utilities and
Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504

Subject: **AFFILIATED INTEREST AGREEMENT – ADVICE NO. 338**
Ref. Docket UT-021473

Dear Ms. Washburn:

Enclosed for the Commission's file is a verified copy of Amendment 14 to a Sales and Marketing Agreement between Verizon telephone operating companies, including Verizon Northwest Inc., and Verizon long distance companies.

Please call me at 425-261-5006 if you have any questions.

Very truly yours,

Richard E. Potter
Director
Public Affairs, Policy & Communications

Enclosure

VERIFICATION OF AFFILIATED INTEREST AGREEMENT

I verify that the enclosed is a true copy of Amendment 14 to a Sales and Marketing Agreement between Verizon telephone operating companies, including Verizon Northwest Inc., and Verizon long distance companies.

 Date: 10.8.07

Richard E. Potter
Director
Verizon Northwest Inc.

SALES AND MARKETING AGREEMENT

AMENDMENT NO. 14

This Amendment No. 14 to the Sales and Marketing Agreement ("Amendment") is hereby made on this 26th day of ~~September~~ 2007, by and among the Verizon Telephone Operating Companies ("Verizon") listed in Attachment A, with an address for this Agreement at 600 Hidden Ridge, Irving, Texas 75038, Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance, a Delaware corporation with offices at 1320 N. Courthouse Road, Arlington, Virginia, 22201 ("VLD"), NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions, a Delaware corporation with offices at 1320 N. Courthouse Road, Arlington, Virginia, 22201 ("VES") and Verizon Business Network Services Inc. ("VBNS"), a Delaware corporation, with offices at 22001 Loudoun County Parkway, Ashburn, Virginia 20147 on behalf of itself and its affiliates identified on Attachment B (hereinafter the Affiliated Companies of VLD, VES and VBNS together or separately are referred to as "VZ LD Companies"). Verizon and the VZ LD Companies are hereinafter referred to collectively as the "Parties" or individually as a "Party".

WHEREAS, the Parties, with the exception of VBNS, entered into the Sales and Marketing Agreement on June 1, 2001, which has been amended by Amendments 1 through 13 (the "Agreement"); and

WHEREAS, the Parties desire to amend the Agreement by expanding its terms to include VBNS affiliates set forth in Attachment B as VZ LD Companies that may procure marketing and sales services (the "Services") from Verizon in accordance with the terms and conditions set forth in the Agreement, as amended herein; and

WHEREAS, the Parties desire to amend to the Agreement in order to permit each VZ LD Company to independently enter into amendments to the Agreement with Verizon, provided that any such amendments do not affect the remainder of the VZ LD Companies;

WHEREAS, the Parties desire to amend the Agreement to revise the terms of the descriptions of the Services offered by Verizon; and

WHEREAS, the Parties desire to amend the Agreement further to revise and add compensation terms related to the marketing and sale of VZ LD Companies' services; and

NOW THEREFORE, in consideration of the mutual promises set forth below, the Parties, intending to be legally bound hereby, agree to amend the Agreement as follows:

1. The Parties hereby add the following Section 15.1 (b) to the existing ARTICLE 45, GENERAL PROVISIONS,

- 15.1 Amendments and Supplements,

- (b) Affiliates Executions of Amendments.

- Any single Affiliate, or groups of Affiliates, that has executed the Agreement, may independently enter into an amendment to the Agreement with Verizon. Any such amendment shall not require the execution of any unaffected Affiliate(s), provided that such amendment does not materially alter or amend the rights and obligations of any Party to the Agreement that does not enter into such amendment.

2. The Parties hereby delete APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS and replace it with the attached APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS.
3. The Parties hereby delete APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES and replace it with the attached APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES.
4. To the extent that any state statute, order, rule or regulation or any state regulatory agency having competent jurisdiction over one or more parties to this Amendment requires that the Agreement or subsequent amendment be filed with or approved by such regulatory agency before the Agreement or amendment may be effective, this Amendment shall not be effective in such state until the first business day after such approval or filing shall have occurred.
5. Except as set forth in this Amendment, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 14 to the Sales and Marketing Agreement to be signed by their duly authorized representatives to be effective as of the date first written above.

BELL ATLANTIC COMMUNICATIONS, INC.
D/B/A VERIZON LONG DISTANCE AND
NYNEX LONG DISTANCE COMPANY D/B/A
VERIZON ENTERPRISE SOLUTIONS

VERIZON TELEPHONE OPERATING
COMPANIES

By: *Vincent J. Woodbury*

By: _____

Name: Vincent J. Woodbury
Title: President -
Bell Atlantic Communications, Inc.
d/b/a Verizon Long Distance and
NYNEX Long Distance Company
d/b/a Verizon Enterprise Solutions

Name: Jeanmarie Milla
Title: Vice President -
Retail Markets Sales Assurance Support

VERIZON BUSINESS NETWORK SERVICES, INC.
ON BEHALF OF ITSELF AND THE FORMER MCI AFFILIATES
LISTED ON ATTACHMENT B

By: _____

Name: _____

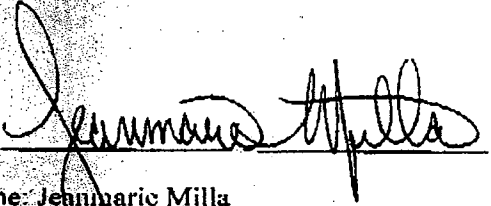
Title: _____

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 14 to the Sales and Marketing Agreement to be signed by their duly authorized representatives to be effective as of the date first written above.

BELL ATLANTIC COMMUNICATIONS, INC.
D/B/A VERIZON LONG DISTANCE AND
NYNEX LONG DISTANCE COMPANY D/B/A
VERIZON ENTERPRISE SOLUTIONS

VERIZON TELEPHONE OPERATING
COMPANIES

By: _____

By: 

Name: Vincent J. Woodbury
Title: President -
Bell Atlantic Communications, Inc.
d/b/a Verizon Long Distance and
NYNEX Long Distance Company
d/b/a Verizon Enterprise Solutions

Name: Jeannmarie Milla
Title: Vice President -
Retail Markets Sales Assurance Support

VERIZON BUSINESS NETWORK SERVICES, INC.
ON BEHALF OF ITSELF AND THE FORMER MCI AFFILIATES
LISTED ON ATTACHMENT B

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 14 to the Sales and Marketing Agreement to be signed by their duly authorized representatives to be effective as of the date first written above.

BELL ATLANTIC COMMUNICATIONS, INC.
D/B/A VERIZON LONG DISTANCE AND
NYNEX LONG DISTANCE COMPANY D/B/A
VERIZON ENTERPRISE SOLUTIONS

VERIZON TELEPHONE OPERATING
COMPANIES

By: _____

By: _____

Name: Vincent J. Woodbury
Title: President -
Bell Atlantic Communications, Inc.
d/b/a Verizon Long Distance and
NYNEX Long Distance Company
d/b/a Verizon Enterprise Solutions

Name: Jeanmarie Milla
Title: Vice President -
Retail Markets Sales Assurance Support

VERIZON BUSINESS NETWORK SERVICES, INC.
ON BEHALF OF ITSELF AND THE FORMER MCI AFFILIATES
LISTED ON ATTACHMENT B

By: Maureen S Waters

Name: Maureen S. Waters

Title: Director

ATTACHMENT A: VERIZON TELEPHONE OPERATING COMPANIES

Verizon California Inc. ("V-CA")

Verizon Florida LLC ("V-FL")

Verizon North Inc. ("V-NO")

Verizon Northwest Inc. ("V-NW")

Verizon South Inc. ("V-SO")

Verizon West Coast Inc. ("V-WC")

GTE Southwest Inc. d/b/a Verizon Southwest ("V-SW")

Contel of the South, Inc. d/b/a Verizon Mid-States ("V-MS")

ATTACHMENT B: VERIZON BUSINESS NETWORK SERVICES INC.AFFILIATES

MCI Communications Services, Inc.
MCI International Services, Inc.
MCI International, Inc.
MCI Network Services of Virginia, Inc.
MCImetro Access Transmission Services LLC.
MCImetro Access Transmission Services of Virginia, Inc.
MCImetro Access Transmission Services of Massachusetts, Inc.
Metropolitan Fiber Systems of NY, Inc.
Teleconnect Long Distance Services & Systems Co.
TTI National Inc.
Telecom*USA, Inc.

APPENDIX A: DESCRIPTION OF SERVICES AND OTHER FUNCTIONS

Subject to the following terms and conditions, Verizon agrees to provide sales and marketing services for the VZ LD Companies.

1. GENERAL

A.) Verizon shall provide sales, marketing, and customer support services to the VZ LD Companies through a variety of channels and organizations, including Verizon Plus™ stores, Consumer Sales and Solutions Centers, Business Sales Centers, Business Partnership Centers, Verizon Live Source® and Verizon Public Communications, E-Center/E-Biz, Bill Media, Telemarketing Support for Campaign Services, and Network Services employees. Verizon shall ensure that it has adequate personnel, equipment, and systems to support the VZ LD Companies' sales and marketing functions.

B.) The VZ LD Companies shall provide Verizon with any information (including forecasts) that is reasonably necessary for Verizon to meet its obligations under this Sales and Marketing Agreement ("SMA").

2. DEFINITIONS

BSC – Business Sales Center (serving small business customers)

CSSC – Consumer Sales and Solutions Center

E-CENTER/E-BIZ – Verizon e-Mail Correspondance Center

EFMV - Estimated Fair Market Value. The EFMV is determined in accordance with FCC rules. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC).

FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC).

IVRU – Interactive Voice Response Unit

NETWORK SERVICES EMPLOYEES – Verizon's outside plant engineers, repair associates, voice associates and NOREC employees.

NOCV - National Order Collection Vehicle

NOREC - Verizon's National Order Record Entry Center

PaRT - Provisioning and Retrieval Tool

PIC – Primary Interexchange Carrier

POC – Point of Contact

POS – Point of Sale

PMR - Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

SMCS – Strategic Markets Customer Service

SPOC – Single Point of Contact

SRC - Support and Response Centers for Retail Markets

VERIZON – Verizon Telephone Operating Companies listed in Attachment A

VERIZON BUSINESS NETWORK SERVICES INC.AFFILIATES - the Affiliated companies of Verizon Business Network Services, Inc. listed in Attachment B.

VERIZON PLUS™ - retail Verizon locations

VZ LD Companies – Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance ("VLD"), NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions ("VES") and Verizon Business Network Services Inc. on behalf of its Affiliates ("VBNS"). VLD, VES and VBNS are referred to collectively or individually as the VZ LD Companies

3. **VERIZON PLUS™**

A) DESCRIPTION:

Verizon Plus™ is a retail Verizon location that a customer can visit in order to discuss a bill, purchase new products or sign up for services provided by Verizon and Verizon affiliates, including long distance service.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services;
2. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, training material, etc.);
3. Provide competitive information in a timely fashion in order to provide sales representatives with applicable market information;
4. Provide product support, including information on how a product works and how the product fits into the current portfolio of services;
5. Provide sales and pricing tools;
6. Provide sufficient support and information to resolve customer sales-related questions or needs;
7. Work in conjunction with Verizon to provide sales and process training, including procedures and materials for the VZ LD Companies' portion of Verizon Plus™ Training;
8. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letters, retention program material, etc.) to its customers as well as the lists of customers who will be receiving communication and/or notification. Customer lists will be broken down by region or area. Customer and product information will be presented no later than 30 days prior to mailing;
9. Provide at least thirty (30) days' prior written notice and formal plan of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide billing credit procedures and adjustment guidelines;
11. Provide an annual sales forecast with monthly updates;
12. Provide funding for annual VZ LD Companies' Specialist Conference;
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Provide marketing and sales activity for the VZ LD Companies' products to the Verizon Plus™ stores;
2. Work in conjunction with the VZ LD Companies to coordinate and facilitate Verizon Plus™ Training.;
3. Provide a SPOC for Verizon Plus™ to act as a liaison between the VZ LD Companies and Verizon;

4. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share with the VZ LD Companies specific VZ LD Companies' sales data as mutually agreed upon;
5. Ensure that all applicable VZ LD Companies' orders are entered via NOCV or PaRT;
6. Provide the VZ LD Companies two weeks' notification of the opening and closing of Verizon Plus™ locations.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of VZ LD Companies' services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Tax Gross-Up:

The VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

4. CONSUMER SALES AND SOLUTIONS CENTER

A) DESCRIPTION:

1. The Verizon Consumer Sales and Solutions Centers ("CSSC") will handle sales, ordering and customer inquiries on behalf of the VZ LD Companies.
2. The CSSC will handle sales negotiations, service orders, verification of product availability, sales order status inquiries, sales retention attempts, sales quality control observations and post-sales support services including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services;
2. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, training material, etc.);
3. Provide competitive information in a timely fashion in order to provide sales representatives with applicable market information;
4. Provide product support, including information on how the product works and how the product fits into the current portfolio of services;
5. Provide sales and pricing tools;
6. Provide sufficient support and information to resolve customer sales-related questions or needs;
7. Work in conjunction with Verizon to provide sales and process training including procedures and materials for the VZ LD Companies' portion of CSSC Training;
8. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letter, retention program material, etc.) to its customers as well as the lists of customers who will be receiving communication and/or notification. Customer lists will be broken down by region or area. Customer and product information will be presented no later than 30 days prior to mailing;
9. Provide at least thirty (30) days' prior written notice and formal plan of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide billing credit procedures and adjustment guidelines;
11. Provide an annual sales forecast with monthly updates;
12. Provide funding for annual VZ LD Companies' Specialist Conference;
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Provide marketing and sales activity for the VZ LD Companies' products to the CSSCs;

2. Work in conjunction with the VZ LD Companies to coordinate and facilitate CSSC Training;
3. Provide a SPOC for CSSCs to act as a liaison between the VZ LD Companies and Verizon;
4. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share with the VZ LD Companies, the VZ LD Companies' specific sales data as mutually agreed upon;
5. Ensure that all applicable VZ LD Companies' orders are entered via NOCV or PaRT;
6. Wholesale Order Initiation: Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of Consumer Services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Incentive Time Away From Office:

The VZ LD Companies will pay compensation to Verizon to cover Verizon employee time away from the office in connection with incentive programs approved by the Parties.

4. Tax Gross-Up:

The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

5. **BUSINESS SALES CENTER (BSC)**

A) DESCRIPTION:

1. The Verizon Business Sales Centers ("BSC") will handle sales, ordering and customer inquiry on behalf of the VZ LD Companies.
2. The BSC will handle sales negotiations, service orders, verification of product availability, sales order status inquiries, sales retention attempts, sales quality control observations, post-sales support services including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Pay Verizon for the marketing and sale of the VZ LD Companies' products and services;
2. Provide all pertinent sales collateral and supporting materials (e.g., sales brochures, promotional literature, training material, etc.);
3. Provide information about products and where they fit within the portfolio of offerings:
 - Provide product requirements.
 - How the product works.
 - How the product fits into the current portfolio.
 - Sales applications.
4. Provide sales and pricing tools;
5. Work in conjunction with Verizon to develop sales and process training, including the development of procedures and materials for the VZ LD Companies' portion of BSC Training;
6. Provide prior notice to Verizon of any and all customer communications and/or notifications from the VZ LD Companies (excluding communications such as welcome letter, retention program material, etc.) no later than 30 days prior to mailing;
7. Provide escalation lists and timely resolution for the following:
 - Billing inquiries
 - Customer issues
 - Provisioning
8. Provide billing credit procedures and adjustment guidelines;
9. Provide at least 30 days' prior written notice of:
 - New product roll outs
 - Product enhancements
 - Process changes/enhancements
10. Provide resolution to, or status of, customer inquiries within (2) business days;
11. Provide 30 days' notice of regulatory issues and notifications to the extent possible;
12. Provide personnel for adequate support of:

- Order Entry/Post Sales Provisioning (SMCS)
 - Billing Inquiry (SMCS)
 - Provide direct toll free numbers to appear on customer's long distance bill.
13. Pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Monitor and provide reports related to order entry accuracy;
2. Correct all discrepancies, rejects and errors;
3. Work in conjunction with the VZ LD Companies to coordinate and facilitate BSC Training;
4. Provide BSC and staff sales support to provide marketing and sales activity for the VZ LD Companies' products;
5. Provide a SPOC for the BSC to act as a liaison between the VZ LD Companies and Verizon;
6. Provide quality analysis by performing observations, focus groups and other quality assurance activities. Verizon will share the VZ LD Companies' specific data as mutually agreed upon;
7. Wholesale Order Initiation - Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

D) INCENTIVES:

1. Incentive Compensation:

The Parties may agree upon incentive programs under which the VZ LD Companies will provide additional compensation in kind or in US dollars to Verizon, which Verizon may use to encourage sales of Business Services by Verizon employees. Incentives may include, but will not be restricted to, paid for tickets for entertainment or sporting events and consumer electronics equipment.

2. Determination of Additional Compensation:

Verizon, and not the VZ LD Companies, will exclusively determine the compensation, including, but not limited to, such additional compensation, paid to its employees and Verizon, not the VZ LD Companies, will exclusively handle any necessary collective bargaining with labor unions representing Verizon employees with respect to such compensation. In no event shall Verizon employees be considered employees of the VZ LD Companies, including, but not limited to, Verizon employees receiving such additional compensation.

3. Incentive Time Away From Office:

The VZ LD Companies will pay compensation to Verizon to cover Verizon employee time away from the office in connection with incentive programs approved by the Parties.

4. Tax Gross-Up:

The VZ LD Companies shall compensate Verizon to offset tax consequences of paid for sporting event tickets, consumer electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up

based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

7. **E-CENTER/E-BIZ**

A) DESCRIPTION:

1. The Verizon E-Center/E-Biz organization will reply to Internet requests and provide assistance regarding general inquiry, rates, order inquiries, and order issuance for the VZ LD Companies' services.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, etc.);
2. Provide appropriate sales tools;
3. Provide sufficient support personnel and information to resolve customer sales questions, needs, problems, etc.;
4. Provide sufficient information and materials for training on the VZ LD Companies' products and services, including product descriptions and guidelines;
5. Provide at least thirty (30) days' prior written notice for major changes/updates for:
 - New product roll outs
 - Product enhancements or changes
 - Process changes/enhancements

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Respond to emails inquiries regarding the VZ LD Companies' services within established timeframes agreed to by the Parties;
2. Provide explanations as needed regarding the following VZ LD Companies' Products and Services:
 - Calling Plans
 - Promotions
 - Calling Cards
 - Personal Toll Free Service (PTFS)
 - Rates
 - Provisioning
 - PIC Codes
3. Process emails in accordance with established quality guidelines agreed to by the Parties.

8. **BILL MEDIA**

A) DESCRIPTION:

1. **BILL INSERTS AND BILL MESSAGING:** Verizon, directly or via contractors or suppliers to Verizon, may provide one or more of the following functions in order to sell the VZ LD Companies' services. With respect to all of the following services, Verizon reserves the right, for any reason, to reject a request for services. Moreover, Verizon reserves the right, without any advance notice, to cancel an accepted request for services or to delay the timing of when the bill insert, newsletter, bill message/imprint/fyi or bill teaser will appear.
 - a. **Bill Insert:** Verizon shall include inserts in local telephone company bills that promote the sale of the VZ LD Companies' services.
 - b. **Newsletter Bill Insert:** Verizon shall include a newsletter containing information promoting the sale of the VZ LD Companies' services.
 - c. **Bill Message/Imprint/FYI:** Verizon shall print on the local portion of the customer bill messages promoting the sale of the VZ LD Companies' services, subject to certain line limitations. Bill messages and imprints shall not exceed eight lines. FYI messages shall not exceed 40 lines.
 - d. **Bill Teaser:** Verizon shall rubber stamp on the mailing envelope messages that promote the sale of the VZ LD Companies' services.
 - e. **Joint Verizon and the VZ LD Companies' Inserts:** Verizon shall include inserts in local telephone company bills that promote the bundled sales of Verizon and the VZ LD Companies' services.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide copies of requested Bill and Newsletter Inserts to be included in Verizon bills;
2. Provide inserts at least thirty (30) days prior to requested insert date;
3. Provide the proposed bill message or bill teaser to Verizon at least thirty (30) days prior to requested billing date.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Complete Bill Media requests in a timely manner. Verizon reserves the right to decline or to rescheduled Bill Media requests from the VZ LD Companies.

9. **TELEMARKETING SUPPORT FOR CAMPAIGN SERVICES**

A) DESCRIPTION:

1. Verizon or its agents will handle telemarketing support for Consumer Marketing Campaigns.
2. Verizon or its agents will handle telemarketing support for Business Marketing Campaigns.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide all pertinent sales collateral (e.g., sales brochures, promotional literature, etc.);
2. Provide competitive information in a timely fashion in order to provide Verizon support personnel with applicable market information;
3. Provide product support, including information on how the product performs and how the product fits into the current portfolio of the VZ LD Companies' services;
4. Provide sales and pricing tools.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Monitor and provide reports to the VZ LD Companies related to order entry accuracy of the VZ Companies' service orders;
2. Correct all discrepancies, rejects and errors regarding such orders.

10. **NETWORK SERVICES**

A) DESCRIPTION:

Verizon employees who do not participate in any other Verizon sales incentive compensation plans will be compensated for sales referrals for the VZ LD Companies' products and services.

B) TAXES GROSS-UP

The VZ LD Companies shall compensate Verizon to offset tax consequences of incentives provided by Verizon to its employees in connection with this Agreement. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

11. **BUNDLED VERIZON SERVICES AND VZ LD COMPANIES' SERVICES TARIFF INFORMATION**

A. DESCRIPTION

Bundled Services means services marketed having elements of both Verizon Services and VZ LD Companies' Services that have separate local, state and/or federal tariff filings and are offered as a bundled package to Verizon's and VZ LD Companies' joint end-users.

B) THE VZ LD COMPANIES' RESPONSIBILITIES TO VERIZON:

1. Provide copies of all pending tariff filings related to Bundled Services to Verizon.

C) VERIZON RESPONSIBILITIES TO THE VZ LD COMPANIES:

1. Provide copies of all pending tariff filings related to Bundled Services to the VZ LD Companies.

APPENDIX B: COMPENSATION SALES AND MARKETING SERVICES

In consideration of the Verizon provision of services to the VZ LD Companies in accordance with the Agreement, the VZ LD Companies agree to pay the following compensation to Verizon in accordance with the Agreement:

1. VERIZON PLUS™ RATES

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for the VZ LD Companies' iobi Home and iobi Professional services, the VZ LD Companies' VoiceWing Broadband Phone services and Direct TV. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²	Consumer Sales, Ordering & Inquiry Service/ Retail Sales Consultant	0 – 156	\$5.35 per sale	FDC ³	Daily
Verizon	Business Sales, Ordering & Inquiry Service/Retail Sales Consultant	0 - 156	\$11.65 per sale	FDC	Daily

B) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' iobi Home and iobi Professional services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for iobi Services Retail Sales Consultant	0 – 156	\$5.35 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service, for the VZ LD Companies' orders for the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for VoiceWing Service Retail Sales Consultant	0 – 156	\$82.45 per sale	FDC	Daily

¹ ILEC means Verizon Incumbent Local Exchange Carriers.

² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid-States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

D) Sales, Ordering and Customer Inquiry Service - Direct TV This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ⁴ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ⁵	Direct TV Sales Consumer Sales, Ordering & Inquiry Service/ Retail Sales Consultant	0 – 156	\$ 50.57 per sale	FDC ⁶	Daily

E) Training including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training Retail Sales Consultant	0 - 689	\$71.20 per hour	FDC	Occasionally
Verizon	Training Material	Not Applicable	Actual expenses incurred	FDC	Occasionally
Verizon	Training Specialist/Supervisor (4M/4L), Training Assistant Supervisor (5L), Training Manager (2L)	0 - 175	\$117.33 per hour	FDC	Occasionally

F) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

G) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred -	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

⁴ ILEC means Verizon Incumbent Local Exchange Carriers.

⁵ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid-States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

⁶ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

2. **CONSUMER SALES AND SOLUTIONS CENTER RATES**

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for iobi Home and VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ⁷ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ⁸	Sales, Ordering & Inquiry Service/ CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$8.74 per sale	FDC ⁹	Daily

B) Sales, Ordering and Customer Inquiry Service for orders for the VZ LD Companies' iobi Home services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for iobi Home Services CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$8.74 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service, for orders for the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ for VoiceWing Services CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$135.78 per sale	FDC	Daily

D) Sales, Ordering and Customer Inquiry Service - Direct TV. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

⁷ ILEC means Incumbent Local Exchange Carrier.

⁸ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

⁹ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Services of Direct TV/ CSSC Representatives, CSSC Sales Support and Order Correction Clerks	0 - 4,500	\$102.58 per sale	FDC	Daily

D) Sales and Negotiations for Third Party Vendors. This includes sales negotiations and verification of product availability.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales & Negotiations Third Party Vendors	N/A	Actual expenses incurred	FDC	Occasionally

E) CSSC Offline Support for Retail Markets. This includes the off-line support and the off-line activity of sales negotiation and acquisition; account planning; all presale customer meetings, strategy sessions, and solutions design; costs of custom bid development and presentation; service order processing; systems maintenance for ordering, pricing, electronic product references; verification of product availability; error correction for orders; and sales retention attempts.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Sales, Ordering & Sales Inquiry/ CSSC/Offline Reps	0-4,500	\$108.60 per hour	FDC	Occasionally
Verizon	Sales, Ordering & Sales Inquiry/ CSSC/Offline Reps	0-4,500	\$ 5.30 per Validated/Unvalidated Account Code Activation	FDC	Occasionally

F) General Inquiry and Post-Sales Support Service: including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	General Inquiry and Post Sales Support CSSC Reps	0 - 4,500	\$5.58 per contact	FDC	Daily

G) Training: including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training CSSC Reps	0 - 4,310	\$108.60 per hour	FDC	Occasionally
Verizon	Training CSSC Sales Support and Order Correction Clerks/ SRC Reps	0-4,500	\$108.60 per hour	FDC	Occasionally
Verizon	Training Coach/Team Leader	0 - 439	\$111.92 per hour	FDC	Occasionally
Verizon	Training Materials	Not Applicable	Actual expenses incurred	FDC	Occasionally

H) Time Away From Office: the VZ LD Companies will pay for time away from the office associated with sales incentive programs, as agreed upon by the Parties.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Time Away From Office CSSC Reps/ CSSC Sales Support and Order Correction Clerks/SRC Reps	0 - 4,500	\$108.60 per hour	FDC	Occasionally
Verizon	Time Away From Office Coach/Team Leader	0 - 439	\$111.92 per hour	FDC	Occasionally

I) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

J) Wholesale Order Initiative: Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Wholesale Orders Order Transmittal	Not Applicable	\$1.86 per order	PMR ¹⁰	Occasionally

K) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

¹⁰ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

3. BUSINESS SALES CENTER RATES

A) Sales, Ordering and Customer Inquiry Service for the VZ LD Companies' orders, other than orders for the VZ LD Companies' iobi Professional services and the VZ LD Companies' VoiceWing Broadband Phone services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC ¹¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ¹²	Sales, Ordering & Inquiry Service/ BSC ¹³ Consultant	0 - 397	\$21.87 per sale	FDC ¹⁴	Daily

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Account Executive, Telephone Account Manager, Miscellaneous Sales Manager, Inside Sales Representative	0-59	\$352,560.00	FDC	Monthly

B) Sales, Ordering and Customer Inquiry Service orders for the VZ LD Companies' iobi Professional services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service/ of iobi Professional Services BSC Consultant	0 - 397	\$21.87 per sale	FDC	Daily

C) Sales, Ordering and Customer Inquiry Service, for the VZ LD Companies' orders for the VZ LD Companies' VoiceWing Broadband services. This includes sales negotiations, service orders, verification of product availability, sales order status inquiry, error correction for orders initiated by Verizon, operational performance reports, sales retention attempts, and sales quality control observations.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Sales, Ordering & Inquiry Service of Voice Wing services BSC Consultant	0 - 397	\$154.85 per line	FDC	Daily

¹¹ ILEC means Incumbent Local Exchange Carrier.

¹² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

¹³ BSC means Business Sales Center.

¹⁴ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

E) General Inquiry and Post-Sales Support Service: including post-sales product support and customer account maintenance, sales complaints and escalations, referrals of misdirected calls and error processing support in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	General Inquiry and Post Sales Support Service BSC Consultant	0 - 397	\$5.31 per call	FDC	Daily

F) Wholesale Order Initiation

Verizon will initiate wholesale orders for the VZ LD Companies in conjunction with retail orders placed by the VZ LD Companies' customers via the Verizon retail sales channel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Wholesale Orders Order Transmittal	NA	\$1.86 per order	PMR ¹⁵	Occasionally

G) Training: including initial and ongoing training of new and incumbent Verizon personnel.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Training BSC Consultant	0 - 397	\$110.93 per hour	FDC	Occasionally
Verizon	Training BSC Team Leader	0 - 21	\$111.92 per hour	FDC	Occasionally
Verizon	Training BSC Manager	0 - 26	\$150.16 per hour	FDC	Occasionally

H) Incentives

1. Time Away From Office: the VZ LD Companies will pay for time away from the office associated with sales incentive programs, as agreed upon by the Parties.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Time Away From Office BSC Consultant	0 - 397	\$110.93 per hour	FDC	Occasionally
Verizon	Time Away From Office BSC Team Leader	0 - 26	\$111.92 per hour	FDC	Occasionally
Verizon	Time Away From Office BSC Manager	0 - 26	\$150.16 per hour	FDC	Occasionally

2. Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties.. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

I) Miscellaneous Expenses: the VZ LD Companies will pay Verizon for all undisputed miscellaneous expenses incurred by Verizon in the provision of services in accordance with the Agreement.

Verizon	Service/ Employee Title	Number of ILEC	Rate	Basis for Rate	Frequency of Transaction
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¹⁵ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

		Employees			
Verizon	Employee travel expense	Not applicable	Actual expenses incurred	Actual expenses incurred	Occasionally
Verizon	Employee meal expense	Not applicable	Actual expenses incurred not to exceed \$75/day /employee	Actual expenses incurred	Occasionally
Verizon	Employee hotel expense	Not applicable	Actual expenses incurred not to exceed \$400/day /employee	Actual expenses incurred	Occasionally

4. **E-CENTER/E-BIZ RATES**

A) E-Center/E-Biz – Verizon shall receive and handle e-mail correspondence as it relates to the VZ LD Companies. The services will include responding to sales inquiries, sales negotiation, error correction and order entry.

Verizon	Service/ Employee Title	Number of ILEC ¹⁶ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ¹⁷	E-Commerce Customer Service Associates	0 - 100	\$11.57 per contact	FDC ¹⁸	Daily
Verizon	E-Biz Customer Service Associates	0 - 100	\$18.61 per contact	FDC	Daily

B) Training: including initial and ongoing training of new and incumbent Verizon personnel .

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	E-Commerce Customer Service Associates	0-100	\$54.94 per hour	FDC	Daily
Verizon	E-Biz Customer Service Associates	0-100	\$72.86 per hour	FDC	Daily

C) Tax Gross-Up: the VZ LD Companies will compensate Verizon to offset taxes for the provision of paid for sporting event tickets, electronic equipment, and other incentives provided by Verizon to its employees in connection with incentive programs approved by the Parties. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

¹⁶ ILEC means Incumbent Local Exchange Carrier

¹⁷ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

¹⁸ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

5. BILL MEDIA RATES

A. Bill Insert:

Verizon shall include inserts and newsletter inserts in local telephone company bills that promote the sale of Business and/or Consumer Services.

Verizon ¹⁹	Service/ Employee Title	Number of ILEC ²⁰ Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Insert - Single Sheet	Not applicable	\$ 0.16 per insert	PMR ²¹	Occasionally

B. Newsletter Bill Insert:

Verizon shall include in bills a newsletter containing information promoting Business and/or Consumer Services.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Insert Newsletter	Not applicable	\$52.33 per 1000	FDC ²²	Occasionally

C. Bill Message/Imprint/FYI:

Verizon shall print on the local portion of the customer bill messages promoting the sale of Business and/or Consumer Services, subject to certain line limitations. Bill messages and imprints shall not exceed eight lines. FYI messages shall not exceed 40 lines.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Message Bill Imprint Bill FYI	Not applicable	\$.075 per message	EFMV ²³	Occasionally

D. Bill Teaser:

Verizon shall rubber stamp a message that promotes the sale of Business and/or Consumer Services.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Bill Teaser	Not applicable	\$22.55 per 1000	FDC	Occasionally

E. Joint Verizon and VZ LD Companies Inserts

Verizon shall include inserts in local telephone company bills that promote the bundled sales of Verizon and VZ LD Companies Business and/or Consumer Services.

¹⁹ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

²⁰ ILEC means Incumbent Local Exchange Carrier

²¹ PMR means Prevailing Market Rate which is determined in accordance with FCC affiliate transaction rules (47 CFR sec. 32.27).

²² FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

²³ EFMV means Estimated Fair Market Value which is determined in accordance with FCC Affiliate Transaction Rules. EFMV is compared to Fully Distributed Costs (FDC) which are fully loaded rates including the costs of material and all direct and indirect miscellaneous and overhead costs. The higher of the EFMV and FDC is set forth in the table above.

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Basis for Rate	Frequency of Transaction
Verizon	Joint Bill Inserts - Single Sheet	Not applicable	\$9.17 per 1000	PMR	Occasionally
Verizon	Joint Bill Inserts - Folded Sheet	Not applicable	\$11.46 per 1000	PMR	Occasionally

6. **TELEMARKETING SUPPORT FOR CAMPAIGN SERVICES**

A) Inbound and Outbound Telemarketing Support for Consumer Marketing Campaigns

Verizon	Service/ Employee Title	Number of ILEC ²⁴ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²⁵	Inbound/ Outbound Telemarketing Support	Not Applicable	\$ 63.42 per sale	FDC ²⁶	Occasionally

B) Inbound and Outbound Telemarketing Support for Business Marketing Campaigns

Verizon	Service/ Employee Title	Number of ILEC Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon	Inbound/ Outbound Telemarketing Support	Not Applicable	\$ 80.56 per sale	FDC	Occasionally

²⁴ ILEC means Incumbent Local Exchange Carrier

²⁵ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

²⁶ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

7. NETWORK SERVICES

Verizon employees who do not participate in any other Verizon sales incentive compensation plans will be compensated for sales referrals for the VZ LD Companies' products and services.

Verizon	Service/ Employee Title	Number of ILEC ²⁷ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ²⁸	Outside Plant Technician/ Outside Plant Engineers/ Repair Associates/ Voice Associates/ NOREC ²⁹ Employees	0 - 15,440	\$16.90 per referral	FDC ³⁰	Occasionally

Taxes

The VZ LD Companies shall compensate Verizon to offset tax consequences of incentives provided by Verizon to its employees in connection with this Agreement. Verizon will determine the tax gross-up based on the fair market value of the incentive provided to Verizon employees and the tax rates applicable under law.

²⁷ ILEC means Incumbent Local Exchange Carrier.

²⁸ Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC., Contel of the South, Inc. d/b/a Verizon Mid States, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc. and GTE Southwest Inc. d/b/a Verizon Southwest.

²⁹ NOREC means the National Order Record Entry Center

³⁰ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC affiliate transaction rules (47CFR sec. 32.27) require that when a LEC provides a service to an affiliate, the LEC must charge the affiliate the higher of EFMV and Fully Distributed Costs (FDC). NOTE: FCC Affiliate Transaction Rules require the LEC to charge the higher of EFMV and FDC only if the total aggregate annual value of that service reaches or exceeds \$500,000, per affiliate. However, regardless of the value of the service, Verizon makes an EFMV and values the transaction in accordance with affiliate transaction rules.

8. BUNDLED VERIZON SERVICES AND VZ LD COMPANIES' SERVICES TARIFF INFORMATION

Bundled Services means services marketed having elements of both Verizon Services and VZ LD Companies' Services that have separate local, state and/or federal tariff filings and are offered as a bundled package to Verizon's and VZ LD Companies' joint end-users. Verizon and the VZ LD Companies will be compensated for the draft copies of such tariffs.

Company	Service/ Employee Title	Number of ILEC ³¹ Employees	Rate	Pricing Criterion	Frequency of Transaction
Verizon ³²	Tariff Copies	Not Applicable	\$ 51.44 per month	FDC ³³	Occasionally
VZ LD Companies ³⁴	Tariff Copies	Not Applicable	\$0	FDC	Occasionally

³¹ ILEC means the Verizon Incumbent Local Exchange Carriers.

³² Verizon means the Verizon Incumbent Local Exchange Carriers of Verizon California Inc., Verizon Florida LLC, Verizon North Inc., Verizon Northwest Inc., Verizon South Inc., Verizon West Coast Inc., GTE Southwest Inc. d/b/a Verizon Southwest and Contel of the South, Inc. d/b/a Verizon Mid-States,

³³ FDC means Fully Distributed Costs and are fully loaded rates which include the costs of material and all direct and indirect miscellaneous and overhead costs. FCC Affiliate Transaction Rules (47CFR Part 32.27) require the higher of the services provided by an ILEC/BOC to a 272 Affiliate of the Estimated Fair Market Value (EFMV) and the FDC only if the service is in excess of \$500,000. Verizon follows this practice regardless of the cost of the service. It also requires the lower of the services provided by a 272 Affiliate to an ILEC/BOC of the Estimated Fair Market Value and the FDC.

³⁴ VZ LD Companies means Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance and NYNEX Long Distance Company d/b/a Verizon Enterprise Solutions.