

CONFIDENTIAL BILLING SETTLEMENT AGREEMENT

This Confidential Billing Settlement Agreement ("Agreement"), dated and effective June 29, 2001, is between Qwest Corporation ("Qwest") and MCI WORLDCOM Network Services, Inc., on behalf of itself and its affiliates and subsidiaries (collectively "WorldCom") (Qwest and WorldCom collectively referred to as the "Parties") who hereby enter into this Confidential Billing Settlement Agreement with regard to the following:

RECITALS

1. Qwest is an incumbent local exchange carrier ("ILEC") operating in its 14-state region.
2. WorldCom is a competitive local exchange carrier ("CLEC") operating in Qwest's 14-state region and an interexchange carrier.
3. Qwest and WorldCom provide and bill each other for various services and facilities provided to one another pursuant to various agreements, including interconnection agreements entered into pursuant to the federal Telecommunications Act of 1934 as amended ("Act"), and, for some services, under state and federal tariffs.
4. Certain disputes have arisen between the Parties in connection with certain charges assessed by the Parties and certain services provisioned under the aforementioned agreements and tariffs and because of disagreements over the effect, meaning and impact of various state and federal regulatory decisions.
5. In an attempt to finally resolve the specific billing and provisioning disputes

identified herein that exist between the Parties through the date of the execution of this Agreement, and to avoid delay and costly litigation, and for valuable consideration, the Parties voluntarily enter into this Agreement and hereby agree to the following.

SETTLEMENT AGREEMENT

1. In settlement of the disputes, claims and controversies referenced above and described more fully below, Qwest agrees to a one-time payment to WorldCom in the amount of [REDACTED] Qwest will wire to WorldCom such amount by July 16, 2001. As consideration for this payment and for the other commitments and waivers by Qwest and WorldCom set forth herein, the Parties agree to the following provisions.

2. **EEL.** WorldCom has claimed that approximately 2,500 private line circuits provided by Qwest to WorldCom in various states should have been converted to the Unbundled Network Element Platform known as EEL from tariffed services during the time period between September 4, 1997 and the date of this Agreement, and therefore disputes the billing associated with these circuits. Qwest denies WorldCom's assertions and the Parties dispute their legal obligations concerning WorldCom's request to convert the tariffed services to EEL. As part of this Agreement and to resolve any disputes related to this issue, WorldCom has agreed to waive any and all claims it may have with respect to charges assessed by Qwest for these circuits through the effective date of this Agreement. Following the effective date of this Agreement, WorldCom agrees that in the event it desires to convert circuits to Unbundled Network Elements (including EELs), WorldCom will submit orders and

certifications in a manner consistent with the Parties' interconnection agreements, as amended by the UNE combinations amendments. Until such time as the applicable amendment is approved by the appropriate state commission, WorldCom will submit conversion orders in a manner consistent with applicable FCC rules and Qwest processes.

3. **Reciprocal compensation / Colorado.** The Parties are currently engaged in litigation in the state of Colorado at the Public Utilities Commission (Docket No. 00F-049T) concerning the application of Reciprocal Compensation, under applicable law including the Parties' interconnection agreement, to internet-related traffic exchanged between the Parties. The Colorado Public Utilities Commission recently issued a decision in the above-referenced docket. As part of this Agreement, and in order to resolve these disputes, the Parties agree either that they will take no further action in the above-referenced docket or, in the alternative, the Parties agree that WorldCom will dismiss the above-referenced docket, with prejudice, by filing the appropriate pleading or pleadings. In either event, the Parties agree to forego any appeals of that action that may be available.

4. **Terminating Compensation.** In addition, the Parties have certain other billing disputes regarding terminating traffic and the application of Reciprocal Compensation, under applicable law including the Parties' interconnection agreements, to local exchange and Internet-bound traffic exchanged between the Parties. The Parties agree to waive any and all claims they may have against each other with respect to any and all billing disputes they may have concerning the application of Reciprocal

Compensation for local exchange and Internet-bound traffic for usage through and
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including March 31, 2001.

5. **Reciprocal compensation / Amendments.** In addition to the foregoing, the Parties agree to execute all appropriate amendments to implement an intercarrier compensation mechanism for reciprocal compensation for all local traffic and Internet-bound traffic exchanged between the Parties, wherein one party originates the traffic and the other terminates the traffic. An appropriate amendment will be executed in all 14 states in which Qwest operates as an ILEC and in which WorldCom has interconnection arrangements with Qwest, both with respect to existing and future interconnection agreements for the period beginning April 1, 2001 and through March 31, 2004. Such amendments will be in the form, or substantially in the form, attached hereto as Exhibit A. The intercarrier compensation mechanism does not apply when traffic from a third party is involved. The Parties agree that the intercarrier compensation mechanism does not apply to charges related to transiting functions (i.e. switching and transport), or for transport when it is not included in the termination function, as provided for in the applicable interconnection agreement. As a part of this Agreement, WorldCom expressly agrees not to exercise any rights it may have under Sections 251 and 252 of the Act, including pick-and-choose and arbitration, to avoid the obligations of this paragraph until March 31, 2004.

6. **PIC process.** The Parties have disputes and may have claims over an amount paid in protest in 2001, through the effective date of this Agreement, concerning Qwest's current PIC dispute resolution process whereby Qwest investigates slamming claims and bills the party at fault for such claims. The Parties have worked to resolve these

disputes and, as a part of this Agreement, the Parties agree to waive any and all
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pending claims and protests they may have through the effective date of this Agreement for billing or other disputes related to Qwest's PIC dispute resolution process. The Parties acknowledge that the disputes subject to this waiver are limited to the PIC processing activity of the WorldCom wholesale unit.

7. DTT. In order to resolve past billing disputes related to LIS two-way direct trunk transport ("DTT"), and to resolve this issue on a going forward basis, the Parties agree as follows. As of the execution of this Agreement, the Parties waive any and all claims they may have against one and another related to the billing of DTT for usage as of the date of the execution of this Agreement.

In addition, on a going forward basis, the Parties will assume a Relative Use Factor ("RUF") of 50 per cent, for each Party, to reduce the applicable rate element charged to the purchaser by the provider of the DTT facilities. The Parties agree to finalize the appropriate amendments to their interconnection agreements, if necessary, within 30 days of the effective date of this Agreement to implement this paragraph of this Agreement. The Parties will use the 50 per cent RUF until they can negotiate an appropriate RUF, or the parties shall negotiate a RUF which will comply with future changes in law.

8. **Billing Dispute Resolution Process.** As part of this Agreement, the Parties agree to negotiate promptly an improved billing dispute resolution process which includes a timely resolution of all billing disputes and which shall include a stated time-frame within which billing disputes must be raised with the other Party. Further, the Parties agree that this process shall include steps for involving progressively higher management as necessary to achieve efficient dispute resolution.

9. With respect to the specific billing and provisioning disputes referenced
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above, and for valuable consideration, the receipt and sufficiency of which are hereby acknowledged. the Parties hereby release and forever discharge one another, including their associates, owners, stockholders, predecessors, successors, agents, directors, officers, partners, employees, representatives, employees of affiliates, employees of parents, employees of subsidiaries, affiliates, parents, subsidiaries, insurance carriers, bonding companies and attorneys, from any and all manner of action or actions, causes or causes of action, in law, under statute, or in equity, suits, appeals, petitions, debts, liens, contracts, agreements, promises, liability, claims, affirmative defenses, offsets, demands, damages, losses, costs, claims for restitution, and expenses, of any nature whatsoever, fixed or contingent, known or unknown, past and present asserted or that could have been asserted or could be asserted in any way relating to or arising out of any billing or provisioning disputes described herein up to and including, the date of the execution of this Agreement.

10. The terms and conditions contained in this Agreement shall inure to the benefit of, and be binding upon, the respective successors, affiliates and assigns of the Parties. In addition, the terms and conditions of this Agreement, including all facts leading up to the signing of this Agreement shall bind the Parties, including contractors, subcontractors and retained professionals.

11. Each Party hereby covenants and warrants that it has not assigned or transferred to any person any claim, or portion of any claim which is released or discharged by this Agreement.

12. The Parties expressly agree that they will keep the substance of the negotiations

and or conditions of the settlement and the terms or substance of Agreement strictly
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confidential. The Parties further agree that they will not communicate (orally or in writing) or in any way disclose the substance of negotiations and/or conditions of the settlement and the terms or substance of this Agreement to any person, judicial or administrative agency or body, business, entity or association or anyone else for any reason whatsoever, without the prior express written consent of the other Party unless compelled to do so by law. It is expressly agreed that this confidentiality provision is an essential element of this Agreement. The Parties agree that this Agreement and negotiations, and all matters related to these two matters, shall be subject to the Rule 408 of the Federal Rules of Evidence, and similar rules at the state level. The Parties further agree that a breach of the confidentiality provisions of this Agreement will materially harm the other Party in a manner which cannot be compensated by monetary damages, and that in the event of such breach the prerequisites for an injunction have been met.

13. In the event either Party has a legal obligation which requires disclosure of the terms and conditions of this Agreement, the Party having the obligation shall immediately notify the other Party in writing of the nature, scope and source of such obligation so as to enable the other Party, at its option, to take such action as may be legally permissible so as to protect the confidentiality provided for in this Agreement. At least ten business days advance notice under this paragraph shall be provided to the other Party, whenever possible.

14. This Agreement constitutes the entire agreement between the Parties and can only be changed in a writing or writings executed by both of the Parties. Each of the

Parties forever waives all right to assert that this Agreement was a result of a mistake in
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law or in fact.

15. This Agreement shall be interpreted and construed in accordance with the laws of the State of Colorado except as set forth in paragraph 20 below, and shall not be interpreted in favor or against any Party to this Agreement except as expressly provided herein.

16. The Parties have entered into this Agreement after conferring with legal counsel.

17. If any provision of this Agreement should be declared to be unenforceable by any administrative agency, court of law, or arbitrator, the remainder of the Agreement shall remain in full force and effect, and shall be binding upon the Parties hereto as if the invalidated provision were not part of this Agreement.

18. Any claim, controversy or dispute between the Parties related to or in connection with this Agreement, including the enforceability, formation or existence of this Agreement, shall be resolved by private and confidential arbitration conducted under the then current rules of the American Arbitration Association. The Federal Arbitration Act, 9 U.S.C. §§ et seq., not state law, shall govern the arbitrability of all disputes. The arbitrator shall not have the authority to award punitive damages. The arbitrator's decision shall be final and binding and may be entered in any court having jurisdiction thereof. Each Party shall bear its own costs and attorneys' fees and shall share equally in the fees and expenses of the arbitrator.

19. The Parties acknowledge and agree that they have legitimate disputes about provisioning, billing and other issues and that the resolution reached in this Agreement represents a compromise of the Parties' positions. Therefore, the Parties deny any

wrongdoing or liability and expressly agree that resolution of the issues contained in
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20. This Agreement may be executed in counterparts and by facsimile.

IN WITNESS THEREOF, the Parties have caused this Confidential Settlement Agreement to be executed as of this 29th day of June 2001.

MCI WORLDCOM Network Services, Inc.

Qwest Corporation

By: [Signature]

By: [Signature]

Title: Sec VP

Title: PRESIDENT & COO

Date: 6/29/01

Date: 6/29/01