



SERVICE AGREEMENT
(Intrastate ICB)

Customer Name and address:	Microsoft Corporation ("Customer") 1 Microsoft Way, Redmond, Washington 98052	Main Billing Tel. No:	425-882-8080
		Agreement No.	2006-372880

Services. Customer hereby requests and agrees to purchase from the undersigned Verizon company ("Verizon") the services identified in Exhibit A attached to this Agreement, and in any Addendum expressly made a part hereof, and as further described in Verizon's applicable tariffs, (the "Services") for the service period stated in the Exhibit or Addendum applicable to such Service (the "Service Period"), subject to Verizon's receipt of any necessary regulatory and other governmental approvals required to provide the Services under the terms hereof. The Services will be provided under the terms of this Agreement to the Customer locations specified in the Exhibit and Addenda attached to or made a part hereof.

Charges. Customer will pay the rates and charges set forth in the attached Exhibit and in any Addendum made a part hereof, and shall also pay all applicable taxes, fees, and charges, including Federal End User Common Line Charges, charged pursuant to applicable law, regulations, or tariffs in connection with the Services. If Customer cancels or terminates this Agreement or any Services prior to expiration of the Service Period, Customer will promptly pay to Verizon termination charges as set forth in the applicable Exhibit and Addendum (a). Any tariffed back billing limitations otherwise applicable to the Services shall not apply under this Agreement.

Notices. Notices under this Agreement shall be sent by first-class U.S. mail, postage prepaid, to Customer at the address specified above, and to Verizon at Verizon Business Contract Distribution, 5055 North Point Parkway, Alpharetta, GA, 30022, (678) 256-7052, with a copy to Verizon Northwest Inc., Attn: Greg Hill, 1800 41st Street, MC: WA0104SM, Everett, Washington 98201. Notices shall be deemed effective five business days after such mailing.

Miscellaneous. (a) Neither party will disclose the terms of this Agreement to any other person without the prior written consent of the other party, except as may be necessary to comply with applicable law, regulation, or filing requirements (see also Exhibit A, Subsection 4(e) of the section entitled "Enhanced Dedicated SONET Ring Service", page 4).

(b) In the event of a claim or dispute, the law and regulations of the jurisdiction in which Verizon provides to Customer the particular Service that is the subject of such claim or dispute shall apply. This Agreement and its provisions shall not be construed or interpreted for or against any party hereto because that party drafted or caused that party's legal representative to draft any of its provisions.

(c) No liability shall result from Service failures caused by fires, floods, severe weather, acts of government or third parties, strikes, labor disputes, inability to obtain necessary equipment or services, or other causes beyond such party's reasonable control.

(d) If any provision of this Agreement or the provision of any Service under the terms hereof is illegal, invalid, or otherwise prohibited under applicable law or regulation in any State or jurisdiction, or does not receive any governmental or regulatory approval required by law in any State or jurisdiction, then this Agreement shall be construed as if not containing such provision or requiring the provision of such invalid, illegal, prohibited, or unapproved Service in such State or jurisdiction.

(e) Verizon may assign or transfer part or all of this Agreement to any affiliate or successor to substantially all of its assets in the locations where Service is provided hereunder. Upon reasonable prior written notice to Verizon, Customer may assign or transfer this Agreement to any company that is the successor to substantially all of its assets, provided all charges for Services provided prior to such transfer or assignment are paid in full when due. Except as otherwise required by applicable law or regulation, all other attempted assignments shall be void without the prior written consent of the other party.

(f) Except as otherwise required by applicable law or regulation, the Services provided hereunder may not be resold by Customer.

Tariffs and Limitation of Liability. The terms and conditions that shall apply in connection with these Services, and the rights and liabilities of the parties, shall be as set forth herein and in all applicable tariffs now or hereafter filed with the applicable state regulatory commission and/or the Federal Communications Commission. In no event shall Verizon be liable for any special, indirect, incidental, or consequential damages arising in connection with this Agreement or the provision of any Services, whether claim is sought in contract, tort (including negligence), strict liability or otherwise. This Agreement (including the Exhibits attached hereto and any Addenda made a part hereof) and all applicable tariffs constitute the entire agreement between the parties and shall supersede all prior oral or written quotations, communications, negotiations, representations, understandings or agreements made by or to any employee, officer, or agent of any party on the subject matter hereof. This Agreement may not be modified or rescinded except by a writing signed by authorized representatives of each party.

AGREED AND ACCEPTED:

MICROSOFT CORPORATION (Customer)

By
Name/title GENERAL MANAGER
Date 6/27/06

VERIZON SERVICES CORP. on behalf of the Verizon company (ies) identified in the Exhibits and Addenda hereto

By
Name/title Suleiman Hessami
Date 8-2-06
VP Pricing/Contract Management



Verizon company name: Verizon Northwest Inc. (referred to in this Exhibit as "Verizon")
 State: Washington
 Customer name: Microsoft Corporation
 Special Assembly Case No.: 2006-372880

Customer must sign and date this Agreement on or before October 24, 2006 or the proposed Service arrangement and pricing will no longer be available.

Effective Date/Regulatory Filing and Review. This Agreement, and any subsequent amendment(s), shall be filed with the Washington Utilities and Transportation Commission (Commission). This Agreement (and any subsequent amendment(s)) shall become effective on either (a) the thirty-first (31st) calendar day after the date of such filing, unless the Agreement (or subsequent amendment) is rejected by the Commission prior to the expiration of thirty (30) calendar days following the date of such filing, or (b) on another date as determined by the Commission. This Agreement shall at all times be subject to such changes or modifications by the Commission as the Commission may from time to time direct in the exercise of its lawful jurisdiction.

Enhanced Dedicated SONET Ring Service

1. Description of Service Verizon Enhanced Dedicated SONET Ring (EDSR) service provides a customer a dedicated high capacity customized network. The network is in a ring architecture or topology that assures survivability. As shown in the table below, Customer is purchasing two such rings- a "North Ring" and a "South Ring". Rate elements include enhanced nodes, ports and transport between enhanced nodes. EDSR includes the option to transport Gigabit Ethernet (GigE) circuits over SONET rings. Ethernet services are provided on a point-to-point basis between two suitably equipped EDSR enhanced nodes.

EDSR may provide connectivity to multiple customer designated locations (nodes) with a minimum of three nodes, including a Central Office located node. When two nodes are located in the same building, there will be no diversity between the two nodes. The maximum number of ports that are supported on a node may be limited by the number and type of ports that are provided on that node.

2. Services and Quantity Commitments. Customer agrees to purchase the following Services from Verizon at the rates set forth below and in quantities set forth below for the Service Period identified below. Any other work, services or facilities required will be provided subject to prevailing tariff rates and charges, or if no tariff is applicable, under separate individual case basis agreement or formal amendment to this Agreement. Customer shall provide to Verizon at each Customer location suitable and secure space, with suitable environmental conditions and uninterruptible power supply, building entrance facilities and conduit, for placement of the facilities and equipment to be used by Verizon to provide such Service.

North Ring		
Rate Element	Quantity	Monthly Unit Rate
Enhanced OC48 Node at 12034 134th Court NE, Redmond (Zetron)	1	\$4,800.00
Enhanced OC48 Node at 8345 154th Avenue NE, Redmond (West Park)	1	\$4,800.00
Enhanced OC48 Node at 3730 163rd Avenue NE, Redmond (Building 31)	1	\$4,800.00
Enhanced OC48 Node at 7311 148th Avenue NE, Redmond (Redmond CO)	1	\$4,800.00
Transport Ring Mileage, per airline mile	10	\$450.00
South Ring		
Rate Element	Quantity	Monthly Unit Rate
Enhanced OC48 Node at 3100 Northup Way, Bellevue (Alstrom)	1	\$4,800.00
Enhanced OC48 Node at 3075 112th Avenue NE, Bellevue (CCE)	1	\$4,800.00
Port Node - OC48 at OC48 Node at 3730 163rd Avenue NE, Redmond (Building 31)	1	\$1,800.00
Port Node - OC48 at OC48 Node at 7311 148th Avenue NE, Redmond (Redmond CO)	1	\$1,800.00
Transport Ring Mileage, per airline mile	9	\$450.00



The above charges DO NOT include federally mandated Subscriber Line Charges, any other applicable tariff charges or price list rates or charges, or any local, state, or federal fees, taxes, or surcharges.

Notes:

- a) Prices are contingent on purchase and provisioning of both rings.
- b) The rates in the preceding table are only valid for the locations, services and number of units specified. Any change in these items may result in a change of the associated monthly rates.
- c) Nonrecurring charges are not applicable to initial Service configuration for either the North Ring or the South Ring. Nonrecurring charges for EDSR shall apply only on a first and additional basis for subsequent installation of ports on a month-to-month term.
- d) The customer will be billed additional charges for any charges that may be levied to Verizon for space and power required to place SONE add-drop multiplexers on the Company's side of the network interface. Service will be provided where suitable facilities, equipment and conditions exist.
- e) The initial installation includes EDSR nodes and transport for a 3-year commitment period. Initial installation of ports, which are required for EDSR functionality, may be either on a term or month-to-month basis. At the time of initial installation, Customer will designate the initial type/quantity of ports. Nonrecurring charges shall apply to initial ports installed on month-to-month basis. Initial ports on a term basis will be coterminous with the term of the Agreement.
- f) Customer may add additional EDSR ports during the term of this Agreement. Additional EDSR ports are available in any combination, up to system capacity, on either a term rate or month-to-month rate basis as specified below. Ports may be added on a term rate basis within the first twenty (20) months of the three-year term of the Agreement. Ports added on a term rate will be coterminous with the three-year term of the Agreement and must be maintained in-service from the date ordered until the end of the three-year term of the Agreement. Early termination charges as specified below will apply for early termination. Ports may be added on a month-to-month at any time but the termination date for any port not sooner terminated will be the termination date of this Agreement. Any other changes to the initial configuration, including adding or upgrading EDSR nodes, will require a formal amendment to this Agreement or a new agreement.

Term Rates

(additions subject to the terms specified above)

EDSR Ports (Unit Rates)	MRC
DS1 Port	\$28.00
DS3 or STS-1 Port	\$115.00
OC3 Port	\$343.00
OC3c Port	\$274.00
OC-12 Port	\$642.00
OC-12c Port	\$514.00
GigE-1	\$230.00
GigE-3	\$345.00
GigE-6	\$455.00
GigE-9	\$535.00
GigE-12	\$645.00
GigE-24	\$880.00

Month-to-Month Rates

(additions subject to the terms specified above)

EDSR Ports (Unit Rates)	MRC	NRC (initial)	NRC* (additional)
DS1 Port	\$28.00	\$525.00	\$210.00
DS3 or STS-1 Port	\$115.00	\$805.00	\$343.00
OC3 Port	\$343.00	\$805.00	\$343.00
OC3c Port	\$274.00	\$805.00	\$343.00
OC-12 Port	\$642.00	\$767.00	\$327.00
OC-12c Port	\$514.00	\$767.00	\$327.00
GigE-1	\$230.00	\$767.00	\$327.00
GigE-3	\$345.00	\$767.00	\$327.00
GigE-6	\$455.00	\$767.00	\$327.00
GigE-9	\$535.00	\$767.00	\$327.00
GigE-12	\$645.00	\$767.00	\$327.00
GigE-24	\$880.00	\$767.00	\$327.00

* When ordering multiple month-to-month EDSR ports for concurrent installation at the same specific location, the NRC for the first port included in the order is charged an "initial" NRC and each additional port on that same order is charged an "additional" NRC as noted in the chart above.

2. **Service or Term Period.** Customer shall purchase such Services for a period of thirty-six (36) consecutive months from the in-service date. The in-service date shall be the date, after the effective date defined above, on which Verizon's provisioning has been completed and the Service is available for Customer's use.

Verizon and Customer agree that the North Ring and the South Ring may be provisioned on different dates and that the Term Period shall commence on the in-service date of the second ring to be provisioned. Provisioning of the second ring must be completed no later than two (2) months from the in service date of the first ring. Verizon and Customer further agree that pricing shown is contingent on the provisioning of both rings and that the Service term for both rings will expire at the same time (coterminous).



3. Termination Charges. Termination charges will apply to each rate element for which Service is terminated except for month-to-month ports for which the one-month minimum service charge applies. If the termination occurs within the first two (2) years of a term plan, a termination charge equal to one hundred percent (100%) of the applicable monthly rate for the terminated Service multiplied by the number of months remaining in the first two years plus twenty-five percent (25%) of the monthly charges in the remainder of the plan. If the termination occurs after the first two years of a service term plan, then termination liability is equal to twenty five percent (25%) of the monthly charges for the remaining life of the term. Any such termination liability charge shall be due and payable in one lump sum within thirty (30) days of billing. If Customer terminates this Agreement subsequent to the execution of this Agreement by the Parties but prior to the in-service date, Customer shall pay to Verizon all costs incurred by Verizon for contract and service preparation. Termination charges will not apply if Customer, by new agreement or formal amendment to this Agreement, changes the term period to one longer than the three year term period specified in this Agreement

Termination liability will not apply should Customer upgrade to another EDSR service (change to a higher capacity EDSR service) if all of the following conditions are met:

- a) A new term commitment period commences with the upgrade which will be reflected in a formal amendment to this Agreement or a new agreement;
- b) The expiration date of the new service/commitment period from (a) above must extend beyond the three year expiration date of the term period for this Agreement; and
- c) The new EDSR service is provided at the same Customer location(s) and/or Verizon CO locations(s) as the discontinued service; and
- d) Additional nodes and ports added at the time of the upgrade incur all applicable rates.

Termination liability will not apply should Customer upgrade a term port to a higher capacity term port if the value of the higher capacity port for its term is equal to or greater than the remaining value of the replaced port.

4. Additional Provisions.

- a. Conditions. The parties acknowledge that the rates and other terms of this Agreement are premised on Customer's commitments, unique network design requirements, and Customer's service mix, usage patterns and concentration, and other characteristics.
- b. Service Continuation. (i) If, at the time of expiration of the Service Period, a new agreement with Verizon for the Services is not effective as defined above and Customer has not requested, in writing, discontinuance of the Services, then the Services will be reverted to applicable tariff or other Commission-authorized rate(s) for the minimum service commitment period available. The applicable tariff other Commission-authorized service arrangement will govern the service arrangement prospectively, including rates, terms and conditions, which may include charges for termination prior to the end of the minimum service commitment period. If there is no applicable tariff or other Commission-authorized service arrangement, then the Service will be disconnected upon the expiration of the Service period for this Agreement if a new agreement is not effective as defined above
(ii) If Customer indicates to Verizon in writing that it desires to negotiate a new contract to continue the Services provided for herein, this Agreement shall automatically be extended for a period not to exceed 60 days from the end of the initial term to allow the parties to finalize a new agreement. Written notice must be provided by Customer at least 30 days prior to the end of the original termination date.
- c. Detariffing. In the event any of the Services are hereafter detariffed, then the terms of the tariffs in effect immediately prior to such detariffing shall be deemed to be incorporated by reference and shall continue to apply to the provision of the Service to the same extent as such tariffs applied hereunder prior to such detariffing.
- d. Facilities. Additional charges may be required if suitable facilities are not available to provide Services at any locations, or if any additional work, services, or quantities of Services are provided. In the event installation of additional network facilities is required to provide Services, Verizon will inform Customer of such applicable charges, and Verizon will install such facilities only upon mutual written agreement of the parties to such additional charges. If Customer does not agree to pay such additional charges, then this Agreement will be subject to termination by Verizon without application of the termination charges described above.
- e. Confidentiality. Each Party shall keep all information designated as confidential that is received from the other Party in confidence, and shall not disclose such information to a third party, unless required by law, prior timely notification of which requirement(s) for disclosure shall be given to the affected Party, or unless and until such information becomes publicly available through no fault of the party receiving it or is independently developed without the use of or reference to, the confidential information. If a Party retains a third party for purposes of assisting it in managing or implementing its obligations under this Agreement, then this Agreement may be disclosed to such third party provided specific written notice is provided to the other Party and the disclosing Party retains responsibility and liability for managing the third party's use of the information under appropriate nondisclosure agreement and other safeguards. Customer requests that its identity be kept confidential and not publicly disclosed by Verizon or the Commission, unless required by law.



5. **Locations.** The Services shall be provided to Customer under the terms hereof at the following locations, which are in Verizon's tariffed exchange service areas in Washington.

North Ring	South Ring
12034 134th Court NE, Redmond (Zetron)	3100 Northup Way, Bellevue (Alstrom)
8345 154th Avenue NE, Redmond (West Park)	3075 112th Avenue NE, Bellevue (CCE)
3730 163rd Avenue NE, Redmond (Building 31)	3730 163rd Avenue NE, Redmond (Building 31)
7311 148th Avenue NE, Redmond (Redmond CO)	7311 148th Avenue NE, Redmond (Redmond CO)

Addition of Customer locations or the addition or upgrade of nodes will require a formal amendment to the Agreement.

New Construction

New construction of Verizon fiber network facilities ("New Construction") is required to provide EDSR Service to the Customer locations and at the charges set forth in the table below. Such charges are subject to change in the event Verizon encounters unforeseen conditions or circumstances that increase the cost of performing the New Construction. Customer shall also pay all applicable charges and taxes charged pursuant to applicable law and regulations. Charges will be due and payable thirty (30) days after the applicable bill date. Customer must provide at its cost any conduit, pathways, and building entrance facilities required on private property, and suitable and secure space, power, and access for any equipment or facilities that Verizon may place at Customer's premises. The New Construction will be performed within Verizon's standard working intervals, during normal working hours.

New Construction		
	Quantity	Applicable Charge Lump Sum Up-Front Payment
North Ring Customer Locations		
8345 154th Avenue NE, Redmond (West Park) - Primary Entrance	1	\$20,902.00
8345 154th Avenue NE, Redmond (West Park) - Optional Diverse Entrance **	1	\$7,850.00
12034 134th Court NE, Redmond (Zetron) - Optional Diverse Entrance **	1	\$23,164.00
South Ring Customer Locations		
3100 Northup Way, Bellevue (Alstrom) - Primary Entrance	1	\$8,513.00
3100 Northup Way, Bellevue (Alstrom) - Optional Diverse Entrance **	1	\$13,810.00
3075 112th Avenue NE, Bellevue (CCE) - Optional Diverse Entrance **	1	\$9,826.00

** If Customer chooses to have Verizon provide the optional New Construction Diverse Entrances, Customer must advise Verizon before December 22, 2006. Customer's choice of this option is unrelated to the timing of the installation of the New Construction Primary Entrances.

