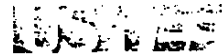


U S WEST Communications, Inc.
1801 California Street, Suite 2410
Denver, CO 80202
Phone 303-896-6100
Fax 303-965-4667



life's better here ©

Kathy Fleming
Vice President
Interconnection Implementation

June 1, 2000

Thomas W. Hartmann
General Counsel
SBC Telecom Inc.
130 East Travis, 5th Floor
San Antonio, TX 78205

Dear Tom:

This letter documents the proposed settlement terms discussed between U S WEST Communications, Inc. ("U S WEST") and SBC Telecom, Inc. ("SBCT"). U S WEST and SBCT are referred to as the "parties." If both parties accept the terms of the settlement addressed in this letter, each will execute a copy of this letter in the signature spaces provided on the last page. Such signature pages can be executed in duplicate, and faxes will be treated as originals. All of the terms of settlement documented in this letter are expressly contingent upon: (1) SBCT's immediate and formal withdrawal, no later than June 2, 2000, in writing, of its opposition to the U S WEST/QWEST merger in those proceedings where SBCT is an intervenor; and (2) SBCT's immediate agreement not to intervene or otherwise oppose the U S WEST/QWEST merger in any other state forum. The terms of this proposed settlement shall apply in all U S WEST states in which SBCT is or becomes a certified telecommunications carrier.

1. **IMPLEMENTATION OF INTERCONNECTION AGREEMENTS UPON SIGNATURE**

Subject to SBCT's immediate and formal withdrawal in the above referenced proceedings, U S WEST will, at SBCT's request, process SBCT's service orders upon both parties' execution of an interconnection agreement prior to state commission approval of such interconnection agreement. This commitment only pertains to the processing of SBCT's orders for the establishment and testing of SBCT's network for the purpose of interconnection and does not include processing of orders for unbundled network elements. The parties agree that live customer traffic will not commence until after the relevant state commission approves the interconnection agreement, in accordance with the terms of the interconnection agreement. The parties further agree that any existing performance measurements or penalties that may be included in an

interconnection agreement or which apply to the interconnection agreement by state commission rule will not apply prior to state commission approval of the interconnection agreement. U S WEST shall receive and process all appropriate forms and information, in accordance with the interconnection agreement, that are necessary to activate pre-order, order, maintenance and repair systems on and after the date of the relevant state commission approval of the interconnection agreement. U S WEST shall implement this commitment no later than June 9, 2000. Consistent with the provisions in this paragraph and beginning June 9, 2000, SBCT may order, and U S WEST shall provision, services available under an interconnection agreement immediately upon execution of that interconnection agreement by both parties and before state commission approval; provided that SBCT has met the other U S WEST administrative prerequisites to place an order with U S WEST in the applicable state (e.g., co-provider questionnaire, forecasts). SBCT agrees to assume all the risks associated with a state commission's failure to approve, or modification of, the interconnection agreement, provided that U S WEST supports approval of the interconnection agreement. In addition, U S WEST shall be relieved of its obligations in this paragraph in a particular state if a commission in that state prohibits U S WEST from implementing an interconnection agreement upon signature, and prior to state commission approval, provided that U S WEST supports approval of the interconnection agreement.

2. PENDING DS3 FACILITY IN [REDACTED]

In addition to SBCT's immediate and formal withdrawal in the above referenced proceedings, SBCT will perform all activities necessary, including obtaining ladder racking and obtaining power, in order for U S WEST to terminate the OC12 at [REDACTED] and to provide the DS3. U S WEST will commit to a June 27, 2000 service ready date, if by June 12, 2000, SBCT can perform all activities necessary, including obtaining ladder racking and obtaining appropriate power, in order for U S WEST to make the OC12 operational and, consequently, provide the DS3. If SBCT cannot perform by June 12, 2000, U S WEST will make all reasonable efforts to provide the OC12 and DS3 as soon as possible, but no later than 15 business days after SBCT has performed all necessary activities required in order for U S WEST to make the OC12 operational and, consequently, provide the DS3. U S WEST will, upon SBCT's request, provide available services over copper facilities as they are available today.

3. AMENDMENTS TO INTERCONNECTION AGREEMENTS

When SBCT opts into an interconnection agreement under Section 252(i) of the federal Telecommunications Act of 1996, U S WEST will begin to negotiate amendments to those agreements in good faith prior to state commission approval of

Thomas W. Hartmann
June 1, 2000
Page 3

the interconnection agreement. Furthermore, when an amendment to an interconnection agreement is reached, U S WEST will implement the amendment upon execution by both parties prior to state commission approval of the interconnection agreement or the amendment, provided such action is not prohibited by the state commission in that state. This commitment only pertains to the processing of SBCT's orders for establishment and testing of SBCT's network for the purpose of interconnection and does not include processing of orders for unbundled network elements. The parties agree that live customer traffic will not commence until the appropriate state commission approves the interconnection agreement. The parties further agree that any existing performance measurements or penalties that may be included in the interconnection agreement or which apply to the interconnection agreement by state commission rule will not apply prior to the approval of the interconnection agreement by the relevant state commission.

4. AVAILABILITY OF INTERCONNECTION AGREEMENT AMENDMENTS
RESULTING FROM SETTLEMENT AGREEMENTS BY PARTIES TO THE
U S WEST/QWEST MERGER DOCKET

In those states where U S WEST has entered into a settlement agreement with a party to the U S WEST/QWEST merger docket which results in an amendment to the interconnection agreement between U S WEST and that party, U S WEST shall make that amendment available to SBCT in the state(s) where the amendment is filed. Upon execution of any amendment to an interconnection agreement with a party to the state merger proceeding which results from a settlement agreement with such party in the U S WEST/QWEST merger docket in a state proceeding, U S WEST will provide such amendment to SBCT within 7 business days after it has been filed for state commission approval. U S WEST will then expeditiously make available an identical amendment to SBCT, if SBCT desires.

The parties agree that they have engaged in negotiations with regard to the terms contained in this settlement document and, as such, any term cannot be used by one party against the other party as an admission or to prove that the party supports or has acquiesced in any way to the positions contained herein. The parties further agree, that for an alleged breach of a term contained in this agreement, an aggrieved party may use any procedural avenue available to the party provided by the underlying interconnection agreements, state statute or commission rules.

Very truly yours,


Katherine Fleming

TERMS OF SETTLEMENT ACCEPTED BY:

U S WEST Communications, Inc.

Kath L Fleming
[name]

VP Strategic Interconnect Integration
[title]

SBC Telecom, Inc.

[name]

[title]

TERMS OF SETTLEMENT ACCEPTED BY:

U S WEST Communications, Inc.

[name]

[title]

SBC Telecom, Inc.

Ronald L. Blah

[name]

President-SBC Telecom, Inc.

[title]