

*Further Amendment
Superseding Certain Intervening Law, Compensation,
Interconnection and Trunking Provisions*

This Further Amendment Superseding Certain Intervening Law, Reciprocal Compensation, Interconnection and Trunking Terms ("Further Amendment") is applicable to this and any future Interconnection Agreement(s) between SBC Telecommunications, LLC. on behalf of and as agent for Illinois Bell Telephone Company d/b/a SBC Illinois, Indiana Bell Telephone Company Incorporated d/b/a SBC Indiana, Michigan Bell Telephone Company d/b/a SBC Michigan, The Ohio Bell Telephone Company d/b/a SBC Ohio, Wisconsin Bell Inc. d/b/a SBC Wisconsin, Nevada Bell Telephone Company d/b/a SBC Nevada, Pacific Bell Telephone Company d/b/a SBC California, The Southern New England Telephone Company, and Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, SBC Oklahoma, SBC Texas, SBC Arkansas, and SBC Kansas and any of its future affiliates or subsidiaries which are the Incumbent Local Exchange Carrier (hereinafter each individually being a "SBC ILEC," and collectively being the "SBC ILECs") and XO Communications Services, Inc, on behalf of itself and any and all affiliates, subsidiaries, successors, predecessors and assigns which are, or in the case of predecessors, were, a Certified Local Exchange Carrier in California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio, or Connecticut (including, without limitation, XO Illinois, Inc., XO California, Inc., XO Texas, Inc., Allegiance Telecom of Texas, Inc., Allegiance Telecom of California, Inc.; Allegiance Telecom of Illinois, Inc., XO Long Distance Services, Inc., XO Ohio, Inc., XO Michigan, Inc., XO Missouri, Inc., Allegiance Telecom of Michigan, Inc., Allegiance Telecom of Indiana, Inc., Allegiance Telecom of Ohio, Inc., Allegiance Telecom of Oklahoma, Inc., Allegiance Telecom of Nevada, Inc., Allegiance Telecom of Wisconsin, Inc., Allegiance Telecom of Missouri and Coast to Coast Telecommunications, Inc.) through December 31, 2005 (hereinafter, collectively, "XO"), whether such Agreement is negotiated, arbitrated, or arrived at through the exercise of Section 252 (i) "Most Favored Nation" (MFN) rights. ILECs and XO may be referred to individually as "Party" or collectively as the "Parties".

WHEREAS, SBC ILECs and XO entered into interconnection agreements pursuant to Sections 251 and 252 of the Communications Act of 1934, as amended (the "Act") that were approved by the applicable state commissions (the "ICAs") (Any and all such ICAs between the Parties to be referred to hereinafter as the "ICAs."); and

WHEREAS, for the states of California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio and Connecticut, the Parties entered into an Amendment to XO Contracts Superseding Certain Reciprocal Compensation, Interconnection and Trunking Terms ("Superseding Amendment") which expired on December 31, 2004; and

WHEREAS, for the states of California, Nevada, Texas, Missouri, Oklahoma, Kansas, Arkansas, Illinois, Wisconsin, Michigan, Indiana, Ohio and Connecticut, the Parties desire to extend the Superseding Amendment for the Term (as defined below) of this Further Amendment subject to the following modifications.

WHEREAS, the Term of this Further Amendment ("Term") shall commence on the January 1, 2005 ("Effective Date") and shall continue until December 31, 2005. Thereafter, this Further Amendment will remain in full force and effect unless terminated by either Party by providing at least thirty (30) days' written notice to the other Party specifying the date it wishes to terminate this Further Amendment ("Termination Date.")

WHEREAS, the Parties wish to update and extend the Superseding Amendment by entering into this Further Amendment ;

NOW, THEREFORE, for and in consideration of the premises, mutual promises and covenants contained in this Further Amendment, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1.0 Scope of Agreement and Lock In:

1.1 The foregoing Recitals are hereby incorporated into and made a part of this Further Amendment.

1.2 Notwithstanding anything to the contrary in this Further Amendment, except for the waivers of intervening law in Section 2.2 and XO's waiver of 252(i) MFN rights in Section 1.6 which are unaffected by this Section, neither Party waives, but instead expressly reserves, all of their rights, remedies and arguments with respect to any orders, decisions, legislation or proceedings and any remands thereof and any other federal or state regulatory, legislative or judicial action(s), including, without limitation, their intervening law rights (including intervening law rights asserted via written notice as to the Separate Agreement) relating to the following actions, which the Parties have not yet fully incorporated into this Further Amendment, the underlying ICAs or any future interconnection agreements or which may be the subject of further government review: *Verizon v. FCC, et. al*, 535 U.S. 467 (2002); *USTA, et. al v. FCC*, 290 F.3d 415 (D.C. Cir. 2002) and following remand and appeal, *USTA v. FCC*, 359 F.3d 554 (D.C. Cir. 2004); the FCC's Triennial Review Order, CC Docket Nos. 01-338, 96-98 and 98-147 (FCC 03-36) and Order on Remand (FCC 04-290) WC Docket No. 04-312 and CC Docket No. 01-338 (rel. Feb. 4, 2005) ("TRO Remand Order") and the FCC's Biennial Review Proceeding; the FCC's Supplemental Order Clarification (FCC 00-183) (rel. June 2, 2000), in CC Docket 96-98; and the FCC's Order on Remand and Report and Order in CC Dockets No. 96-98 and 99-68, 16 FCC Rcd 9151 (2001) (rel. April 27, 2001), which was remanded in *WorldCom, Inc. v. FCC*, 288 F.3d 429 (D.C. Cir. 2002), and as to the FCC's Notice of Proposed Rulemaking as to Intercarrier Compensation, CC Docket 01-

92 (Order No. 01-132) (rel. April 27, 2001); and the FCC's Order In the Matter of Petition for Declaratory Ruling that AT&T's Phone-to-Phone IP Telephony Services are Exempt from Access Charges, WC Docket No. 02-361 (rel. April 21, 2004).

1.3 The Parties agree that this Further Amendment will act to supersede, amend and modify the applicable provisions currently contained in the ICAs. This Further Amendment shall also be incorporated into and become a part of, by exhibit, attachment or otherwise, and shall supersede, amend, and modify the applicable provisions of, any future interconnection agreement(s) between the Parties for the Term, whether negotiated, arbitrated, or arrived at through the exercise of Section 252(i) MFN rights.

1.4 Any inconsistencies between the provisions of this Further Amendment and other provisions of the current ICAs or future interconnection agreement(s) described above for the Term, will be governed by the provisions of this Further Amendment, unless this Further Amendment is specifically and expressly superseded by a future amendment between the Parties.

1.5 If the underlying ICAs or any future interconnection agreement(s) expire sooner than the Termination Date, the Parties agree that the Further Amendment shall not extend or otherwise alter the term and termination rights of the underlying ICAs or any future interconnection agreement(s), but instead, the Further Amendment will be incorporated into any successor interconnection agreement(s) between the Parties through the Termination Date. Also, the Parties recognize that an MFN interconnection agreement often receives quicker state public utility commission ("PUC") approval than the negotiated Further Amendment which will be affixed to that interconnection agreement. To the extent that the date of state PUC approval of the underlying MFN interconnection agreement precedes the date of state PUC approval of the Further Amendment, the Parties agree that the rates, terms and conditions of the Further Amendment will, upon state PUC approval of the Further Amendment, apply retroactively to the date of such state PUC approval of the underlying MFN interconnection agreement, or January 1, 2005, whichever is earlier so that the rates, terms and conditions contained herein will apply uninterrupted for the Term. In no event shall this retroactivity apply prior to the effective date this Further Amendment is signed by XO.

1.6 XO hereby waives its section 252(i) MFN rights for any reciprocal compensation, points of interconnection ("POIs") or trunking requirements that are subject to this Further Amendment; provided, however, that if such other rates, terms, and conditions have been voluntarily agreed to by SBC ILEC across the thirteen-state region as a whole, XO may exercise its rights under section 252(i) to obtain the rates, terms, and conditions in their entirety governing reciprocal compensation, POIs or trunking requirements to which SBC ILEC have agreed. This waiver includes, but is not limited to, any lease, transfer, sale or other conveyance by XO of all or a substantial portion of its assets, in which case XO shall obtain the purchaser's agreement to be bound

by the terms and conditions set forth herein, but only as to that portion of purchaser's operations resulting from the purchase of XO.

2.0 Intervening Law/Change of Law:

2.1 The Parties acknowledge and agree that on May 24, 2002, the D.C. Circuit issued its decision in *United States Telecom Association, et. al v. FCC*, 290 F.3d 415 (D.C. Cir. 2002) ("*USTA decision*") and following remand and appeal issued a decision in *USTA v. FCC*, 359 F.3d 554 (D.C. Cir. 2004) ("*USTA II decision*"). In addition, the FCC's adopted its Triennial Review Order on February 20, 2003 CC Docket Nos. 01-338, 96-98 and 98-147 (FCC 03-36), and Order on Remand (FCC 04-290) WC Docket No. 04-312 and CC Docket No. 01-338 (rel. Feb. 4, 2005) ("TRO Remand Order"); Moreover, on January 25, 1999, the United States Supreme Court issued its opinion in *AT&T Corp. v. Iowa Utilities Bd.*, 525 U.S. 366 (1999) (and on remand, *Iowa Utilities Board v. FCC*, 219 F.3d 744 (8th Cir. 2000)) and *Ameritech v. FCC*, No. 98-1381, 1999 WL 116994, 1999 Lexis 3671 (1999) and on appeal to and remand by the United States Supreme Court, *Verizon v. FCC, et. al*, 535 U.S. 467 (2002) (all collectively referred to as the "Orders"). In entering into this Further Amendment, and except as otherwise set forth in Section 2.2 below, neither Party waives, but instead expressly reserves, all of its rights, remedies and arguments with respect to the Orders and any other federal or state regulatory, legislative or judicial action(s), including but not limited to any legal or equitable rights of review and remedies (including agency reconsideration and court review), and its rights under this Intervening Law paragraph and as to any intervening law rights that either Party has in the current ICAs or any future interconnection agreement(s). Except as otherwise set forth in Section 2.2 below, if any reconsideration, agency order, appeal, court order or opinion, stay, injunction or other action by any state or federal regulatory or legislative body or court of competent jurisdiction stays, modifies, or otherwise affects any of the rates, terms and/or conditions ("Provisions") in this Further Amendment or the current ICAs or any future interconnection agreement(s), specifically including, but not limited to, those arising with respect to the Orders, the affected Provision(s) will be immediately invalidated, modified or stayed as required to effectuate the subject order, but only after the subject order becomes effective, upon the written request of either Party ("Written Notice"). In such event, the Parties shall have sixty (60) days from the Written Notice to attempt to negotiate and arrive at an agreement on the appropriate conforming modifications. If the Parties are unable to agree upon the conforming modifications required within sixty (60) days from the Written Notice, any disputes between the Parties concerning the interpretation of the actions required or the provisions affected by such order shall be resolved pursuant to the dispute resolution process provided for in the current ICAs or any future interconnection agreement(s). In the event that any intervening law rights in the current ICAs or any future interconnection agreement(s) conflict with this Intervening Law paragraph and Section 2.2, for the Term, this Intervening Law paragraph and Sections 2.2 following shall supersede and control as to any such conflict(s) as to all rates, terms and conditions in the current ICAs and any future interconnection agreement(s) for such time period.

2.2 Notwithstanding anything herein, during the Term the Parties waive any rights they may have under the Intervening/Change of Law provisions in this Further Amendment, the Parties' current ICAs or any future interconnection agreement(s) to which this Further Amendment is added, or any other amendments thereto with respect to any reciprocal compensation or Total Compensable Local Traffic (as defined herein), POIs or trunking requirements that are subject to this Further Amendment including, without limitation, waiving any rights to change the compensation in this Further Amendment in the event that SBC ILEC invokes the FCC terminating compensation plan pursuant to the FCC ISP Reciprocal Compensation Order in any particular state(s); provided however, that if a final, legally binding FCC order related to intercarrier compensation becomes effective after the Effective Date of this Further Amendment including, without limitation, an FCC Order that is issued upon the conclusion of the FCC's Notice of Proposed Rulemaking on the topic of Intercarrier Compensation, *In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket 01 92, established in Notice of Proposed Rulemaking Order No. 01-132 (April 27, 2001) (referred hereto as an "FCC Order:"), the affected provisions of this Further Amendment relating to rates for reciprocal compensation, rates for Total Compensable Local Traffic (as defined herein), POIs or trunking requirements shall be invalidated, modified, or stayed, consistent with such FCC Order, with such invalidation, modification, or stay becoming effective only upon the date of the written request of either Party once the FCC Order has become effective (the "Written Request"). In such event, upon receipt of the Written Request, the Parties shall expend diligent efforts to arrive at an agreement regarding the appropriate conforming modifications to the ICAs, future interconnection agreement(s) and Further Amendment (including any separate amendments to such agreements). If negotiations fail, disputes between the Parties concerning the interpretation of the actions required or provisions affected by such FCC Order shall be resolved pursuant to the dispute resolution process provided for in the ICAs or future interconnection agreement(s) provided, however, that the rates, terms and conditions ultimately ordered by a state commission in an arbitration or negotiated by the Parties shall be retroactive to the effective date of the Written Request following such FCC Order. Except with respect to the exceptions relating to rates for reciprocal compensation, rates for Total Compensable Local Traffic (as defined herein), POIs and trunking requirements provisions set forth in this Section 2.2, during the Term, each Party shall have full intervening law rights under Section 2.1 of this Further Amendment and any intervening law rights in the underlying Agreement, and may invoke such intervening law/change in law rights as to any provisions in the ICA or future interconnections agreement(s) (including any separate amendments) impacted by any regulatory, legislative or judicial action as well as the intervening law rights relating to an FCC Order set forth in this Section 2.2.

3.0 Reservations of Rights:

3.1 The Parties continue to disagree as to whether ISP calls constitute local traffic subject to reciprocal compensation obligations. By entering into this Further Amendment, neither party waives its right to advocate its view with respect to this issue. The Parties agree that nothing in this Further Amendment shall be construed as an

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admission that ISP traffic is, or is not, local in nature. The Parties further agree that any payment to XO under the terms of this Further Amendment shall not be construed as agreement or acquiescence by the SBC ILECs that calls to ISPs constitute local traffic subject to reciprocal compensation obligations. Notwithstanding the foregoing, the Parties agree that SBC ILECs shall make payments for calls to ISPs to XO pursuant to Sections 4, 5, and 6 herein during the term of this Further Amendment.

3.2 The Parties continue to disagree as to where POIs should be established and under what rates, terms, and conditions XO may lease facilities from SBC ILEC to establish such POIs. By entering into this Further Amendment, neither Party waives its right to advocate its view with respect to these issues. The Parties further agree that nothing in this Further Amendment shall be construed as an admission with respect to the proper establishment of POIs and the treatment of facilities used to establish such POIs under applicable federal and state law. The Parties further agree that the establishment of POIs pursuant to the rates, terms, and conditions specified in this Further Amendment shall not be construed as agreement or acquiescence by either Party as to the proper establishment of POIs and the treatment of facilities used to establish such POIs. Notwithstanding the foregoing, the Parties agree that XO and SBC ILEC shall establish POIs pursuant to the rates, terms, and conditions called for in Section 4 herein during the term of this Further Amendment.

3.3. The Parties reserve the right to raise the appropriate treatment of Voice Over Internet Protocol ("VOIP") traffic under the Dispute Resolution provisions of the ICAs or any future interconnection agreement(s) between the Parties through December 31, 2005. The Parties further agree that this Further Amendment shall not be construed against either Party as a "meeting of the minds" that VOIP traffic is or is not local traffic subject to reciprocal compensation. By entering into the Further Amendment, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.

3.4 By entering into this Further Amendment, neither Party waives the right to advocate its views with respect to the use of, and compensation for, tandem switching and common transport facilities in connection with the carriage of Virtual Foreign Exchange traffic. The Parties further agree that nothing in this Further Amendment shall be construed as an admission with respect to the proper treatment of Virtual Foreign Exchange traffic. The Parties agree that the handling of Virtual Foreign Exchange traffic pursuant to the rates, terms, and conditions specified in this Further Amendment shall not be construed as agreement or acquiescence by either Party as to the proper treatment of such traffic. Notwithstanding the foregoing, the Parties agree that all compensation between the Parties for the exchange of Virtual Foreign Exchange traffic shall be governed by the rates, terms, and conditions called for in Section 5.1 herein during the term of this Further Amendment.

4.0 Network Architecture Requirements: