

Revised and Amended  
March 31, 2003

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THE LIMITED PARTNERSHIP INTERESTS CREATED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. THE INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE ARE SET FORTH IN THIS AGREEMENT.

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**LIMITED PARTNERSHIP AGREEMENT**  
**OF**  
**SOUTHWESTERN BELL TELEPHONE, L.P.**  
**A Texas Limited Partnership**

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**LIMITED PARTNERSHIP AGREEMENT**  
**OF**  
**SOUTHWESTERN BELL TELEPHONE, L.P.**  
**A TEXAS LIMITED PARTNERSHIP**

This Limited Partnership Agreement, effective as of the 30th day of December, 2001 is entered into by and between SWBT Texas, LLC, a Delaware limited liability company, as general partner, and those Persons named under the heading "Limited Partners" in Schedule A hereto, as the limited partners.

**WITNESSETH:**

WHEREAS, the parties hereto desire to form a limited partnership in order to more conveniently transact any and all lawful business for which a partnership may be formed; and

WHEREAS, the parties hereto desire to form a limited partnership for the purpose of owning, controlling and managing certain assets; and

WHEREAS, the parties hereto desire to establish certain rules regarding the operation of the Partnership and the rights and limitations of the Partners;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**Defined Terms.**

The capitalized terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article One.

"Act" means the Texas Revised Limited Partnership Act, Vernon's Texas Civil Statutes Art. 6132a1, as amended and any successor thereto.

"Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Partner is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

**“Affiliate”** means, with respect to any Person (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any officer, director, general partner, General Partner or trustee of such Person, (iii) any Person who is an officer, director, general partner, General Partner, trustee or Partner of the immediate family of any Person described in clauses (i) or (ii) of this sentence and (iv) with respect to an individual, a Partner of the immediate family of such individual. For purposes of this definition, the term “control,” (including, with correlative meanings, the terms “controlling,” “controlled by” or “under common control with”) means, with respect to any Person, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

**“Agreement”** means this Limited Partnership Agreement.

**“Available Cash”** means, at any particular time, the cash, revenues and funds received by the Partnership, from whatever source derived, which the General Partner, in its sole discretion, determines to be available for distribution to a Partner or to and among the Partners.

**“Bankruptcy”** means, with respect to any Partner, (i) the commencement by such Partner of any proceeding seeking relief under any provision or chapter of the federal Bankruptcy Code or any other federal or state law relating to insolvency, bankruptcy, arrangement, readjustment of debt, receivership, trusteeship, liquidation or reorganization; (ii) an adjudication that such Partner is insolvent or bankrupt; (iii) the entry of an order for relief under the federal Bankruptcy Code with respect to such Partner; (iv) the filing of any such petition or the commencement of any such case or proceeding against such Partner, unless such petition and the case or proceeding initiated thereby are dismissed within sixty (60) days from the date of such filing; (v) the filing of an answer by such Partner admitting the material allegations of any such petition; (vi) the appointment of a trustee, receiver or custodian for all or substantially all of the assets of such Partner unless such appointment is vacated or dismissed within sixty (60) days from the date of such appointment but not less than five (5) days before the proposed sale of any assets of such Partner; (vii) the insolvency of such Partner or the execution by such Partner of a general assignment for the benefit of creditors; (viii) the convening by such Partner of a meeting of its creditor, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of its debts; (ix) the failure of such Partner to pay its debts as they mature; (x) the levy, attachment, execution or other seizure of

substantially all of the assets of such Partner where such seizure is not discharged within thirty (30) days thereafter; (xi) the admission by such Partner in writing of its inability to pay its debts as they mature or that it is generally not paying its debts as they become due; or (xii) such Partner's Partnership Interest becoming subject to garnishment, sequestration, attachment, levy, or any similar remedy by any prejudgment or post-judgment creditor.

**"Capital Account"** means the account described in Article 4 hereof.

**"Capital Contribution"** means, with respect to any Partner, the amount of money and initial Gross Asset Value of any property other than money contributed to the Partnership with respect to the Partnership Interest held by such Partner (net of liabilities to which such property is subject).

**"Certificate"** is defined in Section 2.1

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Depreciation"** means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

**"Entity"** means any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, cooperative or association.

**"Fiscal Year"** means the calendar year.

**"General Partner"** means SWBT Texas, LLC, a Delaware limited liability company, or its permitted successors and assigns who, at the time of reference thereto, are duly admitted as general partners of the Partnership, and any other Person who, at the time of reference thereto, is duly admitted as a general partner of the Partnership in accordance with this Agreement, each of the foregoing in its capacity as a general partner of the Partnership.

**"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) the initial Gross Asset Value of any asset contributed by a Partner to a Partnership shall be the gross fair market value of such asset on the date of contribution to the Partnership, as determined by the General Partner;

(b) the Gross Asset Values of all Partnership Assets shall be adjusted upward or downward to reflect any unrealized gain or loss (i) immediately prior to the acquisition of an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution, (ii) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership, and (iii) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and

(c) the Gross Asset Value of an asset shall be adjusted each Fiscal Year by the Depreciation with respect to such asset taken into account for purposes of computing Net Income and Net Loss for such year.

**“Indemnitee”** means (i) any Person made a party to a proceeding by reason of its status as (A) a Partner, (B) a director, officer or trustee of a Partner, or (C) an employee of the Partnership, and (ii) such other Persons (including Affiliates of the General Partner, the Limited Partners or the Partnership) as the General Partner may designate from time to time.

**“Initial Partners”** means those persons listed on Schedule A hereto as either General or Limited Partners.

**“Limited Partners”** means those Persons listed under the heading “Limited Partners” in Schedule A hereto, their permitted successors and assigns who, at the time of reference thereto, are duly admitted as limited partners of the Partnership, and any other Person who, at the time of reference thereto, is duly admitted as a limited partner of the Partnership in accordance with this Agreement, each of the foregoing in its capacity as a limited partner of the Partnership.

**“Liquidator”** is defined in Section 11.3

**“Majority-In-Interest”** of the Limited Partners, means one or more Limited Partners holding in the aggregate more than fifty percent (50%) of the Percentage Interests then held by the Limited Partners as a class. A “Majority-In-Interest” of some lesser or greater portion of the Partners shall mean one or more such Partners holding in the aggregate more than fifty percent (50%) of the Percentage Interests then held by such Partners as a group.

**“Meeting Notice”** is defined in Section 9.1.



**“Minimum Gain Attributable to Partner Nonrecourse Debt”** shall mean “partner nonrecourse debt minimum gain” as determined in accordance with Regulations Section 1.704-2(i)(3).

**“Net Income or Net Loss”** shall mean, for each Fiscal Year or other applicable period, an amount equal to the partnership's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes;

(b) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Gross Asset Value with respect to such property as of such date;

(c) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year;

(d) In the event the Gross Asset Value of any Partnership property is adjusted to reflect any unrealized gain or unrealized loss with respect to such property, the amount of any such unrealized gain or unrealized loss shall be taken into account as gain or loss from the disposition of such property; and

(e) Any items specially allocated under Section 6.7, 6.8 and 6.9 shall not be taken into account.

**“Nonrecourse Deductions”** shall have the meaning set forth in Section 1.704-2(b)(1) and (c) of the Regulations.

**“Partner Loan”** is defined in Section 4.4.

**“Partner Nonrecourse Debt”** shall have the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

**“Partner Nonrecourse Deductions”** shall have the meaning set forth in Section 1.704-2(i)(1) of the Regulations.

**“Partners”** means, collectively, the General Partner and the Limited Partners. **“Partner”** means any one of the Partners.

**“Partnership”** means the limited partnership hereby constituted, as such limited partnership may from time to time be constituted.

**“Partnership Interest”** means an ownership interest of a Partner in the Partnership from time to time, including such Partner’s Percentage Interest and Capital Account, and any and all benefits to which the holder of such Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms of this Agreement.

**“Partnership Minimum Gain”** shall have the meaning set forth in Section 1.704-2(b)(2) and (d)(1) of the Regulations.

**“Percentage Interest”** means the percentage ownership interest of a Partner in the Partnership from time to time. The initial Percentage Interest of each Partner is as set forth opposite its respective name on the attached Schedule A.

**“Person”** means any individual or Entity.

**“Regulations”** shall mean the final, temporary or proposed regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**“Schedule A”** means the schedule attached hereto and labeled "Schedule A."

**“Transfer”** means any change in the ownership of a Partnership Interest, whether made voluntarily or involuntarily by operation of law, including, but not limited to, the following:

1. a transfer, sale or other assignment to any Person;
2. a general assignment for the benefit of creditors, or any assignment to a creditor resulting from the creditor’s foreclosure upon or execution against such Interest;
3. the filing by the transferor Partner of a voluntary Bankruptcy petition; or
4. the entry of a judicial order granting the relief requested by the petitioner in an involuntary Bankruptcy proceeding filed against the transferor Partner.

## **2. Formation of Partnership.**

**2.1 Formation.** The Partnership has been formed as a limited partnership upon the statutory conversion of Southwestern Bell Texas, Inc., a Texas corporation, into a limited partnership pursuant to the provisions of Articles 5.17 and 5.18 of the Texas Business Corporations Act and of Section 2.15 of the Act (the "Conversion"). The effective date of the formation of the Partnership shall be as set forth in the Articles of Conversion and the Certificate of Limited Partnership for the Partnership (the "Certificate") as executed and filed in the office of the Secretary of State of the State of Texas.

**2.2 Name.** The name of the Partnership shall be "Southwestern Bell Telephone, L.P." In connection with the Partnership conducting business under an assumed name, the General Partner shall file all necessary certificates required under and comply with the Texas Assumed Business or Professional Name Act, Tex. Bus. & Com. Code §36.01 et seq., as amended. The General Partner may (i) change the name of the Partnership or (ii) change the trade or fictitious names for the Partnership as they may determine from time to time with written notice to the Limited Partners of such change and compliance with the Act or Texas Assumed Business or Professional Name Act, as applicable.

**2.3 Principal Office.** The principal office of the Partnership shall be One SBC Plaza, 208 S. Akard, Dallas, Texas 75202, or such other location as the General Partner may from time to time select with notice to the Limited Partners of such change.

**2.4 Term.** The Partnership shall begin upon the effective date of the Conversion set forth in the Articles of Conversion and the Certificate of Limited Partnership filed with the Secretary of State of Texas and shall continue until the Partnership is dissolved pursuant to Article 11 hereof, and thereafter exist only for the purpose of winding up.

**2.5 Registered Agent and Registered Office.** The initial registered agent of the Partnership shall be David C. Welsch, and the initial registered office of the Partnership shall be 208 S. Akard, One SBC Plaza, Room 2900, Dallas, Texas 75202. The registered office or the registered agent, or both, may be changed by the General Partner from time to time upon filing any statements or certificates required by the Act.

**2.6 Recordation and Filing.** The General Partner shall execute, file and record, in a timely manner, any and all certificates, notices, statements and other documents required under the Act or any other applicable law of any jurisdiction where the Partnership maintains an office or does business.

**2.7 Tax Status.**

(a) Each of the Partners hereby recognizes and agrees that this Partnership shall make a "check the box" election under Section 7701 of the Code to

cause the Partnership to be subject to the provisions of Sub-Chapter C of Chapter 1 of Subtitle A of the Code.

(b) Notwithstanding the election under Section 7701 of the Code described above, the Partners hereby acknowledge and agree that this Agreement shall set forth provisions for the allocation of Net Income and Net Loss, and for the maintenance of Capital Accounts, in a manner otherwise prescribed by Sub-Chapter K of Chapter 1 of Subtitle A of the Code and that such provisions hereof shall be inoperable for federal income tax purposes for all periods during which such election is in effect.

**2.8 WAIVER OF PARTITION.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, DURING THE TERM OF THE PARTNERSHIP, ANY RIGHT TO MAINTAIN ANY ACTION FOR PARTITION WITH RESPECT TO THE PROPERTY OF THE PARTNERSHIP. NO PARTNER SHALL HAVE ANY INTEREST IN SPECIFIC PROPERTY OF THE PARTNERSHIP.

**3. Purpose and Nature of Business.**

**3. Purposes.** The purposes of the Partnership are:

(a) to engage in the business of providing commercial and residential telephone and telecommunications services to the public, together with all such related and incidental businesses and services that may be necessary or convenient thereto;

(b) to acquire and maintain in effect all required federal, state and local licenses and permits required to carry out the purposes of the Partnership; and

(c) to enter into, make and perform all contracts and other undertakings, and engage in any activities and transactions, as may be necessary or advisable to carry out any of the foregoing purposes.

**4. Contribution to Capital and Issuances of Additional Interests.**

**4.1 General Partner Capital Contribution.** The General Partner has made the Capital Contributions set forth in Schedule A hereto, which is incorporated herein by this reference, and the Percentage Interest of the General Partner is set forth in Schedule A.

**4.2 Limited Partner Capital Contributions.** Each Limited Partner has made the Capital Contribution to the Partnership set forth in Schedule A hereto, and the Percentage Interest of each Limited Partner is set forth in Schedule A hereto.

**4.3 Additional Capital Contributions.** No Partner shall be obligated to make additional Capital Contributions to the Partnership. Upon approval or consent by

the General Partner and a Majority-In-Interest of Limited Partners, a Partner may make additional capital contributions to the Partnership.

**4.4 Partner Loans.** If the General Partner determines, from time to time, that additional funds are needed by the Partnership, a Limited Partner, with the consent of the General Partner, or the General Partner may lend (each a "Partner Loan") money to the Partnership in an amount not to exceed the Partnership's needs for additional funds as determined by the General Partner and under such terms as the General Partner may deem appropriate.

**4.5 No Interest.** No Partner shall be entitled to (i) receive interest on its Capital Contribution; (ii) withdraw any part of its Capital Contribution; or (iii) receive any distribution from the Partnership, except as specifically provided herein.

**4.6 Capital Accounts.** The Partnership shall establish and maintain for each Partner a separate account ("Capital Account") in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Partner shall be increased by (i) the amount of all Capital Contributions and any other contributions made by such Partner to the Partnership pursuant to the Agreement, (ii) the amount of Net Income allocated to such Partner pursuant to Section 6.1, and (iii) the amount of any other items of income or gain specially allocated to such Partner pursuant to Sections 6.7, 6.8 and 6.9. The Capital Account of each Partner shall be decreased by (x) the amount of cash or Gross Asset Value (net of any liabilities to which such property is subject) of any distributions of cash or property made to such Partner pursuant to Article 5 of the Agreement, (y) the amount of Net Loss allocated to such Partner pursuant to Section 6.1, and (z) the amount of any other items of deduction or loss specially allocated to such Partner pursuant to Sections 6.7, 6.8 and 6.9. The Capital Account of each Partner shall be increased or decreased to reflect the revaluation of Partnership assets occurring at the times specified in the definition of "Gross Asset Value." Each Partner shall have a single Capital Account that reflects all its Partnership Interest, regardless of the class of Partnership Interests owned by that Partner and regardless of the time and manner in which such Partnership Interests were acquired. Generally, a transferee (including any assignee) of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor. These provisions are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership or the Partners), are computed in order to comply with such Regulations, the General Partner may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to Article 11 of the Agreement upon the dissolution of the Partnership.

## **5. Distributions.**

**5.1 Distributions of Available Cash.** The General Partner may cause the Partnership to distribute all or any portion of Available Cash as determined by the General Partner from time to time in such aggregate amount as the General Partner may reasonably determine in its sole and absolute discretion. At the sole discretion of the General Partner, Available Cash may be distributed by the Partnership to and among the Partners either disproportionately or on a pro rata basis in accordance with their respective Percentage Interests.

**5.2 Distributions on Dissolution.** Notwithstanding the provisions of Section 5.1 to the contrary, all distributions to be made from and after the dissolution of the Partnership shall be made in accordance with the provisions of Article 11.

**5.3 Other Payments.** Payments made to any Partner, or its Affiliates, hereunder, other than pursuant to a distribution of Available Cash pursuant to the foregoing provisions of this Article 5 and upon dissolution of the Partnership under Article 11, shall not constitute payments made to a Partner in its capacity as a Partner of the Partnership.

**6. Allocations and Other Tax and Accounting Matters.**

**6.1 Allocations.** The Net Income, Net Loss and any other items of income, gain, loss, deduction or credit of the Partnership shall be allocated to the Partners pro rata in accordance with their Percentage Interests.

**6.2 Bank Accounts; Investments.** Capital Contributions, revenues and any other Partnership funds shall be deposited by the General Partner in one or more bank accounts or brokerage accounts established in the name of the Partnership, or shall be invested by the General Partner in furtherance of the purposes of the Partnership. No other funds shall be deposited into Partnership accounts or commingled with Partnership investments. Funds deposited in the Partnership's accounts may be withdrawn only to be invested in furtherance of a Partnership purpose, to pay Partnership debts or obligations, to be distributed to the Partners pursuant to this Agreement or to be transferred and managed pursuant to the cash management policies of the General Partner in effect from time to time.

**6.3 Books of Account; Records.** At all times during the continuance of the Partnership, the General Partner shall maintain or cause to be maintained full, true, complete and correct books of account in accordance with such method of accounting as the General Partner determines to be appropriate and available under the Code and on a basis consistent with appropriate provisions of the Code wherein shall be entered particulars of all monies, goods or effects belonging to or owing to or by the Partnership, or paid, received, sold or purchased in the course of the Partnership's business, and all of such other transactions, matters and things relating to the business of the Partnership as are usually entered in books of account kept by persons engaged in a business of a like

kind and character. In addition, the Partnership shall keep all records as required to be kept pursuant to the Act, including, without limitation, (i) a current list of the names, addresses and the Percentage Interests held by each of the Partners, (ii) copies of federal, state and local information or income tax returns for each of the Partnership's six (6) most recent years, and (iii) copies of this Agreement, including all amendments or restatements. The books and records shall be kept at the principal office of the Partnership, and each Partner or assignee of a Partner's Interest or such Person's duly authorized representative, on written request stating the purpose, may examine and copy, at any reasonable time, for any proper purpose, and at the Partner's expense, such records and other information kept by the General Partner on behalf of the Partnership.

**6.4 Financial Statements.** Within ninety (90) days following the end of each Fiscal Year, the General Partner shall prepare or cause to be prepared at Partnership expense, financial statements (including, statements of assets and liabilities, statements of revenue and expenses, statements of partners' equity and statements of cash flow) of the Partnership for the such Fiscal Year, which financial statements shall be prepared in accordance with such method of accounting as the General Partner determines to be appropriate and available under the Code and on a basis consistent with appropriate provisions of the Code. The General Partner shall furnish a copy of such financial statements to each Limited Partner.

**6.5 Tax Returns and Information.** The General Partner shall prepare or cause to be prepared at Partnership expense all federal, state and local income and other tax returns of the Partnership on a timely basis.

**6.6 Tax Elections.** All elections required or permitted to be made by the Partnership under any applicable tax law shall be made by the General Partner in its sole discretion.

**6.7 Minimum Gain Chargeback.** If there is a net decrease in Partnership Minimum Gain during any Fiscal Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 6.7 is intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

**6.8 Partner Minimum Gain Chargeback.** If there is a net decrease in Minimum Gain Attributable to a Partner Nonrecourse Debt during any Fiscal Year, each Partner who has a share of the Minimum Gain Attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary,

subsequent years) in an amount equal to such Partner's share of the net decrease in Minimum Gain Attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.8 is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

**6.9 Qualified Income Offset.** In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), and after giving effect to the allocations required under Sections 6.7 and 6.8, such Partner has an Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, its Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible.

**6.10 Allocation of Book Items.** In cases where Partnership Property is under Treas. Reg. §1.704-1(b)(2)(iv), properly reflected in the Capital Accounts of the Partners at a fair market value that differs from the contributing Partner's adjusted tax basis in such property (such difference hereinafter referred to as the "Book Disparity"), then depreciation, amortization and gain or loss as computed for book purposes with respect to such property ("book depreciation, book amortization, book gain and book loss," respectively) will be greater or lesser than, the depreciation, amortization or gain or loss as computed for tax purposes. The Partners shall follow, pursuant to Treas. Regs. §1.704-1(b)(2)(iv)(g) and 1.704-3, the traditional method of making §704(c) allocations such that when the Partnership has income, gain, loss or deductions attributable to the Book Disparity, the Partnership must make appropriate allocations to the Partners to avoid shifting the tax consequences of the built-in gain or loss to other Partners. Thus, if the Partnership sells property that was contributed with a built-in gain or loss, and recognizes any portion of that gain or loss on the sale of the property, the built-in gain or loss will be allocated to the contributing Partner first until all built-in gains or losses have been dissipated. If the Partnership sells a portion of, or an interest in, the property, a proportionate part of the built-in gain or loss shall be allocated to the contributing Partner. Provided, however, when the aggregate Book Disparity for all properties contributed by one Partner during the Partnership taxable year does not differ from the adjusted tax basis by more than fifteen percent (15%) and the total gross disparity does not exceed \$20,000, then no allocation of Book Disparity need be made. Any allocation of net income, net loss, or depreciation for tax purposes which is required to be allocated among the Partners to take into account the disparity between the fair market value of a Partnership asset and its adjusted basis (e.g., allocations under Code §704(c) for the contributed property) shall be allocated among the Partners in accordance with the requirements of the Code and the regulations promulgated thereunder.



**6.11 Varying Interests.** In the event that Partners are admitted to the Partnership on different dates during any Partnership Fiscal Year or if the Percentage Interests of the Partners vary on different dates during any Fiscal Year, or if a transferee not admitted as a Partner receives rights as a transferee during a Fiscal Year, Partnership Net Income or Net Loss for such Fiscal Year or other period shall be allocated among the Partners (and, where applicable, transferees) in proportion to each Partner's Percentage Interest from time to time during such Fiscal Year in accordance with Code Section 706, using any convention permitted under such Code Section and selected by the General Partner. For purposes of determining Partnership Net Income or Net Loss allocable to any period all Partnership items of income, gain, loss, deduction and credit shall be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the Regulations promulgated thereunder.

## **7. Rights, Duties and Restrictions of the General Partner.**

**7.1 Authority, Powers and Duties of General Partner.** The General Partner, by and through its officers, directors and managers, shall be responsible for the management of the Partnership's business and affairs, and the Partnership shall be managed solely by the General Partner, provided, however, that the General Partner may delegate some or all of such responsibilities to officers, agents and employees of the Partnership or of the General Partner as provided in Section 7.12 hereof. Except as otherwise expressly provided in this Agreement or as delegated by the General Partner, the General Partner shall have the exclusive duty, power and authority to take such action for and on behalf of the Partnership as the General Partner shall from time to time deem necessary or appropriate to carry on the Partnership business and to carry out the purposes for which the Partnership was organized. Without limiting the generality of the foregoing, but subject to any express provisions to the contrary in this Agreement, the General Partner shall have the right, power and authority, in the name of, and on behalf of, the Partnership:

(a) To acquire, directly or indirectly, by purchase, lease, exchange or otherwise any real or personal property, or any stocks, bonds or other securities, or any interest therein which may be necessary, convenient or incidental to the accomplishment of the purposes of the Partnership.

(b) To execute any and all agreements, contracts, documents, certifications and instruments necessary or convenient in connection with the management, maintenance and operation of the Partnership;

(c) To execute, in furtherance of any or all of the purposes of the Partnership, any deed, lease, deed of trust, mortgage, note, bill of sale, contract or other instrument purporting to convey, exchange or encumber the property of the Partnership;

(d) To borrow money and issue related evidences of indebtedness necessary, convenient or incidental to the accomplishment of the purposes of the Partnership;

(e) To prepay in whole or in part, refinance, recast, increase, modify or extend any indebtedness relating to the Partnership;

(f) To deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any Person (including the General Partner, the Limited Partners, or any of them or their Affiliates) who has provided or may in the future provide any services to, lend money to, sell property to or purchase property from, the Partnership;

(g) To invest Partnership funds as deemed advisable by the General Partner to the extent such funds are not then required for Partnership operations and are not required to be distributed pursuant to this Agreement;

(h) To retain or employ and coordinate the services of independent contractors, officers, employees, supervisors, accountants, attorneys and other Persons (on such terms as the General Partner determines are reasonable based upon the scope of the duties and responsibilities to be performed) necessary or appropriate to carry out the business and purposes of the Partnership (including the Limited Partners individually and employees of the General Partner, the Limited Partners or any of their Affiliates);

(i) To adopt, and periodically update and revise, a Schedule of Authorizations on behalf of the Limited Partnership to establish and designate the titles, lines of organization, reporting authority, responsibilities and authorities of the employees of the Limited Partnership;

(j) To acquire and enter into any contract of insurance which the General Partner deems necessary and proper for the protection of the Partnership, for the conservation of the Partnership's assets, or for any purpose convenient or beneficial to the Partnership;

(k) To adjust, arbitrate, compromise, sue or defend, abandon, or otherwise deal with and settle any and all claims in favor of or against the Partnership, as the General Partner shall deem proper; and

(l) To engage in any kind of activity and to perform and carry out such contracts of any kind necessary to, in connection with, or incidental to the accomplishment of, the business and purposes of the Partnership as may be lawfully carried on or performed by a partnership under the laws of each state in which the Partnership is then formed or doing business.

Except as otherwise provided herein, to the extent the duties of the General Partner require expenditures of funds to be paid to third parties, the General Partner shall not have any obligations hereunder except to the extent that Partnership funds are reasonably available to the General Partner for the performance of such duties, and nothing herein contained shall be deemed to authorize or require the General Partner, in its capacity as such, to expend its individual funds for payment to third parties or to undertake any individual liability or obligation on behalf of the Partnership.

**7.2 Specific Limitations on General Partner.** Notwithstanding anything to the contrary in this Agreement or the Act, without the prior written approval of a Majority-In-Interest of the Limited Partners to the specific act in question, the General Partner shall have no right, power or authority to do any of the following acts:

- (a) To do any act in contravention of this Agreement or the Certificate;
- (b) To change or reorganize the Partnership into any other legal form;
- (c) To knowingly perform any act that would subject any Limited Partner to liability as a general partner in any jurisdiction;
- (d) Amend this Agreement, except as otherwise provided in Section 12.1(b); or
- (e) Do any act that would make it impossible to carry on the normal and ordinary business of the Partnership.

**7.3 Manner of Acting.** If there is more than one General Partner, no one General Partner shall have the authority to take or effect any action on behalf of the Partnership or otherwise bind the Partnership in the absence of a delegation of authority to such General Partner by the other General Partners pursuant to the procedures described below. The General Partners shall meet as a group at least once each calendar year. If no other designation is made, the place of meeting shall be the principal place of business of the Partnership. Attendance of all the General Partners shall constitute a quorum at such meeting. The affirmative vote of a majority of the Percentage Interests held by the General Partners shall constitute the act of the General Partners. Action may be taken without a meeting if the action is evidenced by one or more written consents signed by each General Partner. When the consent of the General Partners is called for under this Agreement, then the consent of a majority of the Percentage Interests held by the General Partners shall constitute the consent of the General Partners.

**7.4 Management Obligations of the General Partner.** The General Partner shall devote such amount of their time to the Partnership (which may be less than full-time) as is reasonable and necessary to manage and supervise the Partnership business and affairs. Nothing in this Agreement shall preclude the General Partner, at the expense of the Partnership, from employing any Partner, any Affiliate of any Partner, or a third

party to provide management or other services to the Partnership, always subject, however, to the control of the General Partner.

**7.5 No Duty of Inquiry.** Nothing herein contained shall impose any obligation on any Person doing business with the Partnership to inquire as to whether or not the General Partner properly exercised their authority in executing any contract, lease, mortgage, deed or other instrument on behalf of the Partnership, and any such third Person shall be fully protected in relying upon such authority.

**7.6 Compensation of the General Partner.** The General Partner shall be entitled to compensation for services rendered to the Partnership solely in its capacity as General Partner as is approved from time to time by a Majority-in-Interest of the Limited Partners.

**7.7 Waiver and Indemnification.**

(a) The Partnership shall, to the fullest extent permitted by law, indemnify any and all Indemnitees from and against any and all losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees and costs), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnatee may be involved, or is threatened to be involved, as a party or otherwise, SPECIFICALLY INCLUDING SUCH INDEMNITEE'S SOLE, PARTIAL OR CONCURRENT NEGLIGENCE, unless it is established that: (i) the act or omission of the Indemnatee was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnatee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnatee had reasonable cause to believe that the act or omission was unlawful. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership.

(b) Reasonable expenses incurred by an Indemnatee who is a party to a proceeding shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnatee of the Indemnatee's good faith belief that it is entitled to indemnification by the Partnership pursuant to this Section 7.7 with respect to such expenses and proceeding, and (ii) a written undertaking by or on behalf of the Indemnatee, to and in favor of the Partnership, wherein the Indemnatee agrees to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

(c) The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnatee or any other Person may be entitled under any agreement, as a matter of law or otherwise.

(d) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the obligation to indemnify such Person against such liability under the provisions of this Agreement.

(e) The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

**7.8 Reimbursement.** The General Partner shall be entitled to be reimbursed for any and all reasonable costs and expenses incurred by it in connection with managing and operating the Partnership and its properties and business. Such reimbursement shall be paid by the Partnership, upon the written application of the General Partner, as soon as funds are available therefor.

**7.9 Removal.** Upon the written approval of all of the Limited Partners, a General Partner may be removed from the Partnership as long as, if the General Partner is the last remaining General Partner, a Majority-In-Interest of the Limited Partners select a new General Partner prior to such removal becoming effective. Removal of a General Partner shall be effective ten (10) days following receipt by the General Partner of a written notice executed by the requisite Limited Partners, as provided in the preceding sentence, referencing its removal and stating the grounds therefor. If a General Partner is removed from the Partnership, the Partnership Interest of the General Partner shall be converted into a Partnership Interest of a Limited Partner.

**7.10 Compliance With Law.** The General Partner shall at all times use its good faith best efforts to cause the Partnership to comply with all statutes, laws, ordinances and government rules and regulations to which it is subject.

**7.11 Power of Attorney.**

(a) Each Limited Partner hereby appoints the General Partner its agent and attorney-in-fact, to execute on such Limited Partner's behalf, any and all amendments to this Agreement and related certificates, instruments or other documents that are permitted pursuant to Article 12.

(b) No Limited Partner personally shall be liable with respect to any action taken pursuant to the foregoing power of attorney. The foregoing power of attorney shall not be used in any manner inconsistent with the terms of this Agreement, the characterization and treatment of the Partnership as a limited partnership, or the characterization and treatment of the Limited Partners as limited partners.

(c) It is expressly intended by the Limited Partners that the foregoing power of attorney is coupled with an interest, is irrevocable, and shall survive the death, incapacity, dissolution, Bankruptcy or insolvency of any Limited Partner.

**7.12 Officers.** In accordance with the provisions of Section 7.1(h), the officers of the Partnership shall at all times be identical in name and title to the then officers of the General Partner. Any changes in the officers of the General Partner, whether by election, resignation, removal, death or otherwise, shall automatically and concurrently take effect with respect to the officers of the Partnership. No officer may resign from the Partnership unless such officer concurrently resigns as an officer of the General Partner. Any resignation by an officer of the General Partner shall constitute such officer's concurrent resignation as an officer of the Partnership. Except to the extent set forth in this Agreement, the officers shall have the duties of officers with comparable titles of a corporation for a profit organization under the General Corporation Law of the State of Delaware.

**7.13 Duties and Conflicts.** The Partners recognize that the General Partner and its Affiliates have or may have other business interests, activities and investments, some of which may be in conflict or competition with the business of the Partnership, and that such Persons are entitled to carry on such other business interests, activities and investments. The General Partner and its Affiliates may engage in or possess an interest in any other business or venture of any kind, independently or with others, on its own behalf or on behalf of other Entities with which it is affiliated or associated, and such Persons may engage in any activities, whether or not competitive with the Partnership, without any obligation to offer any interest in such activities to the Partnership or to any Partner. Neither the Partnership nor any Partner shall have any right by virtue of this Agreement in or to such activities, or the income or profits derived therefrom, and the pursuit of such activities, even if competitive with the business of the Partnership shall not be deemed wrongful or improper.

**7.14 Automatic Removal.** Any person who is an officer or employee of the Partnership pursuant to Section 7.12 above shall be automatically removed from any and all such offices upon election or appointment as an officer, manager, director or employee of a Separate Affiliate. A "Separate Affiliate" is a company or other entity, other than the General Partner or the Partnership, where over ten percent (10%) of the equity of such company or other entity is, directly or indirectly, owned by SBC Communications Inc., and such company or entity (i) provides services that, under Section 272 of the 1996 Telecommunications Act (the "Act"), may not be provided by a "Bell operating company (including any affiliate) which is a local exchange carrier that is subject to the requirements of Section 251(c)," as that phrase is used in the Act, or (ii) provides advanced services as a "structurally separate affiliate" as that term is defined described in Section 1 of the merger conditions described in Appendix C to the Memorandum Opinion and Order issued October 8, 1999, pursuant to In re Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and

310 (d) of the Communications Act and Parts 5, 22, 24, 25, 63, 90,95 and 101 of the Commission's Rules, CC Docket No. 98-141. Any election or appointment of a person as an officer or employee of the Partnership pursuant to Section 7.12 above, while such person is also an officer, manager, director or employee of a Separate Affiliate shall not be effective until such person no longer serves as an officer, manager, director or employee of a Separate Affiliate.

## **8. Rights and Obligations of the Limited Partners.**

**8.1 No Participation in Control.** The Limited Partners have the rights and the status of limited partners under the Act. The Limited Partners, in their capacity as such, shall not participate in the control of the Partnership's business, transact any business in the Partnership's name, or have the power to sign documents for or otherwise bind the Partnership; provided, however, the Limited Partners shall have the consent, voting and other rights expressly provided herein.

**8.2 Duties and Conflicts.** The Partners recognize that the Limited Partners and their Affiliates have or may have other business interests, activities and investments, some of which may be in conflict or competition with the business of the Partnership, and that such Persons are entitled to carry on such other business interests, activities and investments. The Limited Partners and their Affiliates may engage in or possess an interest in any other business or venture of any kind, independently or with others, on their own behalf or on behalf of other Entities with which they are affiliated or associated, and such Persons may engage in any activities, whether or not competitive with the Partnership, without any obligation to offer any interest in such activities to the Partnership or to any Partner. Neither the Partnership nor any Partner shall have any right by virtue of this Agreement in or to such activities, or the income or profits derived therefrom, and the pursuit of such activities, even if competitive with the business of the Partnership shall not be deemed wrongful or improper.

**8.3 Deficit Capital Accounts.** The Partners shall not be obligated to restore the amount of any deficit balance in their respective Capital Accounts upon the liquidation of their interests in the Partnership or upon the dissolution and liquidation of the Partnership itself.

## **9. Meetings and Means of Voting.**

**9.1 Meetings of the Partners.** Meetings of the Partners may be called by delivery of a written notice ("Meeting Notice") by the General Partner to each Limited Partner and such meetings (i) may be called by the General Partner and (ii) shall be promptly called by the General Partner upon the written request of any one or more Limited Partners who own, in the aggregate, ten percent (10%) or more of the aggregate Percentage Interests in the Partnership. The Meeting Notice shall state the nature of the business to be transacted at such meeting and no actions or business shall be transacted or taken at such meeting unless specified in the Meeting Notice. The Meeting Notice shall

be given to all Partners not less than ten (10) and not more than sixty (60) days prior to the date of the meeting. Partners may vote in person or by proxy at such meeting.

Except as otherwise expressly provided in this Agreement or required by the express provisions of the Act, the requisite vote of the Partners shall be a Majority-In-Interest of the Partners which shall control all decisions for which the vote of the Partners is required hereunder. The presence of any Partner at a meeting shall constitute a waiver of notice of the meeting with respect to such Partner. The Partners may, at their own discretion, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. A Partner's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

**9.2 Vote By Proxy.** Each Limited Partner may authorize any person or entity to act on the Partner's behalf by proxy on all matters in which a Limited Partner is entitled to participate, whether by waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner authorizing such proxy or such Limited Partner's attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months after the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it.

**9.3 Conduct of Meeting.** Each meeting of Partners shall be conducted by the General Partner or by a Person appointed by the General Partner. The meeting shall be conducted pursuant to such rules as may be adopted by the General Partner or the Person appointed by the General Partner for the conduct of the meeting.

**9.4 Action Without a Meeting.** Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Partners may be taken without a meeting upon receipt of written approval of a Majority-In-Interest (or greater percentage as necessary to take such action under this Agreement) of the Partners of such action. In the event any action is taken pursuant to this Section 9.4, it shall not be necessary to comply with any notice or timing requirements set forth in Sections 9.1 or 9.2; provided, however, promptly after the receipt of written approval of a Majority-In-Interest (or greater percentage, if necessary) of the Partners of any action pursuant to this Section 9.4, the General Partner shall provide written notice (describing therein the action taken) of such action to all Partners.

**9.5 Closing of Transfer Record.** For the purpose of determining the Partners entitled to notice of or to vote Percentage Interest at any meeting of Partners, any reconvening thereof, or by consent, the Percentage Interest owned by a Partner, as determined by the General Partner, that shall be considered in determining the voting rights at such meeting shall be the Percentage Interest actually owned by such Partner ten



(10) days immediately preceding such meeting, or the date of the Meeting Notice, whichever is earlier.

## **10. Transfer of Partnership Interests.**

**10.1 General Partner Transfer.** A General Partner may Transfer all or any portion of its Partnership Interest to an Affiliate of said General Partner without limitation, restriction or the consent of any other General Partner or Limited Partner. Otherwise, a General Partner shall not Transfer all or any portion of its Partnership Interest without the consent of a Majority-In-Interest of the Limited Partners. With respect to any Transfer that is permitted and/or otherwise made in accordance with the provisions of this Section 10.1, the transferee shall become vested with the powers and rights of the transferor General Partner, shall be liable for all obligations and responsible for all duties of the General Partner, and shall be admitted as a substitute General Partner of the Partnership, upon its due execution and delivery of such instruments, including an amendment to this Agreement, as may be necessary or appropriate to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired. It is a condition to any Transfer otherwise permitted hereunder that the transferee assumes by operation of law or express agreement all of the obligations of the transferor General Partner under this Agreement with respect to such transferred Partnership Interest and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor General Partner are assumed by a successor Entity by operation of law) shall relieve the transferor General Partner of its obligations under this Agreement without the consent of a Majority-In-Interest of the Limited Partners.

## **10.2 Transfers by Limited Partners.**

(a) A Limited Partner may Transfer all or any portion of its Partnership Interest to either an existing Limited Partner or to an Affiliate of said Limited Partner without limitation, restriction or the consent of any General Partner or other Limited Partner. Otherwise, except for Transfers otherwise set forth in this Article 10, or in Article 11, no Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee unless all of the following conditions are satisfied:

(i) Unless waived in writing by the General Partner, the transferor has delivered, at the transferor's cost, to the General Partner an opinion of counsel reasonably acceptable to the General Partner that such Transfer would not violate the Securities Act of 1933, as amended, or any applicable State blue sky laws (including any investor suitability standards);

(ii) Unless waived in writing by the General Partner, such Transfer when added to the total of all other Transfers of Partnership Interests within the

preceding twelve (12) months, would not result in the Partnership being considered terminated within the meaning of Section 708 of the Code;

(iii) The General Partner receives a notice of Transfer signed by both the transferor and transferee, in a form reasonably approved by the General Partner; and

(iv) The General Partner has consented in writing to the Transfer, which consent may be given or withheld in such General Partner's sole and absolute discretion.

(b) Provided that the conditions of Section 10.2(a) are satisfied, a transferee of a Limited Partner may become a substituted Limited Partner if:

(i) The General Partner has consented in writing to the substitution, which consent may be given or withheld in such General Partner's sole and absolute discretion;

(ii) The transferor and transferee execute, acknowledge and deliver such instruments as the General Partner deems necessary, appropriate or desirable to effect such substitution, including the written acceptance and adoption by the transferee of the provisions of this Agreement and the execution, acknowledgment and delivery to the General Partner of a power of attorney, the form and substance of which shall be determined by the General Partner; and

(iii) The substituted Limited Partner agrees to bear all expenses and costs, and tenders payment therefor, of such substitution, including the legal and filing fees of the Partnership.

(iv) Notwithstanding the foregoing, if Limited Partner transfers all or any portion of its Partnership Interest to an existing Limited Partner or to an Affiliate of such Limited Partner, such transferee shall be admitted as a Limited Partner as to all such interest so acquired; provided, however, if any such transferee is not already then a party to this Agreement, then such transferee shall be required to deliver to the General Partner its written acceptance and adoption of the provisions of this Agreement as a condition to being admitted as a substituted Limited Partner.

(c) Any transferee, whether or not admitted as a substitute Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a substitute Limited Partner, no transferee, whether by a voluntary transfer, by operation of law or otherwise, shall have any rights hereunder, other than to receive such portion of the distributions made by the Partnership as are allocable to the Partnership Interest transferred.

**10.3 No Additional Limited Partners.** Other than pursuant to permitted Transfers under Sections 10.1 and 10.2, the General Partner may not admit additional Persons as partners in the Partnership without the written consent of a Majority-In-Interest of the Limited Partners.

**11. Dissolution, Liquidation, Winding-Up and Termination.**

**11.1 Causes of Dissolution.** The Partnership shall be dissolved upon the first to occur of the following:

(a) The written election of the General Partner delivered to the Limited Partners, but only if the General Partner obtains the written consent to such election from a Majority-In-Interest of the Limited Partners;

(b) The dissolution, termination, retirement, withdrawal or bankruptcy of a General Partner, unless the Partnership is continued in accordance with Section 11.2 below or there is at least one other General Partner that has not dissolved, terminated, retired, withdrawn, or become bankrupt; or

(c) The decree of the dissolution of the Partnership by a court of competent jurisdiction.

No act, thing, occurrence, event or circumstance shall cause or result in the dissolution or termination of the Partnership except as provided above in this Section 11.1.

**11.2 Reconstitution.** If the Partnership is dissolved as a result of an event described in Section 11.1(b), the Partnership may be reconstituted and its business continued if, within ninety (90) days after the date of dissolution, a Majority-in-Interest of the remaining Partners affirmatively elect to reconstitute the Partnership, agree on the identity of the new general partner or partners, and execute an instrument confirming such facts. If the Partnership is reconstituted, an amendment to this Agreement shall be executed and an amended Certificate filed.

**11.3 Winding Up and Liquidation.** Upon the dissolution of the Partnership, the Partnership shall commence to wind up its affairs, and the General Partner or the Liquidator, as the case may be, shall proceed with reasonable promptness to liquidate the Partnership property. Except as provided below, during the period of the winding up of the affairs of the Partnership, the rights and obligations of the Partners set forth herein shall continue. Notwithstanding anything contained in this Agreement to the contrary, if any event described in Section 11.1(b) shall be continuing with respect to the General Partner at the time the Partnership is dissolved, or if the General Partner shall have otherwise caused a wrongful dissolution of the Partnership, then the Limited Partners, by the vote of a Majority-In-Interest of the Limited Partners, shall be entitled to appoint a liquidating trustee (the "Liquidator") and (i) such Liquidator shall be fully empowered to

act on behalf of the Partnership and to wind up the Partnership's affairs and liquidate the Partnership property, and (ii) the Liquidator shall be empowered to make, perform and implement all decisions required hereunder without obtaining the consent, approval or waiver of any Partner or Person. The Liquidator shall be entitled to receive such reasonable compensation for its services as may be approved by such Majority-In-Interest of the Limited Partners, and shall be fully indemnified, defended and held harmless by the Partnership from and against all claims, costs and expenses (including reasonable attorneys' fees and costs) arising in the course of it performing its duties hereunder, except for any such claims, costs or expenses resulting from the gross negligence or willful misconduct of the Liquidator. From and after the dissolution of the Partnership, the assets of the Partnership shall be liquidated and reduced to cash or cash equivalents for application and distribution, together with any other distributable cash on hand, in the following rank and order:

(a) To the payment of creditors of the Partnership, including the payment of Partner Loans, in the order of priority as provided by law; provided, however, that no provision of this Section 11.3 or of this Agreement shall grant any creditor any greater security in any Partnership asset or any higher priority to the receipt of any Partnership asset than that otherwise established by law or by agreement between the Partnership and such creditor;

(b) To the establishment and maintenance of a reserve of cash or other assets of the Partnership to pay contingent liabilities of the Partnership in such amounts as may be reasonably and in good faith determined by the General Partner or the Liquidator, as the case may be; and

(c) To the Partners in accordance with the positive balances in their Capital Accounts after giving effect to all contributions, distributions and allocations for all periods, including the period in which such distribution occurs.

**11.4 Timing Requirements.** In the event that the Partnership is "liquidated" within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, any and all distributions to the Partners pursuant to Section 11.3 hereof shall be made no later than the later to occur of (i) the last day of the taxable year of the Partnership in which such liquidation occurs or (ii) ninety (90) days after the date of such liquidation. Subject to the foregoing, a reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets in order to minimize any losses otherwise attendant upon such winding up.

**11.5 Sales Receivables.** The winding up of the Partnership shall not be deemed finally completed until the Partnership shall have received cash payments in full with respect to obligations such as notes, installment sale contracts and other similar receivables received by the Partnership in connection with the sale of the Partnership assets. The General Partner or the Liquidator, as the case may be, shall continue to act to enforce all of the rights of the Partnership pursuant to any such obligations until paid in full.

**11.6 Documentation of Dissolution and Termination.** Upon the dissolution of the Partnership and the appointment of a Liquidator in accordance with Section 11.3, the Liquidator shall execute and file all appropriate certificates of amendment to the Certificate as required under the Act, and shall execute, file and record such other certificates, instruments and documents as it shall deem necessary or appropriate in each state in which the Partnership or its affiliates do business. Upon the completion of the winding-up of the Partnership (including the application or distribution of all cash or other assets placed in reserve in accordance with Section 11.3(b)), the Partnership shall be terminated and the General Partner or the Liquidator, as the case may be, shall execute and file a certificate of cancellation, and any other documents, as required under the Act, and shall execute, file and record such other certificates, instruments and documents as it shall deem necessary or appropriate in each state in which the Partnership or its affiliates do business in order to reflect or effect the termination of the Partnership.

**11.7 Distribution Upon Liquidation.** PURSUANT TO SECTION 8.4 HEREOF, IF ANY PARTNER HAS A DEFICIT BALANCE IN ITS CAPITAL ACCOUNT FOLLOWING LIQUIDATION OF ITS INTEREST AS DETERMINED AFTER TAKING INTO ACCOUNT ALL CAPITAL ACCOUNT ADJUSTMENTS FOR THE PARTNERSHIP'S TAXABLE YEAR IN WHICH SUCH LIQUIDATION OCCURS, SUCH PARTNER SHALL NOT BE OBLIGATED TO RESTORE THE AMOUNT OF SUCH DEFICIT BALANCE TO THE PARTNERSHIP. It is the express intention of the Partners to override the holding of *Park Cities Corporation v. Byrd*, 534 S.W.2d 668 (Tex. 1976).

**12. Amendments to Partnership Agreement.**

**12.1 Amendments.**

(a) Amendments to this Agreement may be proposed by the General Partner from time to time. Following such proposal, the General Partner shall submit in writing any proposed amendment to the Limited Partners. Except as provided below in this Section 12.1, a proposed amendment shall be adopted and be effective as an amendment hereto only if it is approved by the General Partner and it receives the written approval of all of the Limited Partners.

(b) Notwithstanding Section 12.1(a) to the contrary, the General Partner shall have the power, without the consent of the Limited Partners, to amend this Agreement and any related certificates, instruments or other documents as may be required to facilitate or implement any of the following purposes:

(i) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Partnership or the Limited Partners;

(ii) to reflect the admission, substitution, termination, or withdrawal of Partners in accordance with this Agreement;

(iii) to reflect a change that is of an inconsequential nature and does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement; and

(iv) to satisfy any requirements, conditions, or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law.

(c) Each Partner agrees to be bound by each and every amendment adopted in accordance with this Agreement even if such Partner did not execute such amendment.

### **13. General Provisions.**

**13.1 Notices.** All notices, offers or other communications required or permitted to be given pursuant to this Agreement shall be in writing and may be personally served, telecopied or sent by United States mail and shall be deemed to have been given and received when delivered in person, upon receipt of telecopy or three business days after deposit in United States mail, registered or certified, postage prepaid, and properly addressed, by or to the appropriate party. For purposes of this Section 13.1, the addresses of the parties hereto shall be as set forth below their name on Schedule A hereof. The address of any party hereto may be changed by a notice in writing given in accordance with the provisions of this Section 13.1.

**13.2 Successors.** This Agreement and all of the terms and provisions hereof shall be binding upon and shall inure to the benefit of all Partners, and their legal representatives, heirs, successors and permitted assigns, except as otherwise expressly provided herein.

**13.3 EFFECT AND INTERPRETATION.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN CONFORMITY WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO ANY CONFLICT OF LAWS THEREOF.

**13.4 Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

**13.5 Partners Not Agents.** Nothing contained herein shall be construed to constitute any Partner the agent of another Partner, except as otherwise expressly

provided herein, or in any manner to limit the Partners in the carrying on of their own respective businesses or activities.

**13.6 Entire Understanding; Etc.** This Agreement constitutes the entire agreement and understanding among the Partners and supersedes any prior or contemporaneous understandings and/or written or oral agreements among them respecting the subject matter within.

**13.7 Severability.** If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid by such court, shall not be affected thereby.

**13.8 Construction of Agreement.** As used herein, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and all pronouns shall include the masculine, feminine and neuter, whenever the context and facts require such construction. The headings, captions, titles and subtitles herein are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Except as otherwise indicated herein, all section and exhibit references in this Agreement shall be deemed to refer to the sections and exhibits of and to this Agreement, and the terms "herein," "hereof," "hereto," "hereunder" and similar terms refer to this Agreement generally rather than to the particular provision in which such term is used. Whenever the words "including," "include" or "includes" are used in this Agreement, they shall be interpreted in a nonexclusive manner as though the words "but [is] not limited to" immediately followed the same. Time is of the essence of this Agreement. The language in all parts of this Agreement shall in all cases be construed simply according to the fair meaning thereof and not strictly against the party which drafted such language. Except as otherwise provided herein, references in this Agreement to any agreement, articles, bylaws, instrument or other document are to such agreement, articles, by-laws, instrument or other document as amended, modified or supplemented from time to time.

**13.9 Action Without Dissolution.** Each Partner shall be entitled to maintain, on its own behalf or on behalf of the Partnership, any action or proceeding against any other Partner or the Partnership (including an action for damages, specific performance, or injunctive or declaratory relief) for or by reason of the tortious conduct of such party or the breach by such party of this Agreement or any other agreement entered into with such party in connection with the transactions contemplated hereunder, and the bringing of such action or proceeding shall not cause or require the dissolution of the Partnership or an accounting of the Partnership's assets or affairs.

**13.10 Incorporation of Exhibits.** All Exhibits and Schedules attached hereto are incorporated herein and made a part hereof.

13.11 **Assurances.** Each of the Partners shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

13.12 **Time.** Time is of the essence of this Agreement.

13.13 **Partnership Property.** The legal title to the real and personal property or interest therein now or hereafter acquired by the Partnership shall be owned, held or operated in the name of the Partnership, and no Partner, individually, shall have any ownership of such property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this 12<sup>th</sup> day of August, 2002, to be effective as of the date and year first above written.

**GENERAL PARTNER:**

SWET TEXAS, LLC

By: 

Name: Michael J. Viola

Title: Treasurer

**LIMITED PARTNER:**

SOUTHWESTERN BELL TEXAS HOLDINGS, INC.

By: 

Name: Forrest E. Miller

Title: President and Chief Executive Officer



## **SCHEDULE A**

<b>Partner Name and Address</b>	<b>Initial Capital Contribution</b>	<b>Percentage Interest</b>
<b>General Partner:</b>		
SWBT Texas, LLC 175 E. Houston Street San Antonio, Texas 78205	\$10.00	
<b>Limited Partner:</b>		
Southwestern Bell Texas Holdings, Inc. No. 2 Read's Way, Suite 228 Corporate Commons New Castle, Delaware 19720	\$990.00	

**WRITTEN RESOLUTIONS  
OF THE MANAGERS OF  
SWBT TEXAS, LLC**

THE UNDERSIGNED, being all the Managers of SWBT TEXAS, LLC, a Delaware limited liability company (the "Company"), take the following actions and adopts the following resolutions by written consent:

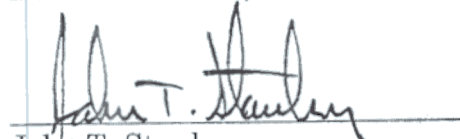
WHEREAS, the Company is the general partner of Southwestern Bell Telephone, L.P., a Texas limited partnership (the "Partnership"), and the Company hereby takes the following actions in its capacity as the general partner of the Partnership:


NOW THEREFORE, BE IT

RESOLVED, that the general partner hereby recommends that Section 2.3 of the limited partnership agreement, by and between SWBT Texas, LLC and Southwestern Bell Texas Holdings, Inc., be amended to state that the principal office of the Partnership shall be One SBC Plaza, 208 S. Akard St., Dallas, Texas 75202; and

RESOLVED FURTHER, that pursuant to the notice provisions of Section 2.3 of the limited partnership agreement, the attached notification letter from the Senior Vice President, General Counsel and Secretary of the general partner, shall serve as full notice to the limited partner, Southwestern Bell Texas Holdings, Inc., of such principal office change.

Dated: March 31, 2003.

  
\_\_\_\_\_  
John T. Stankev

  
\_\_\_\_\_  
Alfred G. Richter, Jr.

SWBT TEXAS, LLC

March 31, 2003

Board of Directors  
Southwestern Bell Texas Holdings, Inc.  
#2 Read's Way  
Suite 228  
Corporate Commons  
New Castle, Delaware 19720

Re: Southwestern Bell Telephone, L.P. (the "Partnership")  
Change of Principal Office Address

Board Members:

This letter is sent to the limited partner of Southwestern Bell Telephone, L.P. pursuant to Section 2.3 of the limited partnership agreement executed by and between SWBT Texas, LLC, as general partner and Southwestern Bell Texas Holdings, Inc. as limited partner. This letter will serve as notification that effective March 31, 2003, the general partner has selected One SBC Plaza, 208 S. Akard, Dallas, Texas 75202 as the principal office address of the Partnership.

Sincerely,



Alfred G. Richter, Jr.  
Senior Vice President, General Counsel and Secretary  
SWBT Texas, LLC  
General Partner of Southwestern Bell Telephone, L.P.