CHECK SHEET

All pages inclusive of this Tariff are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, and Supplement No. 1 comprise all changes from the original Tariff and are currently in effect as of the date on the bottom of this page.

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* Indicates pages included in this filing

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9. Contract Tariffs (Continued)

9.2 Contract Tariff Option 1 (Continued)

(F) Minimum Annual Revenue Commitment (MARC) (Continued)

(1) General (Continued)

(d) Unless otherwise mutually agreed to by the customer and the Company, in the event the customer merges with another company, acquires a company or a portion of the business of another company, or is acquired in whole or in part by another company, the following terms and conditions will apply.

(1) The customer may not combine or include any revenues from the merged, acquiring, or acquired company, or assets of such merged, acquiring, or acquired company in the calculation of the MARC for Qualifying Services.

(2) The customer may continue subscribing to this Option 1 for the duration of the Service Period based on its business with the Company as of the date of subscription to this Option 1, without adding the revenues attributable to expansion of the customer's purchase of Services from the Company though merger, transfer, assignment, or acquisition.

(3) The Company reserves right to terminate the customer’s subscription to this Option 1 if the customer does not adhere to the provisions of this Section (F)(1)(d).

(e) If an Issuing Carrier of this tariff is acquired by an unaffiliated third party ("Acquired VZ Telco"), or all or part of the assets of such Issuing Carrier are acquired by an unaffiliated third party ("Acquired VZ Telco"), then the MARC for Qualifying Services shall be proportionately reduced by the applicable Acquisition Reduction Amount (defined in (F)(1)(e)(1) following).

(1) An Acquisition Reduction Amount shall be calculated for the Qualifying Services as follows:

(a) calculate the amount of Qualifying Services purchased by the customer from the Acquired VZ Telco during the twelve (12) months prior to the time that the Acquired VZ Telco ceases to provide the Qualifying Services; then (T)
(T)

(b) calculate the average monthly amount purchased by the customer from the Acquired VZ Telco for Qualifying Services by dividing the number calculated in (a) preceding by 12; and

(c) multiply the average monthly amount for Qualifying Services calculated in (b) preceding by the number of months remaining in the year in which the acquisition occurs. (C)

SECTION 9 - CONTRACT TARIFFS

9. Contract Tariffs (Continued)

9.2 Contract Tariff Option 1 (Continued)

(F) Minimum Annual Revenue Commitment (MARC) (Continued)

(1) General (Continued)

(e) (Continued)

(2) As an illustrative example:

(a) Assume that Verizon New York Inc. was acquired by an unaffiliated third party and ceased to operate in month 15 of the Service Period.

(b) Assume that the customer purchased $12M of Qualifying Services from Verizon New York Inc. during the 12 months prior to the time that Verizon New York Inc. ceased to provide the Qualifying Services under this Option 1.

(c) Assume that at the end of the first year of the Service Period, the customer’s MARC for Qualifying Services is $140M.

(d) Then the Acquisition Reduction Amount would be $9M ($12M divided by 12 months, then multiplied by 9, the remaining months of the second year of the Service Period).

(e) The new MARC for year two of the Service Period would be $131M ($140M minus Acquisition Reduction Amount of $9M). (C)

9. Contract Tariffs (Continued)

9.2 Contract Tariff Option 1 (Continued)

(F) Minimum Annual Revenue Commitment (MARC) (Continued)

(1) General (Continued)

(g) When the Telephone Company (i) ceases to offer one or more of the Qualifying Services specified in (E)(1) preceding under this tariff, or (ii) the customer replaces a Qualifying Service specified in (E)(1) preceding with a non-tariffed service offered by the Telephone Company (**Replacement Service**), (collectively, **Affected Qualifying Services**), then the MARC for Qualifying Services shall be proportionately reduced by the Tariff Reduction Amount (defined in (F)(1)(g)(1) following). (T) (N) (N) (N)

(1) The **Tariff Reduction Amount** shall be calculated as follows:

(a) calculate the amount of the Affected Qualifying Services purchased by the customer from the Telephone Company during the twelve (12) months prior to (i) the date that the Affected Qualifying Services are no longer offered under this tariff, or (ii) the date the Telephone Company has provided the Replacement Service to the customer, whichever occurs first; (T) (T) (N) (N) (N)

(b) calculate the average monthly amount of the Affected Qualifying Services purchased by the customer by dividing the number calculated in (a) preceding by 12: and (T)

(c) multiply the average monthly amount of the Affected Qualifying Services calculated in (b) preceding by the number of months remaining in the plan year for the Qualifying Services that (i) are no longer offered under this tariff, or (ii) are replaced with Replacement Services, as applicable. (T) (T) (T) (N)

(2) As an illustrative example:

(a) Assume that the Company ceases to offer certain Qualifying Services on November 20, 2006.

(b) Assume also that the customer purchased twelve million ($12M) of such Qualifying Services during the twelve (12) months prior to the date that the Company ceased offering such Qualifying Services.

(c) Assume also that the customer's MARC is one hundred thirty-six million ($136M) during the first year of the Service Period.

(d) Then the Tariff Reduction Amount would be six million ($6M) ($12M divided by 12 months, then multiplied by 6, the remaining months of the first year of the Service Period).

(e) The new MARC for the first year of the Service Period would be one hundred thirty million ($130M) ($136M minus the Tariff Reduction Amount of $6M). (C)

9. Contract Tariffs (Continued)

9.2 Contract Tariff Option 1 (Continued)

(F) Minimum Annual Revenue Commitment (MARC) (Continued)

(2) Calculation of the MARC (Continued)

(b) (Continued)

(1) (Continued)

Step 5 (Continued)

- Determine the adjusted FMS Mileage in Top 10 LATAs percentage discount by multiplying the current discount percentage for the FMS Mileage in Top 10 LATAs percentage discount by the weighted impact of the reduction in FMS Service mileage. The adjusted FMS Mileage in Top 10 LATAs MARC discount percentage would be 12.51% (14.55% x 86%).

- Determine the adjusted FMS Mileage in Wild Card LATAs percentage discount by multiplying the current discount percentage for the FMS Mileage in Wild Card LATAs percentage discount by the weighted impact of the reduction in FMS Service mileage. The adjusted FMS Mileage in Wild Card LATAs discount percentage would be 10.43% (12.13% x 86%).

(2) During the Service Period, if the Company reduces its MRCs for Qualifying Services by a cumulative 10% but less than 25% from May 20, 2006, then the MARC will be reduced by the same percentage.

As an illustrative example, assume that the customer's MARC is $136M and the cumulative reduction in MRCs since the start of the Service Period is eleven percent (11%). The MARC would be reduced to $121.04M ($136M x .89).

(3) If an Issuing Carrier of this tariff that participates in this Option 1, or the assets of such Issuing Carrier, is acquired by an unaffiliated third party as described in (F)(1)(e) preceding.

(4) If the Company ceases to offer any Qualifying Service(s) or the (C)
Telephone Company provides a Replacement Service as described in (N)
(F)(1)(g) preceding to the customer. (N)

(c) If the Company reduces its rates for Qualifying Services by a cumulative twenty-five percent (25%) or more from May 20, 2006, the customer has the option to request that the Telephone Company reduce the MARC by the same percentage using the same method of reduction specified in (F)(2)(b)(2) preceding, or may terminate its subscription to this Option 1 upon sixty (60) days written notice. In such event, no Termination Charges under (I) following will apply.

SECTION 9 - CONTRACT TARIFFS

9. Contract Tariffs (Continued)

9.2 Contract Tariff Option 1 (Continued)

(K) Subscription to New Contract Tariff Option

(1) The customer may terminate its subscription to this Option 1 in order to subscribe to a new contract tariff option in this Section 9.2 provided all of the following conditions are met.

(a) The new contract tariff option must have the same MARC level or a greater MARC level than the MARC for this Option 1; and

(b) The customer must satisfy the eligibility criteria for subscription to the new contract tariff option; and

(c) The customer must provide the Company with written notice of its election to terminate subscription to this Option 1 and of its desire to subscribe (or that it has already subscribed) to the new contract tariff option; and

(d) Unless otherwise provided in the new contract tariff option, the customer will be eligible for Billing Credits earned, if any, following a final true up under this Option 1.

((2) When the conditions set forth in (K)(1)(a) through (K)(1)(c) preceding are met, no termination charges under (I) preceding will apply. (T)

(L) Discount Table

The percentage discounts specified below are applied to the total MRC for Qualifying Services for each corresponding category shown.

	Term Period		
Category	Year 1	Year 2	Year 3
Basic MARC*	2.00%	2.00%	2.00%
FMS Mileage in Top 10 LATAs	14.55%	17.55%	20.55%
FMS Mileage in Wild Card LATAs	12.13%	15.13%	18.13%
Banded Optical Transport	14.00%	16.00%	18.00%

* Includes all Qualifying Services specified in (E)(1)(a) preceding.