

TERMS & CONDITIONS DOCUMENT

Section 32 - Category Two Discounted Term Pricing Plans

The Company's pricing structure offers discounts on its monthly recurring charges based upon a non-term plan (month to month) or term plan agreement as specified by the Customer. A Customer may select a monthly, one-year, or two-year plan period, which defines the Customer's fixed percentage discount as follows:

Monthly Plan	10% Discount
One-year Term Plan	15% Discount
Two-year Term Plan	20% Discount

Discounts are applied to the base rates identified in the document. The minimum discount rate of 10% applies to Customers utilizing the Company's services on a month to month basis and where a predetermined term plan has not been indicated. Upon selecting a term plan, the Customer agrees to fulfill the minimum time requirement of the contract, which will commence when service is initiated. A Customer may increase the term period of the contract at any time, thus increasing the rate of the discount applicable to the Customer's service arrangement.

The Company's pricing structure also offers a 25% discount on non-recurring charges applicable to the Customer's specific service options.

Customers who make a monthly revenue commitment for Allegiance services will receive the associated rate indicated within this document. All services billed by the Company, including local and long distance, will contribute to the monthly revenue commitment. If the customer does not meet their monthly revenue commitment, the customer will be invoiced for the difference.

Customers who terminate services (except Integrated Services) prior to fulfilling their term commitment may be assessed a termination liability fee in an amount equal to the monthly revenue commitment level multiplied by the number of months remaining in their term. Customers who terminate Integrated Services (Integrated Access and Total Communications) prior to fulfilling their term agreement may be assessed a termination liability fee equal to the monthly recurring charges multiplied by the number of months remaining in the term agreement. The termination liability will be billed in one lump sum. Customers will not incur a termination liability fee if they: (1) agree to sign a new term plan agreement for a period equal to or greater than the time remaining in their current plan; and (2) commit to a monthly revenue commitment level equal to or greater than their current minimum monthly commitment level.

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The following services and/or charges are not eligible for discounted pricing:

- Account Set-Up Fee
- End User Common Line charge
- End User Port Charge
- Integrated Services*
- Directory Assistance
- Operator Services
- Usage Sensitive Features
- Switched and Dedicated Toll Free Service
- Public/Pay Telephone Surcharge
- Switched and Dedicated Long Distance
- Local Call Detail Billing

Services provided on a resale basis receive a 10% discount on monthly recurring and non-recurring charges. These discounts apply regardless of the term period selected.

*Line and data services only. Discounted pricing still applies to features and applicable usage.

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Independence Plan Discount Pricing

The Independence Plan will offer three (3) levels of discounts to its customers based on the number of features, revenue volume and revenue commitments.

Level 1 Independence Plan Feature Discounts

The Independence Plan Feature Discount will discount features based on the number of features subscribed to a line. List rates will be established for Custom Calling features at the market level. Independence Plan Feature Discounts are determined at a line level based on the number (see Chart 1) of eligible (see Chart 2) features that are subscribed to on the individual line. This discount is applied before any other discounts.

Number of Customer Calling Features on a Line	Feature Discount
2	20%
3	30%
4 or more	40%

Chart 1

Custom Calling Features	Contributory	Eligible
Caller ID options	Yes	Yes
Call Forwarding options	Yes	Yes
Call Waiting	Yes	Yes
Call Return	Yes	Yes
Auto Redial	Yes	Yes
Three Way Calling	Yes	Yes
Speed Dial options	Yes	Yes
Distinctive Ring	Yes	Yes
Anonymous Call Rejection	No	No
Selective Blocking (Per Call)	No	No
Complete Blocking (Per Line)	No	No
Call Transfer	No	No
Message Waiting Indicator	No	No

Chart 2

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Level 2 - Independence Plan Volume Discounts

The length of the term commitment determines the retroactive (per invoice cycle) volume discount schedule. Total contributory services under the Customer Master Account Level are to be aggregated during the billing cycle, to determine the earned discount percentage. The earned discount percentage will be applied to all eligible billing to determine The Independence Plan Volume Discounts earned. Product discounts are determined after feature discounts are applied.

<u>Total Monthly Charges</u>	<u>One-Year Term</u>	<u>Two-Year Term</u>
\$100.01- \$149.99	10%	15%
\$150.00 - \$299.99	13%	18%
\$300.00 - \$599.99	15%	20%
\$600.00 - \$1199.99	17%	22%
\$1,200.00 - \$2,399.99	19%	24%
\$2,400.00 - \$3,699.99	21%	26%
\$3,700.00 - \$5,599.99	23%	28%
\$5,600.00 +	25%	30%

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Level 2 - Independence Plan Volume Discounts

<u>Products and Services</u>	<u>Contributory</u>	<u>Eligible</u>
<u>Dedicated Internet Access Services</u>	<u>Yes</u>	<u>Yes</u>
<u>Total Communications – Base Package</u>	<u>Yes</u>	<u>No</u>
<u>Total Communications – Incrementals</u>	<u>Yes</u>	<u>No</u>
<u>Integrated Access Channel Packages</u>	<u>Yes</u>	<u>No</u>
<u>Business Line and Analog PBX Trunk</u>	<u>Yes</u>	<u>Yes</u>
<u>Digital PBX Service</u>	<u>Yes</u>	<u>Yes</u>
<u>Digital PBX Package</u>	<u>Yes</u>	<u>No</u>
<u>ISDN PRI Service</u>	<u>Yes</u>	<u>Yes</u>
<u>ISDN PRI Package (Promo)</u>	<u>Yes</u>	<u>No</u>
<u>Remote Call Forwarding (RCF)</u>	<u>Yes</u>	<u>Yes</u>
<u>Voice Mail</u>	<u>Yes</u>	<u>Yes</u>
<u>Custom Calling Features</u>	<u>Yes</u>	<u>Yes</u>
<u>Directory Listing Services</u>	<u>Yes</u>	<u>Yes</u>
<u>Usage Sensitive Services</u>	<u>Yes</u>	<u>Yes</u>
<u>Operator Services</u>	<u>Yes</u>	<u>Yes</u>
<u>Wire Maintenance Plan</u>	<u>Yes</u>	<u>Yes</u>
<u>Toll Blocking Options</u>	<u>Yes</u>	<u>Yes</u>
<u>Local Usage</u>	<u>Yes</u>	<u>Yes</u>
<u>InterLATA Usage</u>	<u>Yes</u>	<u>No</u>
<u>IntraLATA Usage</u>	<u>Yes</u>	<u>Yes</u>
<u>Toll Free</u>	<u>Yes</u>	<u>No</u>
Service Order Charges	No	No
Installation Charges	No	No
Promotional Installation Charges	No	No
International Usage	Yes	No
Local Number Portability	Yes	No
No Primary Interexchange Carrier – Primary	No	No
Interexchange Carrier Charge		
End User Common Line Charge	Yes	No
Account Set Up Charge	No	No
Taxes	No	No
Universal Service Fund	No	No
Local Call Detail Charge	Yes	Yes
Allegiance Internet Services	Yes	Yes
Allegiance Select Usage	No	No
Individual Case Basis	Yes	No
Other	TBD	TBD

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Level 3 - Independence Plan Customer Revenue Commitment Discounts (Customer Optional)

Customer has the option to make a monthly-billed revenue guarantee, and receive an additional discount off net total billing for the invoice cycle, before the application of any taxing elements.

Customer Level Commitment	
\$500	3%
\$1000	4%
\$1500	5%
\$2000	6%
\$2500	7%

Customer Level Commitments are measured at the Customer Master Account level, governing all invoices and service locations associated with the customer master service agreement. This discount is to be applied to the net total invoiced charges before the application of any taxing elements for the billing cycle, after all other product charges and/or discounts are applied. Any Allegiance Select usage will **NOT** contribute to the Customer Level Commitment discount.

If customer does not meet the revenue commitment, a shortfall penalty will be assessed, and no further discounting will be applied. At the time a multi-location customer agrees to a customer revenue commitment, the customer must determine which location will be billed the shortfall amount.

If customer's total billing (before application of taxing elements) for the invoice cycle does not meet the revenue commitment after the Independence Plan Customer Revenue Commitment Discounts are applied, NO shortfall penalty will be assessed. For example, a customer agrees to a \$500 revenue commitment and after all the applicable discounts are applied the customer's invoice amount is \$510. Since they reached their minimum revenue commitment they qualify for an additional 3% (\$15.30). When you subtract the discount from the total invoice the customer's billable amount is now \$494.70. Though their total billable amount (after all discounts) falls below their commitment we will not charge them a shortfall since it was the discount that took them below.