PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN

1. General

a. The Variable Term Payment Plan (VTPP) is a payment plan which allows customers to pay a fixed rate for equipment and service over one of several optional payment periods. A different monthly rate applies for the duration of each period. The monthly rate varies inversely with the length of the payment period, i.e., the monthly rate for a short period is greater than that for a long period.

b. The only payment period for software (versions) is the one-month period, except where other terms are specified in this Product Guide.

c. The minimum period is one-month, unless otherwise specified in this Product Guide.

d. During the effective term of a customer payment period, the monthly rate is not subject to Company-initiated change for payment periods longer than one month.

e. Unless specifically exempted, services furnished under the VTPP are subject to all general terms and conditions applicable to the provision of service by the Company as stated elsewhere in this Product Guide.

2 Application of Rates and Charges

a. The monthly rate applicable at the time a customer subscribes to a product under the VTPP is not subject to Company-initiated change during any optional payment period longer than one month.

b. Installation, service establishment, service connection and any other nonrecurring charges are billed at the time of installation.

c. Move charges will apply for customer-requested relocation of an installed product or system from one premises to another or within the same premises.

d. In the event that all or any part of the service is disconnected at customer request prior to expiration of any selected payment period of greater than one month's duration, the customer will be required to pay a termination charge as stated in this Product Guide.

e. A Service Order Charge will not apply when customers renew or change the length of their payment period. The rates applicable for the new period are those currently in effect at the time of the renewal or change.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
2. Application of Rates and Charges (Cont'd)

f. Monthly rates and installation, termination, service establishment, service connection, and other nonrecurring charges apply according to the appropriate schedules for products and services offered under the VTPP, and are filed elsewhere in this Product Guide.

g. Nonrecurring charges may be paid in full at the time of installation or may be deferred according to the terms and conditions specified in Paragraph A.20 following.

3. Maintenance

a. Hardware Equipment

Maintenance will be provided by the Company without additional charge for the entire term selected by the customer.

b. Software

Standard maintenance will be provided by the Company without additional charge, contingent on the terms and conditions specified in this Product Guides.

4. Additions

a. Equipment can be added to an existing system at the customer's option, and the payment of rates and charges in the currently effective Product Guides for such service will be applied.

b. At the customer's option, unless otherwise specified in the Product Guide, additions may be paid for over the remainder of the existing system's payment period, and be added onto the existing agreement, providing at least 30 days remain in the customer's existing payment period. The addition and installed system payment periods will then have a common expiration date. The charge(s) for the addition(s) will be the current filed rate(s) for the equipment for the same payment period as the installed system's existing payment period. If the installed system's payment period is not in the current Product Guide, the rate charged for the addition will be that of the next shorter filed payment period.

If less than 30 days remain in the current payment period, additions may only be placed on the one-month payment period at the current rates in effect for the one-month period.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
4. Additions (Cont'd)

c. The customer may also select, from those currently available in the Product Guide, a different payment period of equal or shorter length than the time remaining in the period selected for the existing installed system at the current filed rates for the selected period. The additions may then have a different expiration date than the existing installed system.

When the addition and the existing installed system's expiration dates differ, the customer must select a new payment period for the addition (at the time of its expiration) according to the terms and conditions stated in Paragraph A.4.b. above or this Paragraph A.4.c.

d. Equipment added to an upgraded system will, at the customer's option, be charged at the current rates for the payment period equal to the installed system's existing payment period, excluding any extension period. The charges will be applicable for the remainder of the existing payment period, including any extension period. (For explanation of extension period, see Paragraph A.5. following.)

Additions to upgraded systems may also be ordered, from those currently available in the Product Guide, for different payment periods equal to or shorter than the payment period prior to the addition at the current filed rates for the selected period.

e. Termination charges for premature disconnection of the added equipment will apply for payment periods longer than one month.

f. Additions are exempt from Company-initiated rate changes for all payment periods longer than one month.

g. Installation, service connection, service establishment and any other nonrecurring charges, as specified in this Product Guide, will apply to the added equipment.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

5. Upgrades

a. Allowable upgrades to products and systems offered by the Company are specified in the Product Guide currently in effect for offerings under the Variable Term Payment Plan.

b. A Customer who elects to upgrade an installed product or system may choose one of two options, unless otherwise specified in this Product Guide:

(1) The existing payment period may be extended by a period of time specified in the Product Guide, and the new and previously installed equipment will expire on the same date. The rate levels applicable for the new equipment are those currently in effect for the payment period which the customer had selected prior to the upgrade, while the rates for equipment previously installed and continuing in service are unaffected.

(If the payment period selected by the customer prior to the upgrade has been discontinued in the Product Guide, the new equipment will be billed at rates applicable for the next shorter payment period in the current Product Guide.)

(2) The new equipment may be billed over a currently available payment period of equal or shorter length than the time remaining in the existing payment period. Current rates apply for the selected payment period for the new equipment, and rates for equipment previously installed and continuing in service are unaffected. The expiration date of the new equipment is then either the same as or earlier than that of the previously installed system.

When the expiration date of the new equipment is earlier, at the time of expiration the customer must select another payment period for the new equipment according to the terms and conditions stated in this paragraph. The extension period option is not available under this condition.

c. A customer on the one-month payment period may elect to upgrade; however, the payment period will not be extended.

d. The new equipment is exempt from Company-initiated rate changes for all payment periods longer than one month.

e. Termination charges will apply to equipment disconnected prior to expiration for all payment periods longer than one month.

f. Installation, service connection, service establishment and other nonrecurring charges, as specified in this Product Guide, will apply to any new equipment.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

6. Conversions

a. Conversions to installed systems are specified in the Product Guide currently in effect for offerings under the Variable Term Payment Plan.

b. The service agreement for a currently installed system terminates when conversion occurs.

c. The customer must select a currently available payment period for the new system. The current rates for the chosen period would apply to any new equipment as well as to any remaining equipment from the previously installed system.

d. Termination charges will apply to all equipment removed prior to expiration of the selected payment period. Termination charges will not apply to any equipment remaining on the customer's premises for use in the new system provided the customer selects a new payment period equal to or longer than the time remaining under the former payment period.

e. Installation, service establishment, service connection, and other nonrecurring charges, as specified in this Product Guide, will apply for the newly installed equipment. Nonrecurring charges will not apply to equipment remaining on the customer's premises and continuing in service in the new system.

7. Removals

a. Removal of equipment from a system for which the current payment period is longer than one month will not affect the expiration date of the remaining equipment and service.

b. Termination charges apply for removal of equipment as follows:

(1) For removal of equipment that is unique or identifiable by a code, the termination charge for that specific unit applies.

(2) For removal of equipment that is not unique or identifiable by a code, where two or more units of the same type of equipment are on the customer's premises,

(a) The specific unit(s) of equipment no longer desired by the customer will be removed.

(b) The lowest termination charge for the type of equipment removed will apply.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

8. Downgrades

a. Allowable downgrades for installed systems are specified in this Product Guide.

b. New equipment installed at the time of the downgrade may, at the customer's option, be paid for over the existing payment period, unless otherwise specified in this Product Guide. Rates for the new equipment are those currently in effect for the original payment period (or, if the period is no longer available, for the next shorter one). The rates for equipment remaining on the customer's premises after the downgrade will not be affected.

c. The customer may also select, from those currently available in this Product Guide, a payment period of equal or shorter length than the time remaining in the current payment period. Current rates apply for the equal or shorter payment period. Equipment remaining on the customer's premises will continue being billed at the rates in effect prior to the downgrade. The new equipment may then have a different expiration date from the equipment which remained after downgrading.

When the new equipment's and the existing installed system's expiration dates differ, the customer must select (at the time of expiration) a new payment period for the equipment added at the time when the system was downgraded according to the terms and conditions in A.8.b. above or this Paragraph A.8.c.

d. Termination charges do not apply for equipment which becomes part of the downgraded system. Termination charges do apply for equipment removed in downgrading the system.

e. Installation, Service Connection, service establishment, and other nonrecurring charges will apply to any equipment which must be added new to a system being downgraded, as enumerated in this Product Guide.

9. Releases

a. New releases of software will be offered to a customer on Company initiative at no additional charge and will include improvements to the functional capacity of the software.

b. No charges apply to any hardware changes necessitated by a new release.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

10. Versions

a. Termination charges do not apply for the removal or deletion of software versions, unless otherwise specified in this Product Guide.

b. A new version may result in a higher monthly charge.

c. All version replacements requiring hardware changes will be Product Guide-enumerated, under specific product headings.

d. Appropriate charges will apply for hardware changes resulting from version changes, as specified in A.2, A.4.e, A.4.g, A.5.e, A.5.f, A. 6.d, A.6.e, A.7, A.8.d, and A.8.e of this Section of the Product Guide.

11. Moves of Equipment

a. Moves of Equipment (Lapse-in-Service)

(1) Within the Same Company and State

(a) The customer may arrange to have service moved within the same premises or to different premises leased or owned by the customer on a lapse-in-service basis at charges based on estimated costs without interruption or change of Variable Term payments.

(b) Installation charges as specified in the Product Guide for services covered by the VTPP will not be applicable. Standard Product Guide charges for the Exchange Telephone Services and other associated facilities and services will be applicable at the new location.

(c) Billing for the original location will apply through the date service is disconnected. Billing for the new location will be effective the next day. The first bill rendered after service is reestablished will contain advance billing and, if applicable, retroactive billing from the date of disconnect. Progression of the payment period will be unaffected.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
11. Moves of Equipment (Cont'd)
a. Moves of Equipment (Lapse-in-Service) (Cont'd)
(1) Within the Same Company and State (Cont'd)

(d) Complete arrangements or systems must be moved in lieu of individual components, where components are dependent on host units for operation, unless otherwise specified in this Product Guide. Where components operate independently and are covered by individual sections of this Product Guide charges (such as data terminals), the customer may select units to be moved and units to be terminated from the agreement, subject to any restriction(s) in this Product Guide.

(e) Transfer of service between two customers within four months of a lapse-in-service move is not permitted.

(2) Between Exchanges of a Company in Different States or Between Verizon Companies in Different States

Customer requests for lapse-in-service moves between exchanges of a Company in different states or between exchanges of two Verizon Companies in different states will be provided under the same conditions as described above, in Paragraph A.11.a.(1), except as follows:

(a) Billing for the original location will apply through the date service is disconnected. Billing for the new location will be effective on the next day.

The rates in the new location will be those in effect for new customers. Rate stability against Company-initiated changes shall be provided at the new rates for the remainder of the customer's payment period.

The first bill rendered after service is reestablished will contain advance billing and, if applicable, retroactive billing from the date of disconnect. Progression of the payment periods will be unaffected.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
11. Moves of Equipment (Cont'd)
a. Moves of Equipment (Lapse-in-Service) (Cont'd)

(2) (Cont'd)

(b) Product Guides for the same service and under a VTPP must exist in both states or Companies at the time of the move. If Product Guides exist for the same service, but the lengths of the periods available are different, the customer must select a payment period available in the new state or Company. The new period must be of an equal or longer length than the time remaining in the current selected period, subject to the conditions covered in Paragraph A.15 following.

b. Moves of Equipment (In-Service)

An in-service move under the plan will be considered a termination of service with applicable termination charges. The customer will be required to select a currently available payment period, and to be responsible for payment of any applicable one-time charges.

12. Minor Equipment Modifications

Minor equipment modifications are identified in this Product Guide. The length of the customer's existing payment period is unaffected by these modifications. Ordinarily, minor equipment modifications do not affect the customer's monthly bill. A service connection and installation or other nonrecurring charge will apply to each minor equipment modification.

13. Change of Product Guide Jurisdiction

Under certain conditions involving changes in service, a VTPP customer's service will require change of Product Guide jurisdiction from intrastate to interstate or vice-versa, even though the service location may not be changed.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
13. Change of Product Guide Jurisdiction (Cont'd)

The following provisions may apply to changes of Product Guide jurisdiction when the service location is not changed. However, the same provisions may be used for reclassification from interstate or vice-versa of services at the time of a move.

a. Billing for the original jurisdiction will apply through the date of jurisdiction change. Billing for the new jurisdiction will begin on the next day.

The rates applicable for the new jurisdiction will be those in effect for new customers. Customers changing service to the jurisdiction of the Verizon New York Inc. will have stability against Company-initiated changes in rate levels for the remainder of the payment period.

b. Installation charges will not apply, either for the services subscribed to under the VTPP or for connecting services, unless they are being installed at the time of the change in Product Guide jurisdiction of existing services. Service connection charges will apply if stipulated by the Product Guide in the new jurisdiction.

c. Product Guides for the same service and VTPP periods must exist in both jurisdictions at the time of the change. If Product Guides exist for the same service but the lengths of the payment periods in the new jurisdiction are different, the customer must select a new payment plan period with a length equal to or longer than the remaining time in the existing payment period, subject to the conditions covered in Paragraph A.15 following.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

14. Two-Tier Payment Plan Transition to VTPP

a. Two-Tier Payment Plan termination charges will be waived for equipment remaining on the customer's premises after transition from the Two-Tier Payment Plan to the VTPP. The customer must select a VTPP service period longer than one month to qualify for this waiver.

b. Two-Tier Payment Plan termination charges will apply to any equipment removed from the customer's premises at the time of transition from the Two-Tier Payment Plan to the VTPP.

c. Customers will be required to pay in full any deferred nonrecurring charges (including those contained in Tier A), when converting to VTPP from Two-Tier Payment Plan.

d. The monthly license fee will be waived for versions remaining in the customer's system after transition from Two-Tier to VTPP.

e. Additions, upgrades, conversions, downgrades, and versions offered exclusively under VTPP will be available to existing Two-Tier Payment Plan customers only if they convert their systems to VTPP, unless otherwise specified in this Product Guide.

f. The Two-Tier payment plan system may be transferred to a new customer only if the customer's entire system is changed to VTPP unless otherwise specified in this Product Guide.

15. Requests for Changes in Length of Optional Payment Period

Subsequent to the establishment of service for an item or system furnished under a Variable Term Payment Plan period and prior to the completion of that period, the existing payment period may be replaced by a currently offered payment period at the current rates, subject to the following conditions:

a. No credit will be given for payments made during the formerly selected period. However, nonrecurring charges will not be reapplied.

b. The new payment period begins with the date requested.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
15. Requests for Changes in Length of Optional Payment Period (Cont'd)

c. No termination charge applies for the former payment period provided the customer selects a new payment period equal to or longer than the time remaining under the system's/item's former payment period. Otherwise, a termination charge applies for the former payment period.

d. Service Connection charges will not apply.

e. The new payment period, selected by the customer for an item of equipment must be shorter than the time remaining in the system's existing payment period.

16. Renewal Options

The customer has the following renewal options:

a. Prior to completion of the current payment period, any period available under the VTPP may be selected. The rates in effect for new customers at the time the renewal is effective will apply. The customer will be charged the current rate for the newly selected payment period, commencing the day following completion of the prior payment period.

b. Service may be continued on a month-to-month basis at the current rate for the one-month payment period, unless otherwise specified in this Product Guide. The customer has no additional service commitment and, consequently, when service is terminated will not be subject to any termination charge. The one-month service will be subject to Company-initiated rate changes.

c. If the customer does not elect an additional payment period and does not request discontinuance of service, service will be continued at the monthly rate currently in effect for the one-month payment period under the terms described in Paragraph A.15.b preceding.

d. If the expiration date for any equipment differs from the installed system's existing expiration date, the customer must choose (at the time of expiration) a new payment period for the item according to the terms and conditions as specified in Paragraphs A.4.b, A. 4.c, A.4.d, A.5.b, A.8.b, A.8.c, and A.15 of this Section.

The Company may discontinue or change any or all renewal options.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)

17. Supersedure

Service may be transferred to a new customer at the same location, except as prohibited in Paragraph A.11.a.1.(e) preceding, upon prior written concurrence by the Company and payment of a transfer charge by the new customer if specified in this Product Guide. The new customer will be subject to all provisions currently reflected in the service agreement, except as otherwise specified in Paragraph A.14.f preceding.

18. Suspension of Service

Provisions specified in Part B, Section l3.G of this Product Guide apply.

19. Interruption of Service

In the event of interruption of service the Liability provisions in Part A, Section 1.H.2 of this Product Guide shall apply. The expiration date of the payment period remains unchanged.

20. Deferred Payment

Payment of nonrecurring charges for products may be deferred where specifically stated in this Product Guide over the length of the customer's payment period or a shorter period (in annual increments), subject to the conditions specified in this paragraph, upon execution by the customer and the Company of a Deferred Payment Agreement.

a. The charges to be deferred must be among the following types:

(1) Installation

(2) Service Establishment

(3) Feature Package - Versions (does not apply to subsequent activity)

(a) Activation

(b) Information/Translation

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
20. Deferred Payment (Cont'd)
a. The charges to be deferred must be among the following types: (Cont'd)

(4) System Feature

(a) Activation

(b) Design

b. Customer must select a payment period longer than one month for the equipment/software for which charges are deferred.

c. The total amount of nonrecurring charges as defined in Paragraph A.20.a above may be deferred.

d. The minimum amount deferrable per customer location (per Letter of Election) is $3,000.00.

e. This deferred payment option can only be elected by the customer by execution of a Deferred Payment Agreement indicating the willingness of the customer to pay all deferred charges over a specified payment schedule and additional charges based upon the applicable deferred payment rate. The deferred payment rate to be applicable to a customer shall be that effective in this Product Guide on the date the Deferred Payment Agreement is executed and will be unchanged by subsequent Product Guide rate revisions. The deferred payment rate will be revised periodically by the Company. The effective Product Guide rate, stated in subparagraph A.20.f following, will be subject to change in this Product Guide. (T)

f. The effective deferred payment option rate is 18.0 percent per annum.

g. All deferred charges (including Product Guide service order charges and charges owing pursuant to the Deferred payment rate) will be prorated on a monthly basis over the selected deferral period length.

PAYMENT PLANS

A. VARIABLE TERM PAYMENT PLAN (Cont'd)
20. Deferred Payment (Cont'd)

h. All deferred charges must be paid in full when the customer:

(1) Upgrades, downgrades or converts the system for which the charges were deferred.

(2) Selects a payment period with an expiration date prior to the expiration date of the deferral period.

(3) Moves equipment/software, for which charges had been deferred, between jurisdictions.

(4) Disconnects service, for the system, prior to expiration of the selected deferral period.

(5) Fails to pay a monthly amount hereunder within 30 days of its due date.

i. Customer may prepay only the total outstanding deferred charges at any time during the selected deferral period. Customer will be given a credit for the amount of charges owing due to the deferred payment rate for the unexpired term of the deferred period. Customer may not prepay less than the total of the outstanding deferred charges.

21. Prepayment

For payment periods longer than one month, the customer may prepay where specifically stated in the Product Guide the total outstanding recurring charges. The prepayment of charges in no way constitutes a purchase and Verizon New York Inc. retains full ownership of all equipment covered by the prepayment. The following conditions apply.

a. Customers who prepay six months or more will have an allowance applied. A factor of .375% will be credited for each month prepaid.

b. Charges for all equipment covered by a single Letter of Election must be prepaid. Charges must be prepaid for equipment added subsequently and placed on the same Letter of Election (i.e., customer-elected coterminous option) with a prepaid system.

c. Customers who change the length of a prepaid payment period will be credited any unused portion of the prepayment, subject to termination charges as specified in Paragraph A.15.c above.

d. Customers who prematurely disconnect will have termination charges deducted from the prepaid amount and any balance credited to their bill.