TAXES AND SURCHARGES

In addition to the charges specifically pertaining to the Company's services, certain federal, state, and local surcharges, taxes and fees will be applied. These surcharges, taxes and fees are calculated based upon the amount billed to the end user for the Company's intrastate services. Such charges include, but are not limited to, the surcharges and fees ordered by the CPUC and set forth below. For a list of surcharges and the amounts, refer to the AT&T (d/b/a SBC California) tariffs.

1. Pursuant to Resolution T-16901, all telecommunication carriers are required to apply California Public Utility Commission ("CPUC") mandated Public Program surcharge rates (excluding: a) California Lifeline billings; b) charges to other certificated carriers for services that are to be resold; c) coin sent paid telephone calls (coin in box) and debit card calls; d) customer-specific contracts effective before 9/15/94; e) usage charges for coin-operated pay telephones; f) directory advertising; and g) one-way radio paging) and the CPUC Reimbursement Fee rate (excluding: a) directory advertising and sales; b) terminal equipment sales; and c) inter-utility sales) to intrastate services. For a list of the Public Program surcharges and Reimbursement Fee, and the amounts, please refer to the Pacific Bell d/b/a AT&T California tariffs.

2. California Teleconnect Fund ("CTF")
   Per the California Public Utility Commission Resolution No. T-16742, and subsequent rulings, all telecommunications carriers are to provide a 50% discount to all qualifying entities of School Libraries, Municipal or County Government Owned and Operated Hospital and Health Clinics, and Community Based Organizations for the following services: all measured business service lines, switched 56 lines, ISDN, T-1, DS-3 and OC levels up to and including OC 192 services or their functional equivalents upon receiving an accepted application from the qualifying entity.

3. Surcharge to Fund CPUC Reimbursement Fee: For a list of surcharges and the amounts, refer to the AT&T (d/b/a SBC California) tariffs.

4. Universal Service Program
   Pursuant to CPUC Decision No. 96-10-066, dated October 25, 1996, MCImetro will offer the following program of rate discounts to qualified entities. The discounted rates may not be resold to, or shared with, any other non-qualifying entity or person. This program will be available to qualified customers when the California Teleconnect Fund is established through a surcharge to fund this program.

   SCHOOLS AND LIBRARIES

   Qualifications for eligibility: Only public or nonprofit[1] schools providing elementary or secondary education, and which do not have endowments of more than $50 million, shall qualify for the discounted rates for schools.

   Only those libraries that are eligible for participation in state-based plans for funds under Title III of the Library Services and Construction Act (20 USC 335c et seq.), shall qualify for the discounted rates for libraries.

   Services Eligible for Rate Discounts: Services B1, B2 and Local Line service as well as MCImetro's DS-1 Service, and DS-3 Service, are eligible for the discounts to qualifying schools and libraries.

California Tariff No. 7 (Continued on next Sheet)

[1]The CPUC defines "Nonprofit Schools" to include schools run by a religious order that has been incorporated as a nonprofit Public Benefit Corporation (Corporations Code 5110 et seq.) or as a nonprofit Religious corporation (Corporations Code 9110 et seq.).

TAXES AND SURCHARGES (Cont'd)

4. Universal Service Program (Cont'd)

SCHOOLS AND LIBRARIES (Cont'd)

Discounts: Qualifying schools and libraries shall be entitled to a discounted rate off of the monthly recurring line charge for Service B1; a discounted rate off of the monthly recurring line charge for Service B2; a discounted rate off of the monthly recurring line charge for Local Line Service; a discounted rate off the monthly channel termination and channel mileage charges for DS-1 Service; and, a discounted rate off the monthly channel termination and channel mileage charges for DS-3 Service.

Limitations: There is no limit on the number of subsidized lines that a school or library can have.

MUNICIPAL AND COUNTY GOVERNMENT OWNED AND OPERATED HOSPITALS AND HEALTH CLINICS

Qualifications for eligibility: Only municipal and county government owned and operated hospitals and health clinics, shall qualify for the discounted rates for hospitals and health clinics.

Services Eligible for Rate Discounts:
DS-1 Service and DS-3 Service offered by MCImetro are eligible for the discounts to qualifying hospitals and health clinics.

Discounts: Qualifying hospitals and health clinics shall be entitled to a discounted rate off the monthly channel termination and channel mileage charges for DS-1 Service; and, a discounted rate off the monthly channel termination and channel mileage charges for DS-3 Service.

COMMUNITY BASED ORGANIZATIONS (CBO)

Qualifications for eligibility: Only a tax exempt organization[1] offering health care, job training, job placement, or educational instruction, shall qualify for the discounted rates for CBOs. The CBO must provide proof at the time of application that it is a tax exempt organization, and that it offers health care, job training, job placement, or educational instruction.

Services Eligible for Rate Discounts: DS-1 Service described in MCImetro's California Tariff No. 4, is eligible for the discounts to qualifying CBOs.

Discounts: Qualifying CBOs shall be entitled to a discounted rate off the monthly channel termination and channel mileage charges for DS-1 Service.

Limitations: The CBO shall be limited to one T-1 line.

California Tariff No. 7 (Continued on next Sheet)

[1]A "tax exempt organization" shall refer to an organization described in Section 501(c) (3) or 501 (d) of the Internal revenue Code, Title 26 of the United States code.