Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Robert E. Stup, Jr.

Direct dial 202 661 8711

202 434 7300
202 434 7400 *fax*

RECEIVED
'03 MAR 25 AM 10 37
TN REGULATORY AUTHORITY
DOCKET ROOM

March 21, 2003

VIA FEDERAL EXPRESS

DOCKET NO.
03-00231

Chairman Sara Kyle
Tennessee Regulatory Authority
460 Robertson Parkway
Nashville, Tennessee 37243-0505

Re: Application of C III Communications Operations, LLC for Certificate of Convenience and Necessity to Provide Facilities-Based and Resold Interexchange Service and Notification about the Transfer of Assets and Customers of Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. to C III Communications Operations, LLC

Dear Ms. Kyle:

Enclosed please find an original and fifteen (15) copies of the above referenced matter. I have enclosed an additional copy of the pleading without attachments to be date-stamped and returned in the self-addressed federal express envelope. If you have any questions, please contact the undersigned.

Sincerely,

Robert E. Stup, Jr.

Enclosures

Broadwing Telecommunications, Inc.
C III Communications Operations, LLC (soon to be Broadwing Communications, LLC)

Date

Dear Long Distance Service Customer:

We are pleased to inform you that C III Communications Operations, LLC ("C III") is acquiring all the assets of Broadwing Telecommunications Inc., your current long distance service provider. Please rest assured that the acquisition will not affect the quality of your service and you do not need to do anything to continue your service. As of **[date]**, C III will become your long distance carrier and Broadwing Telecommunications will cease providing long distance services. After the transfer, services will continue to be provided and billed to you under the Broadwing name. In fact, after obtaining all of the necessary regulatory approvals, C III will change its name to Broadwing Communications, LLC (the "New Broadwing").

The New Broadwing will continue to be run in the same manner and there will be no significant change in the services you enjoy. All of your calls will continue to be carried on the Broadwing network -- *The World's First Beautiful Network*ˢᵐ. As a customer of the New Broadwing, you will continue to receive all the features, current rates and terms and conditions of service that you enjoy today. Consistent with current regulatory requirements, you will receive written notice in accordance with applicable state and federal law prior to any future changes in your terms and conditions of service. We are committed to making this transition as seamless as possible. You should not notice any change except the new invoices may include a new mailing address for payments. All customer service numbers and personnel will remain the same.

If you are satisfied with your current service and would like to remain in the Broadwing network, simply do nothing. If you do not select a new long distance provider before **[date]**, all customers receiving this notice will have their long distance service transferred to the New Broadwing regardless of whether the account has a preferred carrier freeze. To ensure that your preferred carrier freeze remains in effect after the transfer, we encourage you to contact your local carrier after **[date]** to arrange a new preferred carrier freeze.

All customer service questions, before and after the transfer, can still be directed to (800) 422-1199. If you have any questions about the transfer please do not hesitate to call us or visit our website at ____________________.

We appreciate your business and looks forward to serving you in the years ahead.

Before the
TENNESSEE REGULATORY AUTHORITY

In the Matter of C III Communications Operations, LLC Application for Certificate of Convenience and Necessity to Provide Facilities-Based and Resold Interexchange Services.	Case ________________

APPLICATION

C III Communications Operations, LLC ("C III Ops" or "Applicant") hereby applies to the Tennessee Regulatory Authority ("Authority") for a Certificate of Convenience and Necessity ("CCN") to provide facilities-based and resold interexchange services in Tennessee.

On February 22, 2003, C III Ops and its parent company, C III Communications, LLC ("C III") (collectively C III Ops, C III and its affiliates shall be referred to as the "C III Companies") entered into a purchase agreement with Broadwing Communications Services Inc. ("Broadwing-CSI") to acquire its broadband business, including the assets and customers of Broadwing Telecommunications ("Broadwing-TI") (collectively Broadwing-CSI and Broadwing-TI shall be referred to as the "Broadwing Companies"). Concurrently with the filing of this Application, C III, C III Ops and the Broadwing Companies have filed a notification with the Authority regarding the transfer of assets from the Broadwing Companies to C III Ops. The operating authority requested in this Application is necessary in order for C III Ops to take ownership and control of those assets and continue providing services to the customers currently served by the Broadwing Companies.

In support of this Application, the Applicant states as follows:

A. Background

1. The proposed transaction contemplates that Broadwing-CSI would sell to C III its entire broadband business, which includes interstate and intrastate long distance and private line services. C III, through its wholly-owned subsidiary, C III Ops, would continue to provide service to all of Broadwing-CSI's and Broadwing-TI's existing customers under the trade name "Broadwing." In addition, C III Ops would retain all of Broadwing-CSI's current employees.[1]

2. The proposed transaction must be structured as an asset sale rather than a transfer of control because of federal and state income tax implications. As a result, substantially all of the assets of Broadwing-CSI, including all of the assets and customers of its wholly owned subsidiary, Broadwing-TI, shall be transferred to C III Ops. Attached hereto, as Attachment 1, are organization charts depicting the proposed transaction. As shown in the charts, C III Ops would hold the operating authority and the customer contracts. Four special purpose entities, which are wholly owned subsidiaries of C III Ops, have been organized to hold the acquired assets and the employees.

B. The Parties

3. C III is a privately held Delaware limited liability company. C III is the parent company of C III Ops. C III does not currently hold any authority to provide telecommunications services. Upon closing of the proposed

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[1] Broadwing-TI does not retain separate employees.

transaction, C III would be renamed Broadwing, LLC. Attached hereto as Attachment 2 is the current and proposed ownership of C III.

4. C III Ops is a Delaware limited liability company that is wholly owned by C III. C III Ops would be the licensed service provider and enter into contracts with customers for the provisioning of services. C III Ops does not currently hold any authority to provide telecommunications services. Accordingly, as a condition precedent to the closing of the proposed transaction, C III Ops is seeking authority to provide competitive telecommunications services throughout the United States, including Tennessee. In addition, C III Ops is seeking all necessary authority from the Federal Communications Commission. Upon closing of the proposed transaction, C III Ops would be renamed Broadwing Communications, LLC.[2] A copy of the Certificate of Good Standing for C III Ops from the State of Delaware is attached hereto as Attachment 3. A copy of the Certificate of Authority to Do Business in Tennessee is attached hereto as Attachment 4.

5. Corvis Corporation ("Corvis"), a Delaware corporation, is a publicly-traded company (NASDAQ:CORV). Corvis is a world leader in the provision of optical network solutions. Corvis is the majority and controlling owner of C III. From point-to-point links to all-optical networks to transoceanic systems, Corvis delivers innovative optical network solutions that drive carrier profitability faster than any other

---

[2] Applicant seeks the CCN in the name of C III Communications Operations, LLC. Following the closing of the proposed transaction C III Ops would submit to the Authority a request for name change on the CCN.

vendor. Headquartered in Columbia, Maryland, Corvis provides carriers with scalable optical networking solutions and services that dramatically reduce the overall expenses associated with building and operating networks. Carriers deploying Corvis' optical network solutions can provision new wavelength-based services and tailor dynamic service-level agreements for rapid revenue generation. Corvis does not currently hold any authority to provide telecommunications services. For more information about Corvis, please visit its website at www.corvis.com.

6. Cequel III, LLC ("Cequel III") was founded in January 2002 as a privately held Delaware limited liability company. Cequel III is a minority owner of C III and would control less than one percent of the voting interests of C III. Cequel III's mission is to acquire or invest in, and subsequently manage, growth-oriented firms in the telecommunications and cable industries, focusing on those companies that offer platforms for future acquisitions and industry consolidation. In May 2002, Cequel III made equity investments in and assumed management of AAT Communications Corporation, which owns or manages more than 6,000 tower sites across the United States, leasing tower space for wireless voice and data services to a broad tenant base. On February 12, 2003, Cequel III announced that it had assumed management of and agreed to invest in Classic Communications, a cable provider with approximately 325,000 subscribers. On February 21, 2003, Cequel III announced that, subject to regulatory approvals and customary closing conditions, it had entered into

an agreement with certain affiliates of Shaw Communications, Inc., to purchase that company's Texas-based cable systems, which serve approximately 27,000 customers.

7. Broadwing-TI, a Delaware corporation, is a wholly owned subsidiary of Broadwing-CSI, a Delaware Corporation. Broadwing-CSI is a wholly owned subsidiary of Broadwing Communications Inc. ("Broadwing Communications"), a Delaware corporation, which in turn is a wholly owned subsidiary of Broadwing Inc., an Ohio corporation. Broadwing Inc., a publicly-traded company (NYSE: BRW), is an integrated communications company comprised of Broadwing Communications and Cincinnati Bell. Broadwing Inc. is headquartered in Cincinnati, Ohio. Broadwing Inc. would have a minority (less than three percent) non-voting interest in C III. After the closing of the proposed transaction, Broadwing Inc., Broadwing Communications, Broadwing-CSI and Broadwing-TI would be renamed to a name that does not include "Broadwing." For more information about Broadwing Inc., please visit its website at www.broadwing.com. Broadwing-CSI is authorized to provide intrastate interexchange services in forty-eight states, including Tennessee. Broadwing-CSI currently does not serve end-user customers, but serves as a wholesale provider of service to other carriers. Broadwing-TI is authorized to provide resold intrastate interexchange services in forty-eight states, including Tennessee.

C. Financial, Managerial and Technical Qualifications of C II Ops

8. The financial, managerial and technical qualifications of C III Ops to provide competitive telecommunications in Tennessee will be met through the proposed acquisition of the businesses of Broadwing-CSI and Broadwing-TI and is thus largely a matter of Authority record. The Authority has already found Broadwing-CSI and Broadwing-TI to be qualified to provide competitive telecommunications in Tennessee. Broadwing-CSI's existing employees, who already have a proven track record, would be employed by C III Ops, thus assuring operational continuity.[3] In addition, the proposed transaction would enhance these existing qualifications because of the additional financial, managerial and technical abilities to be contributed by the ultimate owners of C III Ops -- Corvis and Cequel III.

9. Financial Qualifications. When the companies were initially granted their CCNs, Broadwing-CSI and Broadwing-TI were found by the Authority to be financially qualified to provide telecommunications services in Tennessee. Attached hereto as Attachment 5 are unaudited financial statements of Broadwing-CSI and Broadwing-TI for the past two years. While the companies have had significant operating losses over the last two years, the results from operations have been improving because Broadwing-CSI has previously taken the necessary steps to reduce operating expenses and capital expenditures. Furthermore, certain income

[3] The employees would be employed by C III Communications Employees, Inc., a wholly owned subsidiary of C III Ops. All references herein to transferring employees to C III Ops shall mean C III Communications Employees, Inc.

statement and balance sheet items are not applicable to C III Ops. For example, C III Ops is not acquiring any of the existing debt of Broadwing-CSI or Broadwing-TI. In addition the value of long term assets, including associated depreciation and amortization, as well as long term liabilities and shareholder's equity will be determined and allocated once the transaction is closed. Such valuations will be based on the purchase price of the assets and not the historical costs.

10. More importantly, the additional financial resources available to the business as a result of the proposed transaction would better ensure its continued viability. Corvis and Cequel III plan to invest substantial capital to purchase the assets of Broadwing-CSI and Broadwing-TI. The C III Ops investors negotiated the proposed transaction at arms-length. Combined, Corvis and Cequel III would pay approximately $129 million in cash and have every incentive to ensure the financial success of C III Ops and a positive return on their investment.. Towards that end, Corvis has committed to making a working capital infusion of up to $50 million, as needed, but in any event not later than December 31, 2003. This would provide C III Ops with additional financial resources in case of any unforeseen operating deficits or to further expand services.

11. Attached hereto as Attachment 6 is the most recent 10-Q filing of Corvis. This filing demonstrates that Corvis has the financial resources necessary to contribute the $50 million in working capital and is otherwise qualified

to be the controlling owner of a provider of competitive telecommunications services in Tennessee.

12. In short, if the financial resources of Corvis were combined with the operations of Broadwing-CSI and Broadwing-TI, the financial qualifications of the resulting business would be greatly improved. C III Ops would be better positioned than Broadwing-CSI or Broadwing-TI to continue to provide and expand service offerings to their Tennessee customers.

13. Technical Qualifications. The proposed transaction would have no negative impact on C III Ops' technical ability to continue to operate, maintain and expand the services currently offered by Broadwing-CSI and Broadwing-TI in Tennessee. All of the technical personnel, including the Chief Technology Officer, network engineers and field technicians employed by Broadwing-CSI would be transferred to C III Ops.

14. In addition, Corvis is a world leader in the design, manufacture and support of high-performance all-optical and electrical/optical communications systems. The network that would be transferred to C III Ops is primarily designed around Corvis equipment. All of the technical expertise of Corvis would be available to C III Ops. There is simply no better qualified company to support C III Ops' network. Accordingly, the technical qualifications of C III Ops and Corvis would be sufficient to operate, maintain, and expand its telecommunications services in Tennessee. Attached hereto as Attachment 7 are the resumes of the

primary technology personnel of C III Ops, including those employees of Broadwing-CSI who would become employees of C III Ops. In addition, Attachment 7 includes the resumes of Corvis personnel who would be available to support C III Ops' network.

15. Managerial Qualifications. C III Ops would be run on a day-to-day basis by its core management team, which would be transferred from Broadwing-CSI to C III Ops. Accordingly, the proposed transaction would have no negative impact on any Broadwing-CSI and Broadwing-TI services currently provided in Tennessee, but would instead allow the new company -- C III Ops -- to benefit from the combined management and industry expertise of Broadwing-CSI, Broadwing-TI, Corvis and Cequel III.

16. In addition to Corvis' substantial management expertise with designing, implementing and supporting state of the art optic networks, Cequel III has a demonstrated track record with respect to managing telecommunications and related companies. Jerry Kent (President and CEO of Cequel III) and Howard Wood (Chairman of Cequel III), among other business ventures, founded Charter Communications and built it into the nation's fourth-largest cable operator. Under their leadership, Charter led the industry in standard performance metrics for five consecutive years.

17. Finally, the new company, with its improved financial position, would be better positioned to attract additional management talent. Attached hereto

as Attachment 8 are the resumes of the officers, directors and managers of C III Ops, including the managers of Broadwing-CSI that will be transferring to C III Ops.

D. Service Provided by C III Ops

18. C III Ops proposes to provide facilities-based and resold interexchange communications services (switched long distance) and interexchange private line services. Because C III Ops would provide uninterrupted services to the current customers of the Broadwing Companies and to ensure the proposed transaction would not result in any change in the terms, conditions and price of their services, C III Ops proposes to adopt Broadwing-CSI's and Broadwing-TI's currently effective tariffs.[4] Accordingly, attached hereto as Attachment 9 are the initial proposed tariffs of C III Ops. These tariffs are identical in substance to the tariffs that Broadwing-CSI and Broadwing-TI currently have on file with the Authority.

19. As part of the purchase agreement, C III Ops would purchase the trade name "Broadwing" and would continue to provide service under that name. Customer invoices would continue to be issued in the same format in which they were issued prior to the asset transaction. Attached hereto as Attachment 10 are sample invoices.

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[4] As a competitive carrier, however, C III Ops reserves the right to modify its services and terms and conditions thereof, in accordance with the Authority's rules.

E. Character Qualifications

20. To the best of C III Ops' current knowledge, there are no outstanding formal or informal complaints pending against it before any state or federal regulatory commission.

21. To the best of C III Ops' current knowledge, neither C III Ops, nor any of its officers or directors have been involved in any civil or criminal investigations and/or had judgment entered against them in any civil matter or convicted of any crimes related to the delivery of telecommunications services.

22. Attached hereto is an affidavit from C III Ops' representative, confirming the accuracy of the statements made in this filing.

23. After the closing of the proposed transaction, all of the regulatory, customer and technical contacts of the Broadwing Companies will transfer to C III Ops. Their contact information, including addresses, telephone numbers, fax numbers and emails will remain the same. Upon closing, C III Ops will update all of the Authority's records as required. Until closing, the principal business address, telephone number, and point of contact of C III Ops for all matters is as follows:[5]

[5] C III Ops will not provide services until the closing of the proposed transaction. Thus, there would not be any customer complaints or other regulatory issues requiring the Authority to contact the Applicant until after the closing of the proposed transaction.

C III Ops
Robert E. Stup, Jr.
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, L.C.
701 Pennsylvania Avenue, NW
Washington, D.C. 20004-2608
(202) 661-8711 – Voice
(202) 434-7400 – Facsimile
restup@mintz.com

23. Correspondence or communications regarding this filing should be directed to the following:

C III Ops
Robert E. Stup, Jr.
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, L.C.
701 Pennsylvania Avenue, NW
Washington, DC 20004-2608
(202) 661-8711 – Voice
(202) 434-7400 – Facsimile
restup@mintz.com

24. C III Ops is prepared to answer any questions, present additional information about their services or provide a copy of this Application to any interested party requesting a copy and to any persons that the Authority directs by order or by its rules.

WHEREFORE, C III Ops respectfully requests that the Authority grant the Application, and grant any other relief that it deems appropriate.

Respectfully submitted,

Robert E. Stup, Jr.
Mintz, Levin, Cohn, Ferris, Glovsky
and Popeo, P.C.
701 Pennsylvania Avenue, N.W.
Washington, DC 20004-2608

Counsel for the C III Companies

Dated: March 21, 2003

AFFIDAVIT

STATE OF MARYLAND	)	
	)	ss
COUNTY OF HOWARD	)	

I, Lynn D. Anderson, declare under penalty of perjury that I am Vice President of C III Communications, LLC and C III Communications Operations, LLC; that I have read the foregoing and any attachments and know the contents thereof; that the same are true to the best of my knowledge, except as to the matters that are therein stated on information or belief, and as to those matters I believe them to be true.

By: ______________________
Lynn D. Anderson

Subscribed and sworn to before me
this ____ day of March, 2003

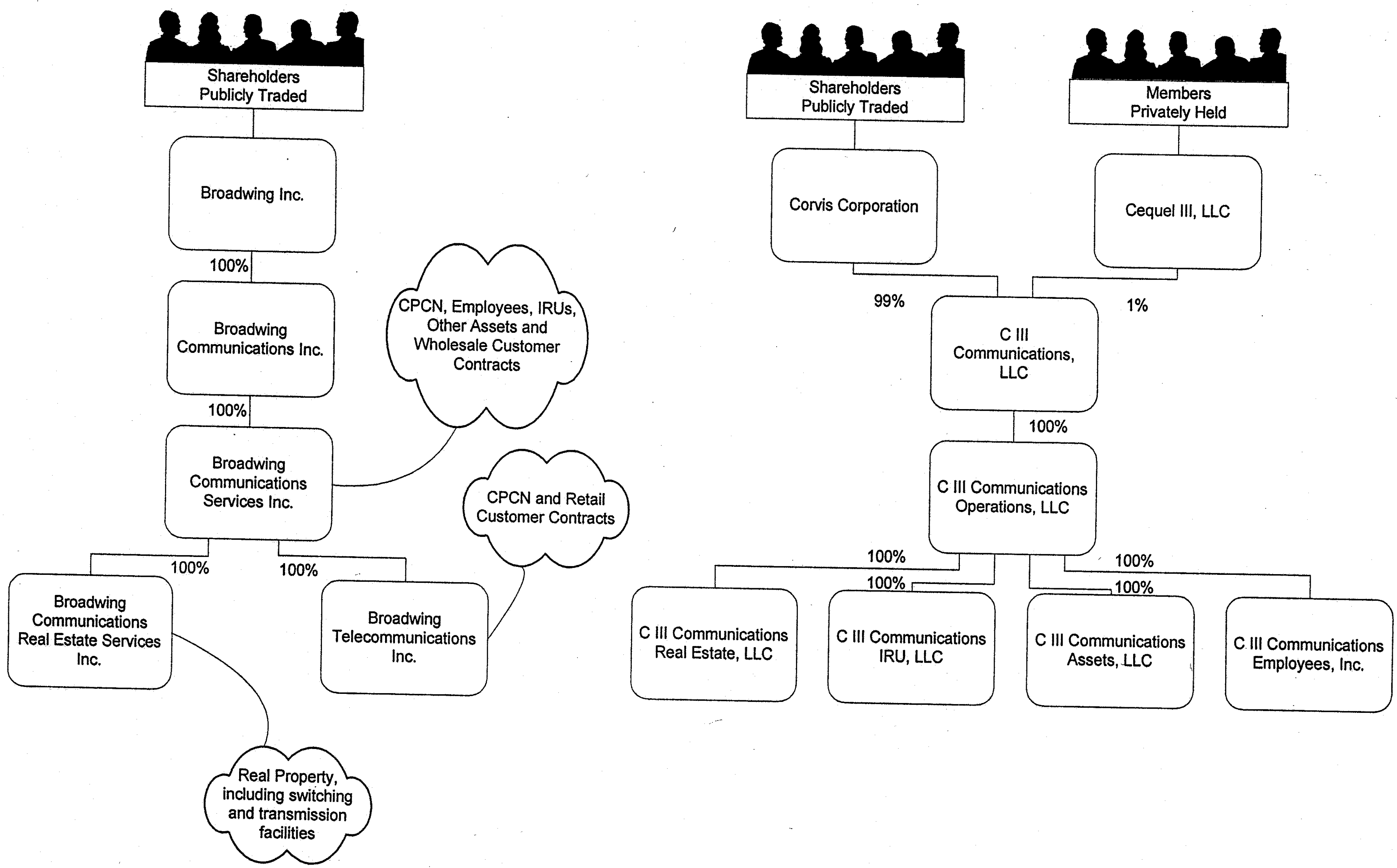
Nancy B Faber

Nancy B. Faber
NOTARY PUBLIC
HOWARD COUNTY
MARYLAND
My Commission Expires Nov. 1 2006

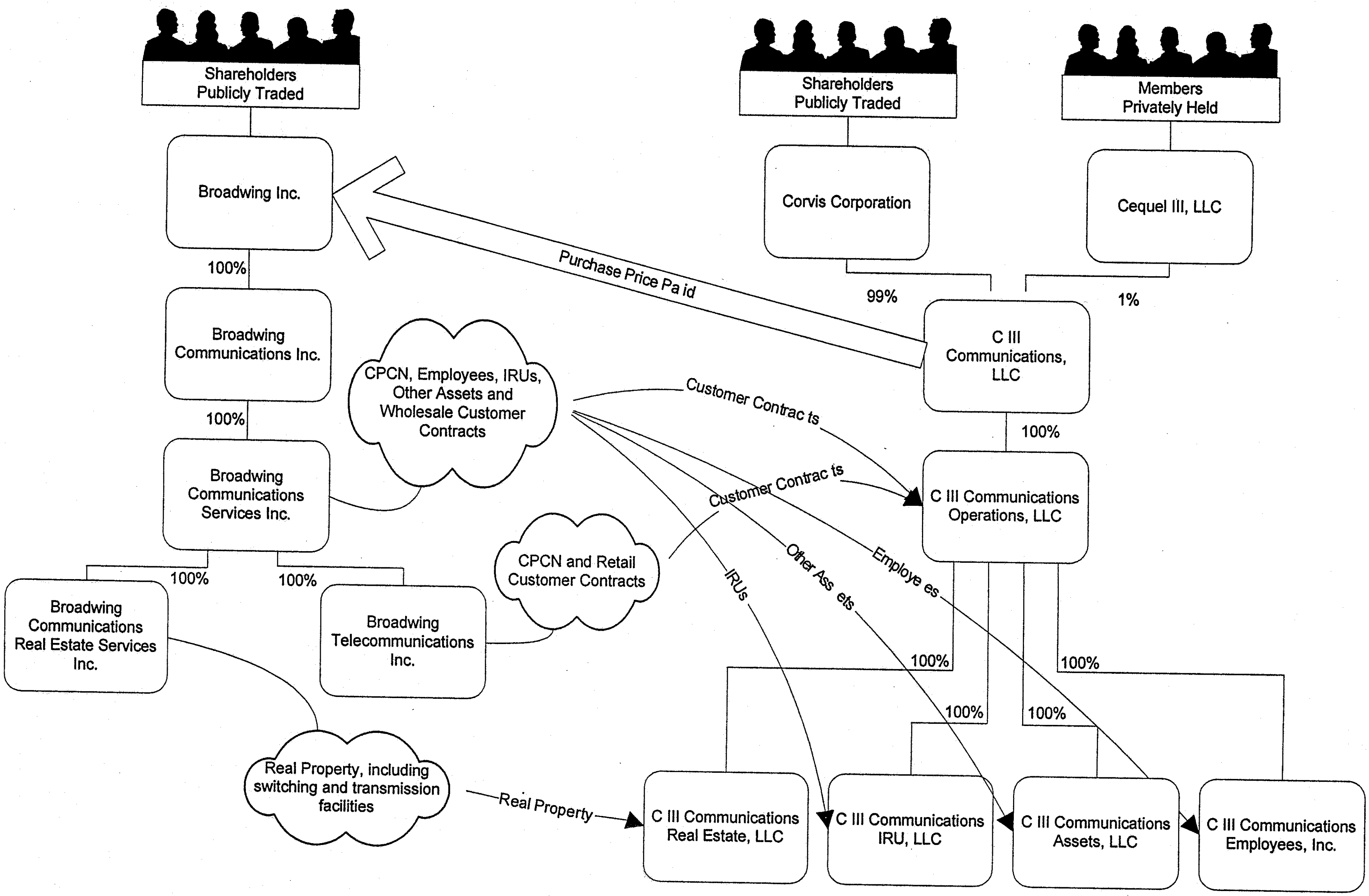
12506.1

List of Attachments

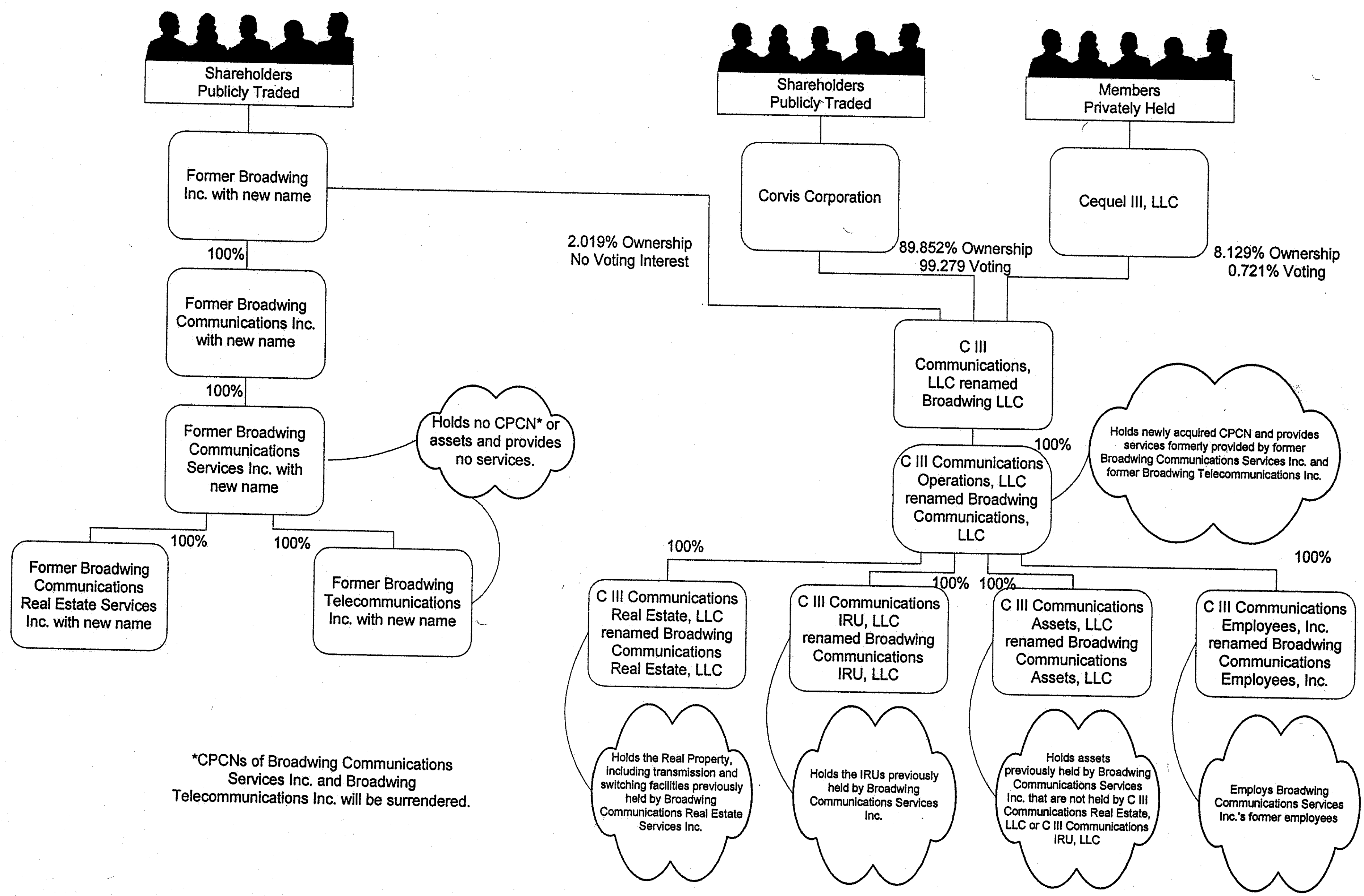
Current Structure



Proposed Transaction



Proposed Final Structure



*CPCNs of Broadwing Communications Services Inc. and Broadwing Telecommunications Inc. will be surrendered.

C III's Current and Proposed Ownership Structure

Current Ownership

Corvis Corporation	99 Class A Units (Voting)
Cequel III, LLC	1 Class A Unit (Voting)

Proposed Ownership

Corvis Corporation	12,018,567 Class A Units (Voting)
Cequel III, LLC	87,300 Class A Units (Voting) and 1,000,000 Class C Units (Non-voting)
Broadwing, Inc.	270,000 Class B Units (Non-voting)

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "C III COMMUNICATIONS OPERATIONS, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTH DAY OF MARCH, A.D. 2003.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3627662 8300

030153650

AUTHENTICATION: 2295856

DATE: 03-07-03

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 03/17/03
REQUEST NUMBER: 4753-2637
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 03/14/03 1210
EFFECTIVE DATE/TIME: 03/14/03 1210
CONTROL NUMBER: 0443553

TO:
CT CORPORATION SYSTEM
1030 15TH ST N.W.

WASHINGTON, DC 20005

RE:
C III COMMUNICATIONS OPERATIONS, LLC
APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY - LIMITED LIABILITY COMPANY

ON DATE: 03/17/03

FROM:
C T CORPORATION SYSTEM (DC-1030 15TH ST)
1030 15TH ST N.W.

WASHINGTON, DC 20005-0000

	FEES	
RECEIVED:	$300.00	$0.00
TOTAL PAYMENT RECEIVED:		$300.00

RECEIPT NUMBER: 00003240454
ACCOUNT NUMBER: 00000007

THE GREAT SEAL OF THE STATE OF TENNESSEE XVI AGRICULTURE COMMERCE 1796

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

SS-4458

18

State of Tennessee

Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR CERTIFICATE OF AUTHORITY

For Office Use Only

FILED
RECEIVED
TENNESSEE
2003 MAR 14 PM 12:40
RILEY DARNELL
SECRETARY OF STATE

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of § 48-246-301 of the Tennessee Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the Limited Liability Company is: C III Communications Operations, LLC

If different, the name under which the certificate of authority is to be obtained is: ____________________

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of § 48-207-101 of the Tennessee Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to § 48-207-101(d).

2. The state or country under whose law it is formed is: Delaware

3. The date of its organization is: 02/20/2003 *(must be month, day and year)*

4. The complete street address (including zip code) of its principal office is:

701 Pennsylvania Avenue, NW, Suite 900, Attn: Robert E. Stup, Jr., Washington, DC 20004
Street *City/State* *Zip Code*

5. The complete street address (including the county and the zip code) of its registered office in Tennessee:

c/o C T Corporation System, 530 Gay Street, Knoxville, Tennesse, Knox County, 37902
Street *City/State* *County* *Zip Code*

The name of its registered agent at that office is: C T Corporation System

6. The number of members at the date of filing 1

7. If the limited liability company commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) ____________________.

NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under whose law it is organized. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.

March 12, 2003
Signature Date

C III Communications Operations, LLC
Name of Limited Liability Company

Member
Signer's Capacity

[signature]
Signature

Lynn D. Anderson
Name (typed or printed)

SS-4233 (Rev. 7/00) RDA 2458

TN063 - 1/24/02 C T Filing Manager Online

4753 2633

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "C III COMMUNICATIONS OPERATIONS, LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWELFTH DAY OF MARCH, A.D. 2003.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE NOT BEEN ASSESSED TO DATE.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3627662 8300

030166167

AUTHENTICATION: 2304117

DATE: 03-12-03

Broadwing Communications Services Inc.

INCOME STATEMENT
9 Months Ending September 30, 2002
Unaudited

Net Revenues	$ 352,307,717
Operating Expenses:	
Cost of Services	274,643,334
Operations and Administration	97,174,065
Depreciation and Amortization	138,529,372
Other Operating Expenses	20,961,434
Operating Loss	(179,000,488)
Interest Expense	(124,674,592)
Equity Interest	(13,240,901)
Other, Net	(470,651)
Loss Before Income Taxes, Minority Interest and Change in Accounting Principle	(317,386,632)
Benefit for Income Taxes	141,385,945
Minority Interest	245,700
Change in Accounting Principle	(1,649,861,655)
Net Loss	($1,825,616,642)

Broadwing Communications Services Inc.

BALANCE SHEET
September 30, 2002
Unaudited

ASSETS

Current Assets	
Cash And Cash Equivalents	$ 12,992,120
Accounts Receivable	105,774,181
I/C Receivables From Affiliates	(1,880,761,057)
Prepaid Assets	7,524,840
Deferred Taxes & Other Current Assets	14,811,284
Total Current Assets	(1,739,658,632)
Fixed Assets, Net	813,163,663
Other Non-Current Assets	798,707,456
Investment In Subsidiaries	(577,454,091)
Total Assets	(705,241,604)

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities	
Accounts Payable	108,391,754
Deferred Revenue	30,337,108
Taxes Payable	98,238,623
Current Portion Of Long Term Debt	2,113,609
Other Current Liabilities	(263,038,356)
Total Current Liabilities	(23,957,262)
Non-Current Liabilities	
Total Long Term Debt Less Current Portion	1,074,228
Deferred Tax Liability	326,324,410
Total Other Liabilities	356,127,940
Minority Interest	(523,133)
Total Non-Current Liabilities	683,003,445
Total Liabilities	659,046,183
Stockholders Equity	
Total Retained Earnings	(3,632,058,370)
Additional Paid In Capital	2,267,770,583
Total Stockholders Equity	(1,364,287,787)
Total Liabilities And Stockholders Equity	($705,241,604)

Broadwing Telecommunications Inc.

INCOME STATEMENT
9 Months Ending September 30, 2002
Unaudited

Net Revenues	$204,453,503
Operating Expenses:	
Cost of Services	126,208,678
Operations and Administration	107,770,788
Depreciation and Amortization	3,255,290
Operating Loss	(32,781,253)
Interest Expense	(4,709,431)
Other, Net	(175,499)
Loss Before Income Taxes & Change in Accounting Principal	(37,666,183)
Benefit for Income Taxes	13,277,465
Change in Accounting Principal	(357,053,444)
Net Loss	($381,442,162)

Broadwing Telecommunications Inc.

BALANCE SHEET
September 30, 2002
Unaudited

ASSETS

Current Assets	
Cash and Cash Equivalents	$ -
Accounts Receivable	7,178,668
Prepaid Assets	2,050,576
Deferred Taxes	2,624,591
Other Assets	2,572,512
Total Current Assets	15,426,347
Fixed Assets, Net	7,597,972
Net Intangible Assets	145,031
Other Non-Current Assets	99,001,799
Total Assets	122,171,149

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities	
Accounts Payable	4,775,663
Accrued Liabilities	355,003,216
Taxes Payable	8,744,641
Other Accrued Liabilities	1,385,852
Total Current Liabilities	369,909,372
Non-Current Liabilities	
Deferred Tax Liability	3,389,297
Other Long Term Liabilities	755,848
Total Non-Current Liabilities	4,145,145
Total Liabilities	374,054,517
Stockholders Equity	
Total Retained Earnings	(708,706,095)
Additional Paid In Capital	456,822,727
Total Stockholders Equity	(251,883,368)
Total Liabilities And Stockholders Equity	$122,171,149

Broadwing Communications Services Inc.

INCOME STATEMENT
12 Months Ending December 31, 2001
Unaudited

Net Revenues	$ 617,242,503
Operating Expenses:	
Cost of Services	467,098,508
Operations and Administration	132,767,681
Depreciation and Amortization	264,265,142
Other Operating Expenses	212,305,187
Operating Loss	(459,194,015)
Interest Expense	(111,794,342)
Equity Interest	2,985,494
Other, Net	3,829,467
Loss Before Income Taxes and Minority Interest	(564,173,396)
Benefit for Income Taxes	213,057,553
Minority Interest	192,124
Net Loss	($350,923,719)

Broadwing Communications Services Inc.

BALANCE SHEET
December 31, 2001
Unaudited

ASSETS

Current Assets	
Cash And Cash Equivalents	$ 11,961,100
Accounts Receivable	69,872,252
I/C Receivables From Affiliates	(1,506,181,154)
Prepaid Assets	8,966,310
Deferred Taxes	8,043,714
Total Current Assets	(1,407,337,778)
Fixed Assets, Net	933,867,725
Other Non-Current Assets	2,348,247,327
Investment In Subsidiaries	(440,070,430)
Total Assets	1,434,706,844

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities	
Accounts Payable	172,003,740
Deferred Revenue	39,937,742
Taxes Payable	(7,324,388)
Current Portion Of Long Term Debt	2,887,592
Other Current Liabilities	(78,400,415)
Total Current Liabilities	129,104,271
Non-Current Liabilities	
Total Long Term Debt Less Current Portion	44,646,155
Deferred Tax Liability	290,499,169
Total Other Liabilities	425,384,851
Minority Interest	(277,432)
Total Non-Current Liabilities	760,252,743
Total Liabilities	889,357,014
Stockholders Equity	
Total Retained Earnings	(1,670,735,545)
Additional Paid In Capital	2,216,085,376
Total Stockholders Equity	545,349,831
Total Liabilities And Stockholders Equity	$1,434,706,845

Broadwing Telecommunications Inc.

INCOME STATEMENT
12 Months Ending December 31, 2001
Unaudited

Net Revenues	$ 246,772,451
Operating Expenses:	
Cost of Services	154,965,477
Operations and Administration	156,540,464
Depreciation and Amortization	24,319,967
Operating Loss	(89,053,457)
Interest Expense	(14,476,105)
Other, Net	(1,857,993)
Loss Before Income Taxes	(105,387,555)
Benefit for Income Taxes	32,956,974
Net Loss	($ 72,430,581)

Broadwing Telecommunications Inc.

BALANCE SHEET
December 31, 2001
Unaudited

ASSETS

Current Assets	
Cash And Cash Equivalents	$ 47,322
Accounts Receivable	(60,862,453)
Prepaid Assets	1,814,189
Deferred Taxes	3,162,796
Other Assets	(12,355,382)
Total Current Assets	(68,193,528)
Fixed Assets, Net	11,645,403
Net Intangible Assets	359,131,210
Other Non-Current Assets	80,917,949
Total Assets	383,501,034

LIABILITIES AND STOCKHOLDERS EQUITY

Current Liabilities	
Accounts Payable	3,181,269
Accrued Liabilities	246,857,682
Taxes Payable	803,940
Other Accrued Liabilities	400,953
Total Current Liabilities	251,243,844
Non-Current Liabilities	
Deferred Tax Liability	2,324,534
Other Long Term Liabilities	744,859
Total Non-Current Liabilities	3,069,393
Total Liabilities	254,313,237
Stockholders Equity	
Total Retained Earnings	(327,634,930)
Additional Paid In Capital	456,822,727
Total Stockholders Equity	129,187,797
Total Liabilities And Stockholders Equity	$ 383,501,034

FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2002

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from______________ to ________________

Commission file number 0-12751

Corvis Corporation
(Exact name of registrant as specified in its charter)

Delaware	52-2041343
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7015 Albert Einstein Drive, Columbia, Maryland 21046-9400
(Address of principal executive offices) (Zip Code)

(443) 259-4000
(Registrant's telephone number, including area code)

____

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X____ No_______

Number of shares of Common Stock, $0.01 par value, outstanding at October 26, 2002: 412,290,812

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PART I - Financial Information

Item 1. Financial Statements.

CORVIS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 29, 2001	September 28, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 638,872	$ 510,729
Short-term investments	21,907	38,014
Trade accounts receivable	33,676	6,021
Inventory, net	96,426	74,472
Other current assets	17,486	12,544
Total current assets	808,367	641,780
Restricted cash, long-term	2,417	2,396
Property and equipment, net	134,393	104,852
Goodwill and other intangible assets, net	21,429	58,593
Other long-term assets, net	12,219	2,811
Total assets	$ 978,825	$ 810,432
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable, current portion	$ 126	$ 105
Capital lease obligations, current portion	6,796	3,866
Accounts payable	14,488	16,000
Accrued expenses and other liabilities	36,402	41,629
Provision for restructuring and other charges	24,050	19,696
Total current liabilities	81,862	81,296
Noncurrent liabilities:		
Notes payable, net of current portion	2,959	2,587
Capital lease obligations, net of current portion	1,743	167
Deferred lease liability and other	3,408	2,871
Total liabilities	89,972	86,921
Commitments and contingencies		
Stockholders' equity:		
Common stock—$0.01 par value; 1,900,000,000 shares authorized; 362,687,909 shares issued and outstanding as of December 29, 2001; 412,288,312 shares issued and outstanding as of September 28, 2002	3,621	4,117
Additional paid-in capital	2,648,955	2,798,275
Shareholder notes receivable	-	(32)
Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(10,796)	(8,377)
Accumulated deficit	(1,752,927)	(2,070,472)
Total stockholders' equity	888,853	723,511
Total liabilities and stockholders' equity	$ 978,825	$ 810,432

See accompanying notes to unaudited condensed consolidated financial statements.

CORVIS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 29, 2001	September 28, 2002	September 29, 2001	September 28, 2002
Revenue	$ 24,157	$ 1,353	$ 173,203	$ 13,092
Costs of Revenue:				
Product sales	15,554	757	108,999	9,478
Inventory write-downs and other charges	--	24,278	99,166	30,324
Gross profit (loss)	8,603	(23,682)	(34,962)	(26,710)
Operating expenses:				
Research and development, exclusive of equity-based expense	34,827	32,980	117,751	95,123
Sales and marketing, exclusive of equity-based expense	12,672	10,954	43,185	36,147
General and administrative, exclusive of equity-based expense	7,652	7,231	27,163	24,407
Equity-based expense:				
Research and development	10,940	7,152	36,368	22,209
Sales and marketing	8,265	2,954	15,560	9,092
General and administrative	8,997	7,601	27,346	23,383
Amortization of intangible assets	12,014	5,658	113,890	12,833
Purchased research and development	--	--	--	34,580
Restructuring, impairment and other charges	131	31,313	606,866	35,664
Total operating expenses	95,498	105,843	988,129	293,438
Operating loss	(86,895)	(129,525)	(1,023,091)	(320,148)
Interest income and other, net	6,269	2,127	19,804	2,603
Net loss	$ (80,626)	$ (127,398)	$(1,003,287)	$ (317,545)
Other comprehensive income (loss) — foreign currency translation adjustment	11,949	(128)	(68,726)	2,419
Comprehensive loss	$ (68,677)	$ (127,756)	$(1,072,013)	$ (315,126)
Basic and diluted net loss per common share	$ (0.23)	$ (0.31)	$ (2.87)	$ (0.82)
Weighted average number of common shares outstanding	352,335	410,323	349,490	385,643

See accompanying notes to unaudited condensed consolidated financial statements.

CORVIS CORPORATION AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended	
	September 29, 2001	September 28, 2002
Cash flows from operating activities:		
Net loss	$ (1,003,287)	$ (317,545)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	148,245	38,807
Equity-based expense	79,274	54,684
Purchased research and development	--	34,580
Restructuring, impairment and other charges	672,162	48,716
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(41,020)	27,655
Decrease (increase) in inventory, net	(30,756)	686
Decrease (increase) in other assets	(4,940)	10,191
Increase (decrease) in accounts payable and accrued expenses	(20,603)	4,918
Net cash used in operating activities	(200,925)	(97,308)
Cash flows from investing activities:		
Purchase of property and equipment	(93,634)	(15,150)
Cash acquired in business combination	--	6,013
Purchases and sales of short-term investments, net	--	(16,107)
Decrease (increase) in deposits and other non-current assets	(15,150)	21
Net cash used in investing activities	(108,784)	(25,223)
Cash flows from financing activities:		
Payments on note payable and capital leases	(3,609)	(4,899)
Proceeds from the issuance of stock	5,420	941
Net cash provided by (used in) financing activities	1,811	(3,958)
Effect of exchange rate changes on cash and cash equivalents	(1,884)	(1,654)
Net decrease in cash and cash equivalents	(309,782)	(128,143)
Cash and cash equivalents—beginning	1,024,758	638,872
Cash and cash equivalents—ending	$ 714,976	$ 510,729
Supplemental disclosure of cash flow information:		
Interest paid	$ 2,866	$ 754
Supplemental disclosure of noncash activities:		
Obligations under capital lease	$ 3,299	$ --
Purchase business combinations consideration paid with common stock	--	91,818

See accompanying notes to unaudited condensed consolidated financial statements.

CORVIS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except per share data)

(1) Summary of Significant Accounting Policies and Practices

(a) Basis of Presentation

The unaudited condensed consolidated financial statements included herein for Corvis Corporation and subsidiaries (the "Company") have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the condensed consolidated financial statements included in this report reflect all normal recurring adjustments which the Company considers necessary for the fair presentation of the results of operations for the interim periods. Certain information and footnote disclosures normally included in the annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to understand the information presented. The operating results for interim periods are not necessarily indicative of the operating results for the entire year.

These financial statements should be read in conjunction with the Company's December 29, 2001 audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K filed on March 21, 2002.

(b) Revenue and Costs of Revenue

Revenue from product sales is recognized upon execution of a contract and the completion of all delivery obligations provided that there are no uncertainties regarding customer acceptance and collectibility is deemed probable. If uncertainties exist, revenue is recognized when such uncertainties are resolved.

Revenue from installation services is recognized as the services are performed unless the terms of the supply contract combine product acceptance with installation, in which case revenues for installation services are recognized when the terms of acceptance are satisfied and installation is completed. Revenues from installation service fixed price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date compared to estimated total costs for each contract. Amounts received in excess of revenue recognized are included as deferred revenue in the accompanying condensed consolidated balance sheets. Revenue from annual maintenance agreements is recognized on a straight-line basis over the service period.

Costs of revenue include the costs of manufacturing the Company's products and other costs associated with warranty and other contractual obligations, inventory obsolescence costs and overhead related to the Company's manufacturing, engineering, finishing and installation. Warranty reserves are determined based upon actual warranty cost experience, estimates of component failure rates and management's industry experience.

(Amounts in thousands, except per share data)

(c) Uses of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Inventory

Inventories are comprised of the following:

	December 29, 2001	September 28, 2002
Raw materials	$ 197,549	$ 197,931
Work-in-process	17,037	5,913
Finished goods	52,268	40,063
Less: reserve for excess inventory and obsolescence	(170,428)	(169,435)
Inventory, net	$ 96,426	$ 74,472

(3) Inventory Write-downs, Restructuring and Other Charges

During 2001 and 2002, unfavorable economic conditions resulted in reduced capital expenditures by telecommunications service providers causing a decline in the demand for the Company's products. In response to these conditions, in the second, third and fourth quarters of 2001, the Company implemented restructuring plans designed to decrease the Company's operating expenses and to align resources for long-term growth opportunities. These plans included the closure of the Company's Canadian operations. Additionally, the Company evaluated the recoverability of the carrying value of its inventory and long-lived assets in light of the economic environment, the delay of customer network build-outs and projected sales. As a result, the Company recorded charges of approximately $1.0 billion in the year ended December 29, 2001. These charges were comprised of $216.5 million in cost of revenue charges associated with inventory write downs; $77.7 million associated with consolidation of excess facilities, write-downs of idle equipment and workforce reductions; $711.5 million associated with the write-down of goodwill generated in the acquisition of Algety Telecom S.A.; and $12.3 million associated with permanent impairment charges on strategic equity investments carried at cost.

During the nine months ended September 28, 2002, the Company continued to develop and implement restructuring plans designed to further align resources for long-term growth opportunities.

(Amounts in thousands, except per share data)

Restructuring efforts included the completion of a multi-year manufacturing outsourcing agreement with Celestica, a world leader in electronics manufacturing services, in an affected to improve overall manufacturing flexibility and reduce costs. Under the agreement, the Company will transition all of its manufacturing capabilities to Celestica with the exception of final assembly, system integration and testing capabilities. The full transition of affected manufacturing capabilities is expected to be complete in the second quarter of 2003.

In September 2002, the Company completed plans for the reorganization of its French subsidiary, Corvis Algety. The reorganization will result in the elimination of jobs as well as the consolidation of facilities and equipment. These actions will result in staff reductions totaling approximately 165 employees or 80 percent of the local workforce over the next six months.

In light of these activities as well as the continued contraction within the telecommunications sector, the Company continued to evaluate the carrying value of its inventory and other assets. These events and analysis have resulted in the following inventory write-downs, restructuring, impairment and other special charges:

	Cost of Revenue	Restructuring and Other Charges				Interest Income and Other	
	Special Charges, Inventory Write-downs, Contract Losses and Purchase Commitments	Workforce Reduction	Facility Consolidation	Asset Impairments	Total Restructuring and Other Charges	Impairment of Investments	Total
			(In thousands)				
Restructuring liability as of December 29, 2001	$15,313	$1,146	$7,591	—	$8,737	—	$24,050
Quarter ended March 30, 2002:				—			
Restructuring and other charges	4,307	2,599	—	—	2,599	—	6,906
Non-cash charges	(4,307)	(775)	—	—	(775)	—	(5,082)
Cash payments................	(5,002)	(2,034)	(151)	—	(2,185)	—	(7,187)
Quarter ended June 29, 2002:							
Restructuring and other charges....................	6,895	4,232	500	—	4,732	4,771	16,398
Non-cash charges	(6,895)	(1,847)	—	—	(1,847)	(4,771)	(13,513)
Cash payments................	(2,396)	(1,394)	(176)	—	(1,570)	—	(3,966)
Accretion of interest	—	—	127	—	127	—	127
Adjustments of prior estimates.........................	(5,155)	—	(2,980)	—	(2,980)	—	(8,135)
Quarter ended September 28, 2002:							
Restructuring and other charges....................	24,278	12,516	—	18,832	31,348	—	55,626
Non-cash charges	(23,841)	—	—	(18,832)	(18,832)	—	(42,673)
Cash payments................	(908)	(1,576)	(388)	—	(1,964)	—	(2,872)
Accretion of interest	—	—	(81)	—	(81)	—	(81)
Effect of international exchange rates	132	—	—	—	—	—	132
Adjustments of prior estimates.........................	—	—	(34)	—	(34)	—	(34)
Restructuring liability as of September 28, 2002....	$2,421	$12,867	$4,408	—	$17,275	—	$19,696

(4) Basic and Diluted Net Loss Per Share

Basic and diluted net loss per share are computed as follows (in thousands, except per share data):

(Amounts in thousands, except per share data)

	Three Months Ended	
	September 29, 2001	September 28, 2002
Net loss	$ (80,626)	$ (127,398)
Basic and diluted weighted average common shares	352,335	410,323
Basic and diluted net loss per common share	$ (0.23)	$ (0.31)

	Nine Months Ended	
	September 29, 2001	September 28, 2002
Net loss	$ (1,003,287)	$ (317,545)
Basic and diluted weighted average common shares	349,490	385,643
Basic and diluted net loss per common share	$ (2.87)	$ (0.82)

Options and warrants outstanding as of September 28, 2002 to purchase 52.3 million and 7.6 million shares of common stock, respectively, and 1.1 million unvested shares acquired through the exercise of options were not included in the computation of diluted loss per share for the three and nine months period ended September 28, 2002 as their inclusion would be anti-dilutive.

Options and warrants outstanding as of September 29, 2001 to purchase 59.2 million and 7.6 million shares of common stock, respectively, and 6.4 million unvested shares acquired through the exercise of options were not included in the computation of diluted loss per share for the three and nine months ended September 29, 2001 as their inclusion would be anti-dilutive.

(5) Dorsal Acquisition

On May 16, 2002, the Company completed its acquisition of Dorsal Networks, Inc., a privately held provider of next-generation transoceanic and regional undersea optical network solutions for 41.8 million shares of common stock valued at approximately $91.8 million. The acquisition was accounted for under the "purchase" method of accounting. Under the purchase method, the purchase price of Dorsal was allocated to identifiable assets and liabilities acquired from Dorsal, with the excess being treated as goodwill.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition which is based on an independent valuation.

(Amounts in thousands, except per share data)

Current assets	$ 6,632
Property and equipment	5,506
Other assets	577
Patents	30,799
In-process research and development	34,580
Goodwill	19,089
Total assets acquired	97,183
Current liabilities	(5,365)
Total liabilities assumed	(5,365)
Net assets acquired	$ 91,818

Acquired patents will be amortized over an estimated life of five years. Goodwill will have an indefinite life, but will be subject to periodic impairment tests. In process research and development was expensed during the nine months ended September 28, 2002. Dr. David R. Huber, the Company's Chairman and Chief Executive Officer, owned, directly or indirectly, approximately 31 percent of the outstanding stock of Dorsal.

The following unaudited pro forma data summarizes the results of operations for the period indicated as if the Dorsal acquisition had been completed as of the beginning of each period presented. The unaudited pro forma data gives effect to actual operating results prior to the acquisition, adjusted to include the pro forma effect of amortization of intangibles. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition occurred as of the beginning of the periods presented or that may be obtained in the future.

	Three Months Ended	
	September 29, 2001	September 28, 2002
Revenues	$ 24,157	$ 1,353
Net Loss	(99,443)	(127,398)
Basic and diluted net loss per share	$ (0.28)	$ (0.31)

	Nine Months Ended	
	September 29, 2001	September 28, 2002
Revenues	$ 173,203	$ 13,092
Net Loss	(1,059,294)	(329,111)
Basic and diluted net loss per share	$ (3.03)	$ (0.85)

(6) Legal Matters

In July 2000, Ciena Corporation ("Ciena") informed the Company of its belief that there is significant correspondence between products that the Company offers and several U.S. patents held by Ciena relating to optical networking systems and related dense wavelength division multiplexing communications systems technologies. On July 19, 2000, Ciena filed a lawsuit in the United States District Court for the District of Delaware alleging that the Company is willfully infringing three of Ciena's patents. Ciena is seeking injunctive relief, monetary damages including treble damages, as well as costs of the lawsuit, including attorneys' fees. On September 8, 2000, the Company filed an answer to the complaint, as well as counter-claims alleging, among other things, invalidity and/or unenforceability of the three patents in question. On March 5, 2001, a motion was granted, allowing Ciena to amend its complaint to include allegations that the Company is willfully infringing two additional patents. Although a trial date has not been set, we believe that a trial will commence in the first quarter of 2003. Based on the status of the litigation, the Company cannot reasonably predict the likelihood of any potential outcome.

Between May 7, 2001 and June 15, 2001, nine class action lawsuits were filed in the United States District Court for the Southern District of New York relating to the Company's IPO on behalf of all persons who purchased Company stock between July 28, 2000 and the filing of the complaints. Each of the complaints names as defendants: the Company, its directors and officers who signed the registration statement in connection with the Company's IPO, and certain of the underwriters that participated in the Company's IPO. Our directors and officers have since been dismissed from the case, without prejudice. The complaints allege that the registration statement and prospectus relating to the Company's IPO contained material misrepresentations and/or omissions in that those documents did not disclose (1) that certain of the underwriters had solicited and received undisclosed fees and commissions and other economic benefits from some investors in connection with the distribution of the Company's common stock in the IPO and (2) that certain of the underwriters had entered into arrangements with some investors that were designed to distort and/or inflate the market price for the Company's common stock in the aftermarket following the IPO. The complaints ask the court to award to members of the class the right to rescind their purchases of Corvis common stock (or to be awarded rescissory damages if the class member has sold its Corvis stock) and prejudgment and post-judgment interest, reasonable attorneys' and experts witness' fees and other costs.

By order dated October 12, 2001, the court appointed an executive committee of six plaintiffs' law firms to coordinate their claims and function as lead counsel. Lead plaintiffs have been appointed in almost all of the IPO allocation actions including the Corvis action. On October 17, 2001, a group of underwriter defendants moved for the judge's recusal. The judge denied that application. On December 13, 2001, the moving underwriter defendants filed a petition for writ of mandamus seeking the disqualification of the judge in the United States Court of Appeals for the Second Circuit. On April 1, 2002, the Second Circuit denied the moving underwriter defendants' application for a writ of mandamus seeking the judge's recusal from this action. On April 19, 2002, plaintiffs filed amended complaints in each of the IPO allocation actions, including the Corvis action. On May 23, 2002, a conference was held at which the court set a briefing schedule for the filing of motions to dismiss the amended complaints. On July 1, 2002, the underwriter defendants filed their motion to dismiss the amended complaints. On July 15, 2002, the issuer defendants filed their motion to dismiss the amended complaints. The briefing on the motions to dismiss has recently been completed, and the judge heard oral arguments on the motions on November 1, 2002. No discovery has occurred.

It is the position of Company management that, at this time, it is not possible to estimate the amount of a probable loss, if any, that might result from this matter. Accordingly, no provision for this matter has been made in the Company's consolidated financial statements.

(7) Concentrations

The Company has relied on four customers for all of its revenue: Wiltel Communications Group, Inc. (formally Williams Communications, LLC), Broadwing Communications Services, Inc., Telefonica de Espana S.A.U. and France Télécom. The Company expects that a significant portion of its future revenue will continue to be generated by a limited number of customers. The loss of any one of these customers or any substantial reduction in orders by any one of these customers could materially adversely affect the Company's financial condition or operating results.

(8) Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 143 (SFAS 143), "Accounting for Asset Retirement Obligations," in August 2001. SFAS 143 requires companies to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred, and capitalize the cost by increasing the carrying amount of the related long-lived asset. The Company is required to adopt SFAS 143 on January 1, 2003. The adoption of this standard will not have a material effect on the company's results of operations.

The FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections" in April 2002. SFAS 145 clarifies guidance related to the reporting of gains and losses from extinguishment of debt and resolves inconsistencies related to the required accounting treatment of certain lease modifications. The provisions of this statement relating to the extinguishment of debt are effective for financial statements issued for fiscal years beginning after May 15, 2002. The provisions of this statement relating to lease modifications are effective for transactions occurring after May 15, 2002. The Company does not believe this standard will have a material impact on its results of operations.

CORVIS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except per share data)

The FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities" in June 2002. SFAS 146 nullifies previous guidance on this issue and requires a liability for a cost associated with an exit or disposal activity to be recognized and measured at its fair value in the period in which the liability is incurred. The Company is required to adopt the provisions of this statement for exit or disposal activities initiated after December 31, 2002. The Company is assessing the impact that the adoption of this standard will have on the Company's results of operations.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 addresses the accounting for acquisitions of businesses and is effective for acquisitions occurring on or after July 1, 2001. SFAS No. 142 addresses the method of identifying and measuring goodwill and other intangible assets acquired in a business combination, eliminates further amortization of goodwill, provides for classification of workforce intangibles as goodwill and requires periodic evaluations of impairment of goodwill balances. SFAS No. 141 and 142 are effective January 1, 2002, except for acquisitions occurring on or after July 1, 2001, for which the provisions of SFAS No. 141 and 142 are applicable. Accordingly, through December 29, 2001, the Company continued to amortize goodwill.

Had the amortization provisions of SFAS No. 142 been applied as of January 1, 2001, for all of the Company's acquisitions, the Company's income (loss) and earnings (loss) per share would have been as follows:

	Three Months Ended	
	September 29, 2001	**September 28, 2002**
Net loss, as reported	$ (80,626)	$ (127,398)
Goodwill amortization	8,982	—
Workforce in place amortization	110	—
Net loss, as adjusted	$ 71,534	$ 127,398
Basic and diluted per share data:		
Net loss per common share, as reported	$ (0.23)	$ (0.31)
Goodwill and workforce in place amortization per common share	0.03	—
Net loss per common share, as adjusted	$ (0.20)	$ (0.31)

	Nine Months Ended	
	September 29, 2001	**September 28, 2002**
Net loss, as reported	$ (1,003,287)	$ (317,545)
Goodwill amortization	104,790	—
Workforce in place amortization	334	—
Net loss, as adjusted	$ (898,163)	$ (317,545)

(Amounts in thousands, except per share data)

	Nine Months Ended	
Basic and diluted per share data:	September 29, 2001	September 28, 2002
Net loss per common share, as reported	$ (2.87)	$ (0.82)
Goodwill and workforce in place amortization per common share	0.30	—
Net loss per common share, as adjusted	$ (2.57)	$ (0.82)

As of January 1, 2002, the Company reclassified approximately $0.7 million of intangible assets associated with an acquired employee workforce from intangible assets to goodwill, which in accordance with SFAS No. 142, are no longer separately identifiable from goodwill. As of September 28, 2002, the Company had approximately $87.9 million of intangible assets ($38.6 million net of accumulated amortization) related to patents and intellectual property, which are being amortized straight-line over a period of three years. The Company incurred amortization expense of $12.8 million during the nine months ended September 28, 2002 and anticipates amortization expense to be the following for the next five years:

Estimated Amortization Expense:	
For the year ended 12/28/02:	$18,492
For the year ended 12/27/03:	$17,771
For the year ended 12/25/04:	$10,966
For the year ended 12/24/05:	$ 4,141
For the year ended 12/23/06:	$ -

In August 2001, the Financial Accounting Standard Board issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and infrequently Occurring Events and Transactions", for the disposal of segments of a business (as previously defined in that opinion). The adoption of SFAS No. 144 did not have any effect on the Company's results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis along with our unaudited condensed consolidated financial statements and the notes to those statements included elsewhere in this report and in conjunction with our Form 10-K for the year ended December 29, 2001 filed on March 21, 2002 with the Securities and Exchange Commission.

Overview

We design, manufacture and sell high performance all-optical and electrical/optical terrestrial and undersea communications systems that we believe accelerate carrier revenue opportunities and lower the overall cost of network ownership for carriers. Our optical products have enabled a fundamental shift in network design and efficiency by allowing for the transmission, switching and management of communications traffic entirely in the optical domain. By deploying our products, carriers eliminate the need for expensive and bandwidth limiting electrical regeneration and switching equipment, significantly reducing costs, increasing network capacity and allowing them to provide new services more quickly and efficiently. Our products also open new market opportunities for carriers by enabling a flexible, in-service migration path from existing point-to-point and ring electrical/optical networks to all-optical mesh networks.

Customers

We currently have six customers, including Broadwing Communications Services, Inc., Wiltel Communications Group, Inc. (formally Williams Communications, LLC), Qwest Communications Corporation, Telefonica de Espana S.A.U., France Telecom and the U.S. Federal Government.

Broadwing has agreed to purchase at least $200 million of our products and services as part of a multi-year purchase agreement. Since successfully completing field trials in July 2000, Broadwing has deployed a wide range of our optically optimized networking products, including the all-optical switch, to create a national all-optical network that has been in service for over a year. Sales to Broadwing continue as part of network expansions and maintenance. Cumulative sales to Broadwing through September 28, 2002 totaled $191.6 million.

In 2001, Wiltel accepted a field trial system and agreed to purchase up to $300 million of our products and services as part of a multi-year purchase agreement. Firm commitments totaling approximately $85.0 million must be purchased prior to December 31, 2003. Wiltel has deployed our switching and transport equipment to create a national all-optical network, which is currently in service carrying commercial traffic. Cumulative sales to Wiltel through September 28, 2002 total $77.5 million.

On April 22, 2002, we reached an agreement with Qwest Communications Corporation modifying the terms of our previous purchase agreement. Under the terms of the new agreement, Qwest agreed to purchase up to $150 million of our products and services over a multi-year period. Firm commitments totaling $7.0 million must be purchased in 2002 and $5.0 million must be purchased in 2003 subject to certain acceptance criteria. In addition, we have agreed with Qwest to enter into two field trials of Corvis ON transport and switching equipment as well as our Corvis Optical Convergence Switch (OCS). The field trials began in the third quarter of 2002.

During the first quarter of 2002, we completed the first sales of our XF repeaterless link product to Telefonica de Espana, which was deployed between the island of Mallorca and Telefonica's backbone network in Spain. In April 2002, we sold a XF repeaterless link to France Telecom to upgrade its link between the European mainland and the island of Corsica. The relationships with Telefonica and France Telecom are in early stages and the agreements do not include significant purchase commitment levels, however, we hope to develop these arrangements into long-term business relationships.

In the third quarter of 2002, we created a wholly owned subsidiary, Corvis Government Solutions, Inc. (CGSI), to provide optical networking solutions and services to the Federal marketplace. During the third quarter, CGSI secured its first contract and purchase order from the U.S. Federal Government.

We have also entered into lab trials and discussions regarding laboratory and field trials with other carriers for our ON, OCS and transoceanic subsea products. Upon successful completion of these field trials, we hope to enter into agreements for commercial deployment with new customers.

Starting in 2001 and continuing in 2002, conditions within the general economy and the telecommunications sector have resulted in reduced capital expenditures by carriers and a reduced demand for telecommunications networking systems. As a response to these conditions, we implemented restructuring plans designed to decrease our business expenses and to align resources for long-term growth opportunities. Additionally, we evaluated the carrying value of our inventory and long-term assets. As a result of these steps, we recorded charges totaling approximately $1.0 billion in the second, third and fourth quarters of 2001. These charges were comprised of $216.5 million in cost of revenue charges associated with inventory write-downs and losses on open purchase commitment cancellations; $24.5 million associated with workforce reductions; $53.2 million associated with consolidation of excess facilities and write-downs of idle equipment; $711.5 million associated with the write-down of goodwill; and $12.3 million associated with permanent impairment charges on strategic equity investments.

During the nine months ended September 28, 2002, we continued to develop and implement additional restructuring plans designed to further align resources for long-term growth opportunities.

Restructuring efforts included the execution of a multi-year manufacturing outsourcing agreement with Celestica, a world leader in electronics manufacturing services in an effort to improve overall manufacturing flexibility and reduce costs. Under the agreement, we will transition all of our manufacturing capabilities to Celestica with the exception of final assembly, system integration and test capabilities. The full transition of affected manufacturing capabilities is expected to be complete in the second quarter of 2003.

In September 2002, we completed plans for the reorganization of our French subsidiary, Corvis Algety. The reorganization will result in the elimination of jobs as well as the consolidation of facilities and equipment. These actions will result in total staff reductions of approximately 165 employees or 80 percent of the local workforce over the next six months.

In light of these activities as well as continued contraction within the telecommunications sector, we continued to evaluate the carrying value of our inventory and other assets. These events and analysis have resulted in the following inventory write-downs, restructuring, impairment and other special charges:

	Cost of Revenue	**Restructuring and Other Charges**				**Interest Income and Other**	
	Special Charges, Inventory Write-downs, Contract Losses and Purchase Commitments	**Workforce Reduction**	**Facility Consolidation**	**Asset Impairments**	**Total Restructuring and Other Charges**	**Impairment of Investments**	**Total**
			(In thousands)				
Restructuring liability as of December 29, 2001	$15,313	$1,146	$7,591	—	$8,737	—	$24,050
Quarter ended March 30, 2002:							
Restructuring and other charges	4,307	2,599	—	—	2,599	—	6,906
Non-cash charges	(4,307)	(775)	—	—	(775)	—	(5,082)
Cash payments................	(5,002)	(2,034)	(151)	—	(2,185)	—	(7,187)
Quarter ended June 29, 2002:							
Restructuring and other charges....................	6,895	4,232	500	—	4,732	4,771	16,398
Non-cash charges	(6,895)	(1,847)	—	—	(1,847)	(4,771)	(13,513)
Cash payments................	(2,396)	(1,394)	(176)	—	(1,570)	—	(3,966)
Accretion of interest	—	—	127	—	127	—	127
Adjustments of prior estimates.........................	(5,155)	—	(2,980)	—	(2,980)	—	(8,135)
Quarter ended September 28, 2002:							
Restructuring and other charges....................	24,278	12,516	—	18,832	31,348	—	55,626
Non-cash charges	(23,841)	—	—	(18,832)	(18,832)	—	(42,673)
Cash payments................	(908)	(1,576)	(388)	—	(1,964)	—	(2,872)
Accretion of interest	—	—	(81)	—	(81)	—	(81)
Effect of international exchange rates	132	—	—	—	—	—	132
Adjustments of prior estimates.........................	—	—	(34)	—	(34)	—	(34)
Restructuring liability as of September 28, 2002....	$2,421	$12,867	$4,408	—	$17,275	—	$19,696

We continue to monitor our financial position and will make strategic decisions as necessary to position us for long-term success, which may result in additional restructuring charges. These initiatives could lead to further reductions in our facility and fixed asset needs, resulting in associated asset impairment and write-down charges.

Critical Accounting Policies and Estimates

We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our consolidated financial statements. The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to asset impairment, revenue recognition, product warranty liabilities, allowance for doubtful accounts, and contingencies and litigation. We stated these accounting policies in the notes to our 2001 annual consolidated financial statements and at relevant sections in this discussion and analysis. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions.

We believe that the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue. Revenue from product sales is recognized upon execution of a contract and the completion of all delivery obligations provided that there are no uncertainties regarding customer acceptance and collectibility is deemed probable. If uncertainties exist, revenue is recognized when such uncertainties are resolved. Customer contracts generally include extensive lab and field trial testing and some include other acceptance criteria.

Our products can be installed by our customers, third party service providers or by us. Revenue from installation services is recognized as the services are performed unless the terms of the supply contract combine product acceptance with installation, in which case revenues for installation services are recognized when the terms of acceptance are satisfied and installation is completed. To the extent customer contracts include both product sales and installation services, revenues are recognized based on their respective fair values. Revenues from installation service fixed price contracts are recognized on the percentage-of-completion method, measured by the percentage of costs incurred to date compared to estimated total costs for each installation contract. Amounts received in excess of revenue recognized are included as deferred revenue in our condensed consolidated balance sheet. Revenue from annual maintenance agreements is recognized on a straight-line basis over the service period.

Costs of Revenue. Costs of revenue include the costs of manufacturing our products and other costs associated with warranty and other contractual obligations, inventory obsolescence costs and overhead related to our manufacturing, engineering, finishing and installation operations. Warranty reserves are determined based upon actual warranty cost experience, estimates of component failure rates and management's industry experience. Inventory obsolescence costs are estimated using certain assumptions, including projected sales and sales mix. Actual results may differ from those estimates. We continually monitor component failures, technical changes, and levels of on-hand inventory and adjust our estimates accordingly. If, however, actual results vary significantly from our estimates, we will adjust the assumptions utilized in our methodologies and reduce or provide for additional accruals as appropriate.

Allowance for Bad Debt. To date, we have relied on four customers for all of our revenues. We expect that a significant portion of our future revenue will continue to be generated by a limited number of customers. We monitor the financial conditions of these customers closely and have concluded that no allowance for bad debt was appropriate as of September 28, 2002.

Restructuring and Other Charges. Reflecting continued unfavorable economic conditions and continued lack of expected customer wins and product sales, our Board of Directors approved plans for the reduction of operations including the consolidation of facilities, reduction of employees and the outsourcing of a majority of our manufacturing capabilities. In addition, we evaluated the recoverability of the carrying value of our inventory and long-lived assets. As a result, we recorded charges associated with estimated excess inventory and open purchase commitments based on projected sales volumes, sales mix and estimated selling prices. Facility consolidation costs are based on assumed exit costs and timetables. Asset impairment charges are based on estimated salvage values and recoverability estimates. Goodwill impairment charges are based on estimated discounted future cash flows. If actual results differ significantly from our estimates and assumptions, we will adjust our reserves and allowances accordingly.

Goodwill and Other Intangible Assets. We have recorded goodwill and intangibles resulting from our acquisitions. Through December 29, 2001, goodwill and intangibles have been amortized on a straight-line basis over their respective lives of between 3 and 5 years. Upon the adoption of SFAS No. 142 on December 30, 2001, we ceased amortizing goodwill and will perform an annual impairment analysis to assess the recoverability of the goodwill, in accordance with the provisions of SFAS No. 142. Our annual impairment analysis will take place in the fourth quarter. If we are required to record an impairment charge in the future, it would have an adverse impact on our results of operations.

Litigation. In July 2000, Ciena Corporation ("Ciena") informed us of its belief that there is significant correspondence between products that we offer and several U.S. patents held by Ciena relating to optical networking systems and related dense wavelength division multiplexing communications systems technologies. On July 19, 2000, Ciena filed a lawsuit in the United States District Court for the District of Delaware alleging that we are willfully infringing three of Ciena's patents. Ciena is seeking injunctive relief, monetary damages including treble damages, as well as costs of the lawsuit, including attorneys' fees. On September 8, 2000, we filed an answer to the complaint, as well as counter-claims alleging, among other things, invalidity and/or unenforceability of the three patents in question. On March 5, 2001, a motion was granted, allowing Ciena to amend its complaint to include allegations that we are willfully infringing two additional patents. Although a trial date has not been set, we believe that a trial will commence in the first quarter of 2003. Based on the status of the litigation, we cannot reasonably predict the likelihood of any potential outcome.

Between May 7, 2001 and June 15, 2001, nine class action lawsuits were filed in the United States District Court for the Southern District of New York relating to our initial public offering on behalf of all persons who purchased our stock between July 28, 2000 and the filing of the complaints. Each of the complaints names as defendants: Corvis, our directors and officers who signed the registration statement in connection with our initial public offering, and certain of the underwriters that participated in our initial public offering. The complaints allege that the registration statement and prospectus relating to our initial public offering contained material misrepresentations and/or omissions in that those documents did not disclose (1) that certain of the underwriters had solicited and received undisclosed fees and commissions and other economic benefits from some investors in connection with the distribution of our common stock in the initial public offering and (2) that certain of the underwriters had entered into arrangements with some investors that were designed to distort and/or inflate the market price for our common stock in the aftermarket following the initial public offering. The complaints ask the court to award to members of the class the right to rescind their purchases of Corvis common stock (or to be awarded rescissory damages if the class member has sold its Corvis stock) and prejudgment and post-judgment interest, reasonable attorneys' and experts witness' fees and other costs.

By order October 12, 2001, the court appointed an executive committee of six plaintiffs' law firms to coordinate their claims and function as lead counsel. Lead plaintiffs have been appointed in almost all of the IPO allocation actions, including the Corvis action. On October 17, 2001, a group of underwriter defendants moved for the judge's recusal. The judge denied that application. On December 13, 2001, the moving underwriter defendants filed a petition for writ of mandamus seeking the disqualification of the judge in the United States Court of Appeals for the Second Circuit. On April 1, 2002, the Second Circuit denied the moving underwriter defendants' application for a writ of mandamus seeking the judge's recusal from this action. On April 19, 2002, plaintiffs filed amended complaints in each of the IPO allocation actions, including the Corvis action. On May 23, 2002, a conference was held at which the court set a briefing schedule for the filing of motions to dismiss the amended complaints. On July 1, 2002, the underwriter defendants filed their motion to dismiss the amended complaints. On July 15, 2002, the issuer defendants filed their motion to dismiss the amended complaints. The briefing on the motions to dismiss has recently been completed, and the judge heard oral arguments on the motions on November 1, 2002. No discovery has occurred.

Based on the status of the litigation, we cannot reasonably predict the likelihood of any potential outcome. We continue to monitor the status of the litigation, however we can give no assurances that an unfavorable outcome will not result in future charges.

Results of Operations

Three months ended September 28, 2002 compared to three months ended September 29, 2001

Revenue. Revenue decreased to $1.35 million for the three months ended September 28, 2002 from $24.2 million for the three months ended September 29, 2001. This decrease in revenue is primarily due to a reduction in capital spending by telecommunications carriers resulting in a decline in demand for telecommunications equipment, including our products. Revenue for the three months ended September 28, 2002 was attributable to two customers.

Service revenues, including maintenance, training and support totaled approximately $0.9 million.

Gross Profit (loss). Costs of revenue consists of component costs, direct compensation costs, warranty and other contractual obligations, inventory obsolescence costs and overhead related to our manufacturing and engineering, finishing and installation operations. In addition, cost of revenue includes charges associated with our restructuring plans and excess inventories.

Gross profit (loss) decreased to $(23.7) million for the three months ended September 28, 2002 from $8.6 million for the three months ended September 29, 2001. Negative gross margins are attributable to inventory write-downs of $24.3 million recorded in the three months ended September 28, 2002. Excluding inventory write-downs and other charges, gross profit and gross margin were $0.6 million and 44% for the three months ended September 28, 2002 and $8.6 million and 36% for the three months ended September 29, 2001. The increase in gross margin is primarily due to an increase in the relative proportion of service revenue compared to product revenues as well as the recognition of certain product revenues which had been deferred pending final acceptance. We expect that gross margin, excluding inventory write-downs and other charges, will decrease in the coming quarters as a result of an increase in the relative proportion of product revenues.

Research and Development, Excluding Equity-Based Expense. Research and development expense, excluding equity-based expense consists primarily of salaries and related personnel costs, test and prototype expenses related to the design of our hardware and software products, laboratory costs and facilities costs. All costs related to product development, both hardware and software, are recorded as expenses in the period in which they are incurred. Due to the timing and nature of the expenses associated with research and development, significant quarterly fluctuations may result. We believe that research and development is critical to achieving current and future strategic product objectives.

Research and development expenses, excluding equity-based expense decreased to $33.0 million for the three months ended September 28, 2002 from $34.8 million for the three months ended September 29, 2001. The decrease in expenses was primarily due to lower prototype and lab materials expense, offset in part by higher labor costs associated with the Dorsal acquisition.

Sales and Marketing, Excluding Equity-Based Expense. Sales and marketing expense, excluding equity-based expense, consists primarily of salaries and related personnel costs, laboratory trial systems provided to customers, trade shows, other marketing programs and travel expenses.

Sales and marketing expense, excluding equity-based expense, decreased to $11.0 million for the three months ended September 28, 2002 from $12.7 million for the three months ended September 29, 2001. The decrease in expenses was primarily attributable to the effects of cost saving initiatives including staff reductions and the curtailment of certain discretionary spending.

General and Administrative, Excluding Equity-Based Expense. General and administrative expense, excluding equity-based expense, consists primarily of salaries and related personnel costs, information systems support, recruitment expenses and facility demands associated with establishing the proper infrastructure to support our organization. This infrastructure consists of executive, financial, legal, information systems and other administrative responsibilities.

General and administrative expenses, excluding equity-based expense, decreased to $7.2 million for the three months ended September 28, 2002 from $7.7 million for the three months ended September 29, 2001. The decrease in expenses was primarily attributable to staff reductions and professional service fees.

Equity-based Expense. Equity-based expense consists primarily of charges associated with employee options granted at below fair market value prior to our initial public offering.

Equity-based expense related to research and development, sales and marketing and general and administrative functions for the three months ended September 28, 2002 decreased to $17.7 million from $28.2 million for the three months ended September 29, 2001. The decrease in equity-based expense resulted from a decrease in employee headcount.

Amortization of Intangible Assets. Amortization of intangible assets relates to the amortization of certain intangible assets with finite lives. As a result of the issuance of SFAS No. 142, we no longer record amortization of goodwill, rather goodwill will be tested at least annually for impairment. There may be more volatility in reported income (loss) than previous standards because impairment losses are likely to occur irregularly and in varying amounts.

Amortization of intangible assets expenses decreased to $5.7 million for the three months ended September 28, 2002 from $12.0 million for the three months ended September 29, 2001. The decrease was primarily attributable to the discontinuation of amortization of goodwill resulting from the acquisition of Algety Telecom S.A. that was being amortized over five years.

Interest Income, Net. Interest income, net of interest expense, decreased to $2.1 million for the three months ended September 28, 2002 from $6.3 million of net interest income for the three months ended September 29, 2001. The decrease was primarily attributed to lower average invested cash balances and lower average returns on investments.

Nine months ended September 28, 2002 compared to nine months ended September29, 2001

Revenue. Revenue decreased to $13.1 million for the nine months ended September 28, 2002 from $173.2 million for the nine months ended September 29, 2001. This decrease in revenue is due to a reduction in capital spending by telecommunications carriers resulting in a sharp decline in demand for telecommunications equipment, including for our products. Revenue for the nine months ended September 28, 2002 was attributable to four customers. Service revenues, including maintenance, training and support totaled $4.3 million.

Gross Profit (loss). Costs of revenue consists of component costs, direct compensation costs, warranty and other contractual obligations, inventory obsolescence costs and overhead related to our manufacturing and engineering, finishing and installation operations. In addition, cost of revenue includes charges associated with our restructuring plans and excess inventories.

Gross loss decreased to $(26.7) million for the nine months ended September 28, 2002 from $(35.0) million for the nine months ended September 29, 2001. Negative gross margins are primarily attributable to inventory write-downs of $30.3 million in the nine months ended September 28, 2002 and $99.2 million recorded in the nine months ended September 29, 2001. Excluding inventory write-downs and other charges, gross profit and gross margin were $3.7 million or 28% in the nine months ended September 28, 2002 and $64.2 million or 37% in the nine months ended September 29, 2001. Due to current competitive and economic pressures, we expect that gross margin, excluding inventory write-downs and other charges, may continue to decrease in the coming quarters.

Research and Development, Excluding Equity-Based Expense. Research and development expense, excluding equity-based expense, consists primarily of salaries and related personnel costs, test and prototype expenses related to the design of our hardware and software products, laboratory costs and facilities costs. All costs related to product development, both hardware and software, are recorded as expenses in the period in which they are incurred. Due to the timing and nature of the expenses associated with research and development, significant quarterly fluctuations may result. We believe that research and development is critical to achieving current and future strategic product objectives.

Research and development expenses, excluding equity-based expense, decreased to $95.1 million for the nine months ended September 28, 2002 from $117.8 million for the nine months ended September 29, 2001. The decrease in expenses was primarily attributable to the reduction in prototype and lab material expenses.

Sales and Marketing, Excluding Equity-Based Expense. Sales and marketing expense, excluding equity-based expense, consists primarily of salaries and related personnel costs, laboratory trial systems provided to customers, trade shows, other marketing programs and travel expenses.

Sales and marketing expense, excluding equity-based expense, decreased to $36.1 million for the nine months ended September 28, 2002 from $43.2 million for the nine months ended September 29, 2001. The decrease in expenses was primarily attributable to the effects of staff reductions and decreases in professional service fees and transportation expenses.

General and Administrative, Excluding Equity-Based Expense. General and administrative expense, excluding equity-based expense consists primarily of salaries and related personnel costs, information systems support, recruitment expenses and facility demands associated with establishing the proper infrastructure to support our organization. This infrastructure consists of executive, financial, legal, information systems and other administrative responsibilities.

General and administrative expenses, excluding equity-based expense, decreased to $24.4 million for the nine months ended September 28, 2002 from $27.2 million for the nine months ended September 29, 2001. The decrease in expenses was primarily attributable to the effects of cost saving initiatives including staff reductions, facility consolidations and the curtailment of certain discretionary spending, offset, in part, by increases in professional service fees.

Equity-based Expense. Equity-based expense consists primarily of charges associated with employee options granted at below fair market value prior to our initial public offering.

Equity-based expense related to research and development, sales and marketing and general and administrative functions for the nine months ended September 28, 2002 decreased to $54.7 million from $79.3 million for the nine months ended September 29, 2001. The decrease in equity-based expense resulted from decreases in employee headcount.

Amortization of Intangible Assets. Amortization of intangible assets relates to the amortization of certain intangible assets with finite lives. As a result of the issuance of SFAS No. 142, we no longer record amortization of goodwill on a straight-line basis, rather goodwill will be tested at least annually for impairment. There may be more volatility in reported income (loss) than previous standards because impairment losses are likely to occur irregularly and in varying amounts.

Amortization of intangible assets expenses decreased to $12.8 million for the nine months ended September 28, 2002 from $113.9 million for the nine months ended September 29, 2001. The decrease was primarily attributable to the discontinuation of amortization of goodwill resulting from the acquisition of Algety Telecom S.A. that was being amortized over five years.

Interest Income, Net. Interest income, net of interest expense, decreased to $2.6 million for the nine months ended September 28, 2002 from $19.8 million of net interest income for the nine months ended September 29, 2001. The decrease was primarily attributable to lower average invested cash balances, lower average returns on investments and the write down of certain strategic investments.

Liquidity and Capital Resources

Since inception through September 28, 2002 we have financed our operations, capital expenditures and working capital primarily through public and private sales of our capital stock, borrowings under credit and lease facilities and cash generated from product sales. At September 28, 2002, our cash and cash equivalents and short-term investments totaled $548.8 million.

Net cash used in operating activities was $97.3 million for the nine months ended September 28, 2002 and $200.9 million for the nine months ended September 29, 2001. Cash used in operating activities for the nine months ended September 28, 2002 was primarily attributable to a net loss of $317.5 million, offset in part by non-cash charges including depreciation and amortization of $38.8 million, equity-based expense of $54.7 million and purchased research and development expense of $34.6 million associated with our acquisition of Dorsal Networks in May 2002 and certain non-cash restructuring charges of $48.7 million. Cash flows from operating activities were further offset by changes in operating assets and liabilities of $43.7 million, principally a change in accounts receivable of $27.7 million.

Net cash used in investing activities was $25.2 million for the nine months ended September 28, 2002 and $108.8 million for the nine months ended September 29, 2001. The decrease in net cash used in investing activities for the nine months ended September 28, 2002 was primarily attributable to reductions in capital expenditures offset in part with cash acquired through our purchase of Dorsal Networks.

Net cash used in financing activities for the nine months ended September 28, 2002 was $4.0 million, primarily attributable to the repayment of principal on notes and capital leases. Net cash provided by financing activities for the nine months ended September 29, 2001 was $1.8 million, primarily attributable to proceeds from the exercise of warrants and employee stock options off-set in part by proceeds from the issuance of common stock.

As of September 28, 2002 long-term restricted cash totaled $2.4 million associated with outstanding irrevocable letters of credit relating to lease obligations for various manufacturing and office facilities and other business arrangements. These letters of credit are collateralized by funds in our operating account. Various portions of the letters of credit expire at the end of each respective lease term or agreement term.

On October 24, 2002, we announced that our Board of Directors has authorized a share repurchase program under which we can acquire up to $25 million of our common stock in the open market. The purchases will be executed at times and prices considered appropriate by us during the next two years. The share repurchase program may be implemented at such future date as we may determine and may be suspended at any time and from time-to-time without prior notice. The repurchase program will be funded using our existing cash balances and the repurchases shares may be used for corporate purposes in compliance with applicable law.

Due to current economic conditions, we have and may be required to sell our product to future customers at lower margins or be required to provide customers with financing which could result in reduced gross margins, extended payment terms or delayed revenue recognition, all of which could have a negative impact on our liquidity, capital resources and results of operations.

Our liquidity will also be dependent on our ability to manufacture and sell our products. Changes in the timing and extent of the sale of our products will affect our liquidity, capital resources and results of operations. We currently have a limited number of customers that could provide substantially all of our revenues for the near future and these customers are operating in a troubled economic environment. The loss of any of these customers, any substantial reduction in current or anticipated orders or an inability to attract new customers, could materially adversely affect our liquidity and results of operations. We plan to diversify our customer base by seeking new customers both domestically and internationally.

If we experience delays or disruptions in manufacturing output or we are unable to successfully manufacture our products and to develop alternative manufacturing sources in a timely manner, our sales, financial position and results of operations would be adversely affected.

We believe that our current cash and cash equivalents, short-term investments and cash generated from product sales will satisfy our expected working capital, capital expenditure and investment requirements through at least the next twelve months.

If cash on hand and cash generated from operations is insufficient to satisfy our liquidity requirements, we may seek to sell additional equity or debt securities. To the extent that we raise additional capital through the sale of equity or debt securities, the issuance of such securities could result in dilution to our existing shareholders. If additional funds are raised through the issuance of debt securities, the terms of such debt could impose additional restrictions on our operations. Additional capital, if required, may not be available on acceptable terms, or at all. If we are unable to obtain additional financing, we may be required to reduce the scope of our planned product development and sales and marketing efforts, which could harm our business, financial condition and operating results. Increasingly, as a result of the financial demands of major network deployments, carriers are looking to their suppliers for financing assistance. From time to time, we have and may continue to provide or commit to extend credit or credit support to our customers as we consider appropriate in the course of our business.

Dorsal Networks

On May 16, 2002, we completed our acquisition of Dorsal Networks, Inc., a privately held provider of next-generation transoceanic and regional undersea optical network solutions for 41.8 million shares of common stock valued at approximately $91.8 million. The acquisition was accounted for under the "purchase" method of accounting. Under the purchase method, the purchase price of Dorsal was allocated to identifiable assets and liabilities acquired from Dorsal, with the excess being treated as goodwill. The acquisition resulted in an in-process research and development charge of approximately $34.6 million as well as the recognition of certain intangible assets of $30.2 million, which will be amortized over an estimated life of five years. In addition, the acquisition will result in goodwill of approximately $19.1 million, which will have an indefinite life, but will be subject to periodic impairment tests. Dr. David R. Huber, our Chairman and Chief Executive Officer, owned, directly or indirectly, approximately 31 percent of the outstanding stock of Dorsal.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in forward-looking statements. We maintain instruments subject to interest rate and foreign currency exchange rate risk. We categorize all of our market risk sensitive instruments as non-trading or other instruments.

Interest Rate Sensitivity

We maintain a portfolio of cash equivalents and short-term investments in a variety of securities including: commercial paper, certificates of deposit, money market funds and government and non-government debt securities. Substantially all amounts are in money market funds as well as high grade, short-term commercial paper and certificates of deposit, the value of which is generally not subject to interest rate changes. We believe that a 10% increase or decline in interest rates would not be material to our investment income or cash flows. Our long-term debt obligations bear fixed interest rates. As such, we have minimal cash flow exposure due to general interest rate changes associated with our long-term debt obligations.

Foreign Rate Sensitivity

We primarily operate in the United States; however, we have expanded operations to include research and development and sales offices in various European countries. As a result, we may have sales in foreign currencies exposing us to foreign currency rate fluctuations. For the nine months ended September 28, 2002, we recorded limited sales in a foreign currency. We are exposed to the impact of foreign currency changes, associated with the Euro, for financial instruments held by our European subsidiaries. These instruments are limited to cash and cash equivalents and trade receivables. It is the policy of management to fund foreign operations on a monthly basis, thus minimizing average cash and overnight investments in the Euro. At September 28, 2002, our European subsidiaries maintained cash and cash equivalents and trade accounts receivable of approximately (Euro) 6.2 million. We believe that a 10% increase or decline in the Euro exchange ratio would not be material to cash and cash equivalent balances, interest income, or cash flows from consolidated operations.

Item 4. Controls and Procedures

Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a–14 of the Securities Exchange Act of 1923 ("Exchange Act") promulgated thereunder, our chief executive officer and chief financial officer have evaluated the effectiveness of our disclosure controls and procedures as of a date within 90 days prior to the date of the filing of this report (the "Evaluation Date") with the Securities and Exchange Commission. Based on such evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of the Evaluation Date to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. In addition, a Disclosure Committee has been established consisting of key legal, financial and business unit leaders to review the Company's public filings and to insure accurate and timely disclosure of required information.

Except for the establishment of a Disclosure Committee, there have been no significant changes in the internal controls or in other factors that could significantly affect our internal controls subsequent to the date of their most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

By letter dated July 10, 2000, Ciena Corporation ("Ciena") informed us of its belief that there is significant correspondence between products that we offer and several U.S. patents held by Ciena relating to optical networking systems and related dense wavelength division multiplexing communications systems technologies. On July 19, 2000, Ciena filed a lawsuit in the United States District Court for the District of Delaware alleging that we are willfully infringing three of Ciena's patents. Ciena is seeking injunctive relief, monetary damages including treble damages, as well as costs of the lawsuit, including attorneys' fees. On September 8, 2000, we filed an answer to the complaint, as well as counter-claims alleging, among other things, invalidity and/or unenforceability of the three patents in question. On March 5, 2001, a motion was granted, allowing Ciena to amend its complaint to include allegations that we are willfully infringing two additional patents. Although a trial date has not been set, we believe that a trial will commence in the first quarter of 2003.

We have designed our products in an effort to respect the intellectual property rights of others. We intend to defend ourselves vigorously against these claims and we believe that we will prevail in this litigation. However, there can be no assurance that we will be successful in the defense of the litigation, and an adverse determination in the litigation could result from a finding of infringement of only one claim of a single patent. We may consider settlement due to the costs and uncertainties associated with litigation in general, and patent infringement litigation in particular, and due to the fact that an adverse determination in the litigation could preclude us from producing some of our products until we were able to implement a non-infringing alternative design to any portion of our products to which such a determination applied. Even if we consider settlement, there can be no assurance that we will be able to reach a settlement with Ciena. An adverse determination in, or settlement of, the Ciena litigation could involve the payment of significant amounts by us, or could include terms in addition to payments, such as a redesign of some of our products, which could have a material adverse effect on our business, financial condition and results of operations.

We believe that defense of the lawsuit may be costly and may divert the time and attention of some members of our management. Further, Ciena and other competitors may use the existence of the Ciena lawsuit to raise questions in customers' and potential customers' minds as to our ability to manufacture and deliver our products. There can be no assurance that questions raised by Ciena and others will not disrupt our existing and prospective customer relationships.

Between May 7, 2001 and June 15, 2001, nine class action lawsuits were filed in the United States District Court for the Southern District of New York relating to our initial public offering on behalf of all persons who purchased our stock between July 28, 2000 and the filing of the complaints. Each of the complaints names as defendants: Corvis, our directors and officers who signed the registration statement in connection with our initial public offering, and certain of the underwriters that participated in our initial public offering. Our directors and officers have since been dismissed from the case, without prejudice. The complaints allege that the registration statement and prospectus relating to our initial public offering contained material misrepresentations and/or omissions in that those documents did not disclose (1) that certain of the underwriters had solicited and received undisclosed fees and commissions and other economic benefits from some investors in connection with the distribution of our common stock in the initial public offering and (2) that certain of the underwriters had entered into arrangements with some investors that were designed to distort and/or inflate the market price for our common stock in the aftermarket following the initial public offering. The complaints ask the court to award to members of the class the right to rescind their purchases of Corvis common stock (or to be awarded rescissory damages if the class member has sold its Corvis stock) and prejudgment and post-judgment interest, reasonable attorneys' and experts witness' fees and other costs.

By order dated October 12, 2001, the court appointed an executive committee of six plaintiffs' law firms to coordinate their claims and function as lead counsel. Lead plaintiffs have been appointed in almost all of the IPO allocation actions, including the Corvis action. On October 17, 2001, a group of underwriter defendants moved for Judge Scheindlin's recusal. Judge Scheindlin denied that application. On December 13, 2001, the moving underwriter defendants filed a petition for writ of mandamus seeking the disqualification of Judge Scheindlin in the United States Court of Appeals for the Second Circuit. On April 1, 2002, the Second Circuit denied the moving underwriter defendants' application for a writ of mandamus seeking Judge Scheindlin's recusal from this action. On April 19, 2002, plaintiffs filed amended complaints in each of the actions, including the Corvis action. On May 23, 2002, a conference was held at which the court set a briefing schedule for the filing of motions to dismiss the amended complaints. On July 1, 2002, the underwriter defendants filed their motion to dismiss the amended complaints. On July 15, 2002, the issuer defendants filed their motion to dismiss the amended complaints. The briefing on the motions to dismiss has recently been completed, and the judge heard oral arguments on the motions on November 1, 2002. No discovery has occurred. We intend to vigorously defend ourselves.

Item 2. Changes in Securities and Use of Proceeds

(a) None.

(b) None.

(c) None.

(d) Not applicable.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

(a) None.

(b) None.

(c) None.

(d) None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Certification under Section 906 of the Sarbanes-Oxley Act of 2002.

(b) On August 13, 2002, we filed a Current Report on Form 8-K dated August 13, 2002 containing the certification required by Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CORVIS CORPORATION

Date: November 12, 2002

/s/ Lynn D. Anderson
Lynn D. Anderson
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 12, 2002

/s/ Timothy C. Dec
Timothy C. Dec
Vice President and Chief Accounting Officer

CERTIFICATE

I, David R. Huber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Corvis Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent

evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ David R. Huber
Name: David R. Huber
Title: Chairman and
Chief Executive Officer

CERTIFICATE

I, Lynn D. Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Corvis Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent

evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ Lynn D. Anderson
Name: Lynn D. Anderson
Title: Senior Vice President,
Chief Financial Officer and
Treasurer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Certificate of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

The following individuals are currently employed by Broadwing and will be transferring to C III Ops upon the closing of the proposed transaction. Detailed resumes for each are attached hereto.

Mike Jones is Chief Technical Officer of Broadwing Communications. Mr. Jones, a 25-year veteran of the telecommunications industry, is responsible for all elements of network delivery for Broadwing, including planning, engineering, construction, access and operations for products and services. Mr. Jones joined the company in 1997 as Vice President of Facilities and Construction, and later served as Vice President of Network Construction. In these roles, he oversaw the implementation of Broadwing's nationwide, industry-leading fiber optic network. Prior to joining Broadwing, Mr. Jones served as Vice President of Network Business Development at Diamondback International Inc., a Texas provider of professional services for the telecommunications industry. In this capacity, he provided business development and consulting services to numerous companies, including Nortel and LCI. Jones also held a number of management and senior technical positions at MCI and GTE in network implementation, contract development, strategic network planning, program management, and major systems development.

David Torline, Chief Information Officer is responsible for the company's overall IT strategy and direction, which includes selecting, engineering and implementing key technologies and systems to support and drive the business. He also is responsible for maintaining and enhancing legacy systems and developing and managing strategic supplier relationships in the IT area. During his 33-year career at Broadwing and Cincinnati Bell, Mr. Torline has served in a variety of managerial and executive roles. As Vice President of Information Technology for Cincinnati Bell, he was responsible for the strategic direction of Cincinnati Bell's systems and for the development and implementation of the many business critical platforms that the company has utilized to deliver the outstanding customer service for which it has received international recognition. From October, 1992 through December, 1994, Mr. Torline also served as President of Cincinnati Bell Supply, a Broadwing subsidiary involved in desktop computer services and secondary telecommunications markets.

David A. King, Vice President, Voice Operations, brings over eighteen years of service in the telecommunications business to his current role as Vice President of Voice Operations for Broadwing Communications. Mr. King leads Broadwing's long distance voice services where he has been responsible for reorganizing the company's voice operations into a single business unit. While at Broadwing, Mr. King executed a successful 120-day profitability initiative that reduced voice cost of service by one-third, improved gross margin threefold, and improved service quality. Prior to his work at Broadwing, Mr. King was the Managing Partner of KEE Wireless, LLC., a provider of high-speed wireless internet access. In this role, Mr. King was responsible for designing and deploying the wireless network infrastructure and maintaining the day-to-day network infrastructure and operations for the business. Previously, Mr. King was Vice President of Engineering, Implementation and Operations at Cbeyond Communications, LLC and Vice President of Network and Technology for SteadFast.net, Inc. Mr. King began his telecommunications career with South Central Bell in 1986. Until 1996, King held positions of increasing responsibility in the switched services and network operations organizations of South Central Bell, Southern Bell, and BellSouth Telecommunications and also held positions in BellSouth's consumer marketing, product commercialization, and corporate strategy organizations.

Ed DeLong is the Vice President of Cost of Service for Broadwing Communications. In this position, Mr. DeLong is responsible for network planning, engineering, circuit design and implementation of Broadwing's 18,500-mile nationwide, next-generation all-optical network and all access services. Mr. DeLong is also responsible for planning Broadwing's nationwide ATM/frame relay network, and award-winning IP network. In this capacity, he has led optimization initiatives that have resulted in a 90% reduction in capital spending, and a 25% reduction in line costs, representing annual savings of over $400 million. Mr. DeLong has twenty years telecommunications experience in both the wired and wireless industries. Previously, he was the Vice President of Network Operations for Broadwing, Vice President and General Manager for Verizon Wireless, and the Vice President of Latin American Wireless Operations for Bell Atlantic International.

Christopher Rothlis, Vice President, Operations, is responsible for operating, maintaining and monitoring Broadwing's national networks and Internet hosting data centers. This includes field operations and internal operations for voice, data and IP networks. Mr. Rothlis, who has more than 21 years of experience in the telecommunications industry, joined Broadwing in 1998 as director of Technology Planning. He later served as vice president of New Product Development, and as vice president of Access Planning, where he helped develop the company's network strategy for local access. Most recently, Mr. Rothlis served as vice president of Network Engineering. Prior to Broadwing, Mr. Rothlis spent four years with the U.S. Air Force and 14 years at MCI. When he left MCI, he was senior manager of Systems Engineering, where he successfully managed many of the company's Intelligent Network capital programs and authored three Internet-related U.S. patents (pending).

Michael R. Jones

Chief Technology Officer

Summary

Results-driven executive with proven track record and strong background in general management, network engineering and deployment. Over 27 years of progressive industry management experience. Recognized leader in effective deployment of new technology platforms. Collaborative, team-oriented executive with great strengths in organizational development and achievement. Superior skills in negotiation, closing and implementation of major strategic agreements.

Experience

1997 - Current Broadwing Inc. Austin, Texas

Chief Technology Officer

- Planned and implemented premier North American "Next Generation" fiber optic network interconnecting more than 150 cities.
- Responsible for all aspects of the Broadwing network service platform, including Planning, Engineering, Access, Construction and Operations.
- Directed development and deployment of Broadwing data and voice product platforms. Broadwing received Interop's Infrastructure Award for Most Innovative Backbone Service Provider for it's All Optical network deployment in 2001.
- Improved on-net transport and switching costs by more than an order of magnitude during the period of employment.
- Reduced off-net Cost of Service across all product lines by more than 20%.
- Managed business restructuring of the Network Services function in 2001; costs were reduced by 40% and operational effectiveness was improved.
- Broadwing network received J.D. Powers awards for quality and customer satisfaction in 2001 and 2002.
- Managed capital deployment of approximately $2B through implementation cycle of network; annual expense budget of $96M.
- Reduced capital expense in 2002 to below target of $100M while increasing effective deployment of network capabilities.
- Other positions held include Senior Vice President, Network Engineering, and Vice President, Network Construction.

1995-1997 Diamondback Engineering Dallas, Texas

Senior Vice President, Business Development

- Founding partner in network strategic services and consulting company.
- Strategic network design resulting in significant cost structure improvement for LCI, Qwest, MCI, Verizon and other carriers.
- Successfully negotiated business agreements for clients with aggregate value in excess of $500M

1983-1995 MCI Telecommunications Washington, D.C.

Senior Manager, Network Development and Contracts

- Managed design and ROW development for company's network implementation phase..
- Developed and implemented rights of way contracts, network agreements, and other occupancy agreements with aggregate value in excess of $1B.
- Responsible for MCI's 5-year network strategic plan development and execution.
- Other positions held at MCI included:
  - Senior Manager, Network Facilities Implementation
  - Senior Manager, Rights of Way Management
  - Senior Manager, Network Systems Development
  - Chief of Staff, Product Program Management and Network Engineering

1978-1983 GTE Telenet Vienna, Virginia

Manager, Network Systems Development

- Development packet-switched network management platform.
- Development switch implementation software tools suite.
- Development, Systems Programming, Core Switch Management platform.

1975-1978 SAIC Vienna, Virginia

Senior Programmer/Analyst

- Development packet-switched network protocols and software tools.
- Development space-flight telemetry monitoring and analysis tools.

1972-1975 United States Army

- Honorably discharged with the rank of Sergeant.

Education

1985 George Mason University Fairfax, Virginia

- B.S. Computer Science
- Substantial graduate study in Computer Science and Mathematics.

Interests

Scuba, boating, fishing, music, conservation, reading, mathematics.

David A. Torline
Chief Information Officer

Summary

Senior executive with extensive information technology, telecommunications and general management experience. Successful leader and team builder in fast-paced, changing environments, dealing with state-of-the-art technology and services. Developed and implemented successful organizations that implemented innovative technology and business solutions in both local and national telecommunications companies. Key business partner to other business units in building and expanding companies to deliver bottom line results.

Professional Experience

Broadwing Inc.

November 1999 – March 2003

Chief Information Officer

Senior executive for $2.1 billion national communications carrier. Overall responsibility for all areas of IT in the company. Set the overall IT direction and architecture for all entities in the company. Also served as CIO of Broadwing Communications, the national network subsidiary effective January 2000. Developed and implemented business systems infrastructure in rapidly growing national network company that previously had limited systems and automation, improving overall work process flow and service delivery processes. Directly responsible for organization of 425 full time equivalent information technology professionals involved in activities ranging from IT architecture, through analysis and design, implementation and operations. Managed expense budgets of over $30 million and capital budgets of over $40 million. Also responsible on a indirect reporting basis for the local exchange IT function with over 200 FTE's.

Cincinnati Bell Telephone Company

January 1995 – November 1999

Vice President - Information Technology

Responsible for leading and supporting the company in the use of progressive information technologies and systems. Provided critical support to other company business units to define and select appropriate IT solutions for critical business needs. Directed main functional areas of

IT Planning/Architecture, Enterprise Computing Services and Network Operations, Systems Operations and Administration, Systems Development and Voice & Data Communications. Total staff of approximately 235 FTE's, including contractor personnel involved with outsourced functions. Direct responsibility for a total annual operating budget in excess of $32 million. Senior information systems executive within the company, reporting to the President of the company.

Responsible for directing a large number of IT initiatives resulting from a re-engineering of the company that were required to achieve forecasted productivity improvements throughout the company. These initiatives were a key to the successful downsizing of the company to meet competitive pressures.

Responsibilities also include final approval of vendor contracts, including both affiliated and non-affiliated entities.

Cincinnati Bell Supply Co.

October 1992 - December 1994

President

Chief executive officer of independent subsidiary of Cincinnati Bell operating in the desktop computer services and secondary telecommunications markets. Successfully managed a P/L of $20 million revenue while resolving significant inventory problems, eliminating potential $8 million corporate liability. Refocused company on core, strategic competencies and returned company to the position of being a positive contributor to CBI bottom line. Developed and maintained a strong team environment during a downsizing and restructuring process. Supervised a staff of approximately 50 persons responsible for all functional areas of the business. Successfully returned company to positive cash flow results, positioning the company for future sale.

Cincinnati Bell Inc.

October 1989 - October 1992

Director - Corporate Analysis & Development

Responsible for a wide variety of business development and opportunity evaluation activities. Project leader for major acquisition projects for holding company subsidiaries and for divestiture of selected operations. Projects included both domestic and international acquisitions and divestitures ranging from $5 million to $45 million in total deal value. Responsibilities included serving as team leader in information/data collection, valuation, due diligence and development of letters of intent and acquisition/divestiture contracts. Supported and participated in deal negotiations with senior executives and counsel. Reported to various senior managers as required on a project-by-project basis. Successfully worked in a team environment with business unit management, investment bankers, external and internal accounting and finance personnel, and legal counsel.

September 1988 - October 1989

Manager - Corporate Development & Analysis

Responsibilities included the review and evaluation of a wide variety of business opportunities involving various subsidiaries of CBI. Opportunities involved joint ventures, mergers, acquisitions and divestitures. Duties included screening potential opportunities, assisting subsidiaries in developing growth/divestiture strategies, evaluating proposed business plans, and serving as project leader in valuations, negotiations and subsequent execution of agreements.

Cincinnati Bell Telephone Company.

1987 - August 1988

Purchasing Manager - Administration & Planning Department
Support Services Division

Managed corporate purchasing group, reporting on a skip-level basis to the Vice President - Support Services. Expanded role of purchasing within the organization and developed processes and functions necessary to handle such expansion. Level of purchases increased from an estimated $20 million to $60 million on an annual basis. Met or exceeded all objectives including contract purchase levels, purchasing economies and minority supplier purchases.

1984 - 1986

Staff Manager - Administration & Planning Department
Office Systems Planning & Support

Formed Office Systems group to assess emerging microcomputer technology and develop corporate plans relating to its use and implementation. Responsible for implementation of corporate wide program. Staffed organization and assumed responsibility for corporate voice and data communications, and coordination function related to all external data processing work requests. Supervised an organization of 15 persons, working in both technical and administrative functions.

1983 - 1984

Staff Manager - Operations Staff Department

Operations Planning District

Expansion and continuation of previous assignment. Developed financial model used in evaluating and supporting major corporate contract negotiations related the to AT&T divestiture and was lead project on initial affiliate/subsidiary contract. Indirect supervision of associates on a project basis.

1978 - 1982

Staff Specialist - Operations Staff Department
Operations Planning District

Assessed and evaluated major mechanization projects involving the operating departments of the company. Project proposals originated from internal sources and AT&T general departments. Provided recommendations to upper level management team for the purpose of allocating resources and selecting projects for implementation.

1972 - 1978

Systems Analyst - Data Systems Division

Designed, developed and implemented computer based applications systems. Experience primarily in IBM system mainframe operations using COBOL programming language. This division was later made a separate subsidiary - Cincinnati Bell Information Systems, which was eventually spun off as a separate company - Convergys.

1969 - 1972
Management Trainee/Corporate Education Program

Assistant supervisory role in Accounting department within the Data Processing Division. Primarily involved with customer billing and data center operations.

Education

Masters of Business Administration
University of Cincinnati, 1977

Bachelors of Business Administration
University of Cincinnati, 1972

Professional Associations

Cincinnati CIO Roundtable
1997 to present

Selected Additional Training/Seminars

Duke Advanced Management Program
Duke University, Fuqua School of Business Executive Education
October 1997

IBM Executive Education Seminar
IBM Executive Center, 1995

Merger Week Seminar
J. L. Kellogg Graduate School of Management
Northwestern University, 1988

Community Activities

Board Member of Pro Seniors, Inc., a non-profit social service agency providing legal assistance and long-term care advocacy for senior citizens, 1995 to present

Member of the Greenhills-Forest Park Kiwanis, 1992 to present

DAVID A. KING
Vice President, Voice Operations

SUMMARY QUALIFICATIONS

- An experienced professional with broad exposure to all aspects of the telecommunications business including Strategy, Finance, Marketing and Network in both the startup and incumbent telecom environment.
- Executed a successful 120-day turnaround of a large Long Distance provider's voice operations.
- Primary focus revolves around the commercialization of emerging technologies for both high speed data and cutting-edge voice networks. Recent commercialization activities include:
  - Successfully designed, implemented, and took to market a high speed Wireless ISP using Wireless LAN (802.11b) technology.
  - Successfully deployed and stabilized the latest emerging packet voice technologies for a Voice over IP (VoIP) CLEC.

PROFESSIONAL SUMMARY

BROADWING COMMUNICATIONS, Austin, TX
Vice President – Voice Operations August 2002 –present
Direct the end-to-end operations of Broadwing's long distance voice services including: cost management, route purchasing and vendor negotiations, traffic engineering, network planning, 24x7 surveillance, Tier 2 and 3 technical support and the installation of customer services. Significant accomplishments include:

- Reorganized voice operations from several disparate groups into a single business unit responsible for 48% of the division's cash revenue and approximately half of the monthly cost of providing service.
- Successfully executed a major 120-day cost initiative reducing cost of service by one-third, improving Gross Margin threefold, and increasing service quality as evidenced by improved call completion ratios and reduced customer trouble rates

KEE WIRELESS, LLC., Atlanta, GA
Managing Partner August 2001 – January 2003
Launched a Wireless ISP providing high-speed Internet Access in public access areas using Wireless LAN (aka WLAN or 802.11b) technology. Carried the concept from initial business case to full deployment and subsequent operation in the marina environment under the product name of Aqua Access. The business was sold in January 2003.

CBEYOND COMMUNICATIONS, LLC., Atlanta, GA
Vice President – Engineering, Implementation, & Operations October 2000 – June 2001
Directed all network aspects - from design to daily operation - of a Voice over IP (VoIP) network infrastructure for this multi-city CLEC. Major accomplishments included:

- Steering the organization through the initial deployment of the first fully functional Class 5, IP Softswitch in the industry
- Spearheading a major stability effort to improve switch performance and reliability by leading a team of engineers and the vendor to resolution of over 150 trouble cases. Moved from daily outages in March 2001 to 100% uptime in of May 2001.
- Guiding the organization in the development of process and procedure for voice and data service delivery to the customer base, as well as piloting the necessary methods and ongoing procedures to monitor, augment, and optimize network capacity.

STEADFAST.NET, INC., Atlanta, GA
Vice President – Network and Technology January 1999 – June 2000
Oversaw all aspects of the architecture, engineering, deployment, and operation of the Integrated Communications Provider (ICP) model for this out-of-region CLEC subsidiary of BellSouth

Corporation. Successfully guided the company from concept through the rapid deployment and subsequent operation of an end-to-end network infrastructure which provided a consumer oriented, bundled product combining Local and Long Distance telephony services, Digital Subscriber Line (DSL) high-speed data access, and a cutting edge broadband ISP service.

BELLSOUTH CORPORATION, Atlanta, GA
Director – Strategic Management Unit April 1998 – December 1998
Led strategic consulting projects to define, resolve, and present to key company leadership resolution of crucial business issues facing BellSouth. Representative projects included:

- Project Fixit - performed the first analysis of ROA by wire center to identify underperforming Central Offices. Resulted in a refocusing of a significant portion of BellSouth Telecommunication's marketing effort yielding a $53M revenue increase in 1999.
- Consumer Contribution – Ascertained gross margin by class of residential customer to derive the primary drivers of profitability. Resulted in significant changes to the way new service is positioned across all BellSouth Call Centers and to modifications to the existing approaches for marketing enhanced services in rural areas.

BELLSOUTH TELECOMMUNICATIONS, INC., Atlanta, GA
Financial Manager - Intelligent Services Division March 1997 – April 1998
Controller for BellSouth's two largest enhanced networks with a combined $151M budget which generated over $685M in revenue in 1997 representing a 94% year over year growth. Responsibilities included oversight of business cases for all new products and initiatives, tracking and analysis of the division's financial performance, and development of BellSouth's Advanced Intelligent Network, Messaging, and Local Number Portability business plans.

Business Manager – Voice Messaging April 1996 - March 1997
Directed all Business Management functions of BellSouth's Messaging Integrated Business Unit. Responsibilities included coordination of budgets, development and implementation of performance control mechanisms, and network infrastructure evolution planning. Results included a four-fold improvement in customer service and a 21% revenue increase.

Special Projects October 1994 - April 1996
Played a troubleshooter role on multifunctional SWAT teams for special projects including:

- MemoryCall Performance Improvement - Recommendations led to a 25% reduction in customer trouble reports across the BellSouth region
- BellSouth Resale Strategy – Member of the core consulting team in developing BellSouth's resale strategy to address the Telecommunications Reform Act of 1996.

Specialist - Operations Planner April 1993 – October 1994
Project management for a variety of modernization efforts for BellSouth's nine state public Packet data network. Results include a 10% reduction in infrastructure capitalization levels and a 100% increase in network reliability.

Associate Manager - Packet Data Test Network April 1990 - April 1993
Managed teams of engineers responsible for the development of new data services as well as Tier Two technical support of existing data services.

Supervisor January 1986 - April 1990
Responsible for maintaining circuit switched telephone service in Memphis, TN as well as the the installation of all West Tennessee special services circuits.

EDUCATION

EMORY UNIVERSITY, Atlanta, GA
MASTERS OF BUSINESS ADMINISTRATION,
May 1997

UNIVERSITY OF MEMPHIS, Memphis, TN
BACHELOR OF SCIENCE - ELECTRONIC ENGINEERING TECHNOLOGY,
December 1985

Edgar S. DeLong, Jr.
Vice President, Cost of Service

Summary of Qualifications

Senior management executive with twenty years telecommunications experience (AT&T, Bell Atlantic, PrimeCo, Broadwing). Energetic, highly dedicated professional with an outstanding performance history. Results oriented, with a bias toward action. Strong leadership and coaching skills, supported by excellent oral and written communications skills.

Professional Experience

Executive Management
August 2002 – Present

Broadwing Communications

Vice President – Cost of Service

Responsible for network planning, engineering, circuit design, and implementation of Broadwing's 18,500 mile nationwide optical and data network and all access services. Led optimization initiatives that have resulted in a 90% reduction in capital spending and a 25% reduction in line costs, representing annual savings of over $400 million.

Executive Management
September 2000 – July 2002

Vice President – Network Planning and Implementation

Responsible for strategic planning, network architecture, routing, and capacity planning for Broadwing's national telecommunications network, including 18,500 mile all-optical fiber backbone, 13 circuit switched tandem switches, 48 ATM/frame relay switches, 11 managed hosting internet data centers, and award-winning tier one internet backbone. Implemented world's first all-optical core network, installing the most optical capacity of any telecommunications carrier worldwide.

Executive Management
January 1999 – August 2000

Vice President – Network Operations

Responsible for monitoring, surveillance, and trouble management of Broadwing's national network. Improved mean time to repair for high priority trouble tickets by over 300% to less than two hours, and increased network availability to over 99.99% by relentlessly focusing on network performance, reliability and customer service excellence. Developed Broadwing's state of the art Enterprise Maintenance Center, providing dedicated trouble management and technical support to national accounts including Perot Systems, Bank of America, and Oracle.

Executive Management
September 1997 - November 1998

PrimeCo Personal Communications

Vice President and General Manager - South Central Texas

P&L responsibility for PrimeCo's Austin, San Antonio, Corpus Christi, and Lower Rio Grand Valley markets. Responsibilities include sales, marketing, network expansion and performance, finance, public relations, and human resources. Increased subscribers 365% in first 12 months, making South Central Texas PrimeCo's most highly penetrated market. Won President's Sales Award for highest sales to plan for 3 consecutive quarters. Increased monthly revenue from $1.2 million to $3 million, and profitability by 320%. Successfully converted entire network infrastructure from Motorola to Lucent in less than 6 months, improving dropped calls from 2.7% to 1.6% - all with virtually no network outages or customer disruption. Market scored higher than company norm on all questions in annual employee satisfaction survey.

Executive Management
September 1996 – August 1997

Vice President and General Manager - Illinois
P&L responsibility for PrimeCo's Illinois market. Launched Chicago with 249 base stations covering a population of over 8 million - the largest CDMA deployment in the world. Recruited and managed an organization of 280 employees. Led development of all sales channels - 12 company owned retail stores, 550 indirect retail points of presence, and 10 business to business account executives resulting in 25% of PrimeCo's total sales, nearly twice that of PrimeCo's next largest markets, Houston and South Florida.

Executive Management
September 1994 – August 1996

Bell Atlantic International Wireless
Vice President - Latin America Operations
Responsible for wireless operations in Latin America, particularly Bell Atlantic's $1.04 billion investment in Iusacell, Mexico's second largest telecommunications company. Member, Iusacell Board of Directors, ensuring maximum effectiveness among the Bell Atlantic members of Iusacell's Board. Directed all knowledge transfer initiatives among the domestic staff and expatriates. Highest priority tasks included development of the corporate business plan, an incentive based compensation system, and an overall regulatory strategy designed to secure approval to provide long distance and radiotelephony services, and eliminate discrimination and cross subsidies by Telmex. Developed strategy for several cellular initiatives, including pricing, distribution, roaming, customer care, collections, and network performance.

Technical Management
November 1990 - August 1994

Bell Atlantic Mobile
Director - Network Planning
Responsible for strategic network infrastructure planning throughout Bell Atlantic Mobile. Provided strategic network direction and goals to all Regional Network Directors, and developed corporate Construction Program ($300 million capital, $200 million expense), allocating resources across all operating regions. Provided support and direction to wireless R&D, PCS planning and business development. Directed overall switch and facilities planning, including AIN, network optimization, and interconnection. Negotiated master agreements with major equipment suppliers (AT&T, Motorola). Directed overall radio systems planning, including digital radio and microcell deployment strategy. Directed corporate network financial management, regulatory engineering, and real estate administration. Directed the integration of Metro Mobile network engineering and operations functions.

Marketing
August 1987 - October 1990

Bell Atlantic Network Services
Product Manager - Information Services
Responsible for design, development, and implementation of Bell Atlantic's online information gateway service, Intelligate. Included hardware and software operations planning, network and system design, user interface design and maintenance, sales support, pricing, and contract negotiation.

Technical Planning
December 1985 - July 1987

Bell Telephone Company of Pennsylvania
Staff Manager - New Services Planning
Responsible for technical planning of new services, including the Enhanced 9-1-1 System, and the Directory Assistance Audio Response System.

Operations
June 1984 - November 1985

Bell Telephone Company of Pennsylvania
Supervisor - Operations Test Center
Responsible for mechanized trouble testing, and the scheduling and dispatch of installation and repair forces.

Project Management
December 1982 - May 1984

Bell Telephone Company of Pennsylvania
Assistant Manager - Carrier Access Billing System
Responsible for project management of the conversion to the Carrier Access Billing System at divestiture.

July 1982 - November 1982

Bell Telephone Company of Pennsylvania
Management Development Program

Education

1978 - 1982

Lehigh University
Bethlehem, PA
Formal education in engineering, with Bachelor of Science degree in Industrial Engineering awarded in 1982. Graduated with highest honors. President, Institute of Industrial Engineers, Treasurer, Kappa Sigma Fraternity, and member, Tau Beta Pi National Engineering Honor Society.

Personal

Born June 9, 1960. Married, two children. Interests include golf, swimming, and boating.

Board of Directors, Any Baby Can Child and Family Resource Center, since June, 1999.

Christopher S. Rothlis
Vice President, Network Operations

Summary

A proven track record of success spanning 23 years in the field of Telecommunications. A thorough understanding of how to profitably operate a long-haul telecommunications company. Demonstrated executive-level leadership in guiding an organization through the selection, operation, and decommissioning of telecommunications technology and assets.

Work Experience

Broadwing Communications Austin, TX	Vice President, Network Operations Vice President, Engineering Vice President, Local Access Director, Technology Planning	Mar 98 – Present

- Reduced SG&A spending from a planned $100M to $60M over a two year period while not adversely affecting customer service.
- Created an Internal Technical Assistance Center (ITAC) organization to reduce reliance on more costly vendor hardware and software support.
- Operate the industries most cost efficient Network Operations organization (219 people maintaining 18,500 route miles)
- Created the organization structure and processes necessary to evaluate and select technologies to meet the needs of the business. Oversaw the deployment of over $300M in equipment and assets.
- Managed the implementation of the industry's only all-optical network.
- Negotiated and/or renegotiated vendor contracts to ensure Broadwing received the best possible value.
- Created a "Local Access" organization to address Broadwing's disproportionate cost-of-service and improved connectivity for more rapid service turn-up. Reduced COS by $5M per month in three months.

MCI Telecommunications	Technician – Sr. Manager	Sep 83 – Mar 98

- Held increasing levels of responsibility from entry-level field technician through Acting Director, Intelligent Network Infrastructure Development.
- Successfully managed several areas of the business including Network Operations, Engineering, Program Management, Systems Engineering (software development), Financial Management.

United States Air Force	Staff Sergeant	Oct 79 – Aug 83

Attended technical training schools in electronics and telecommunications. Worked in fixed facility and mobile communications in support of the Air Force mission. Promoted early on two separate occasions in recognition of job knowledge. Received the Air Force Commendation Medal and was honorably discharged.

Education

Bachelor of Science Business Administration, Summa Cum Laude (3.97 GPA), Regis University, Denver, Colorado, August, 1998

David R. Huber, Ph.D., is the founder of Corvis. He has served as a Director and Chairman of our Board, President and Chief Executive Officer since June 1997. Dr. Huber has 20 years of experience in the development of optical communications systems. From 1992 through April 1997, Dr. Huber served first as Chief Technology Officer and later as Chief Scientist of Ciena Corporation, a company he founded in 1992. From 1989 through 1992, Dr. Huber managed the Lightwave Research and Development Program for General Instrument Corporation. Prior to 1989, Dr. Huber held positions in optical communications development at Rockwell International Corporation, Optelecom, Inc. and ITT Industries, Inc., formerly International Telephone & Telegraph Corporation. Dr. Huber holds 41 U.S. patents in optics technology and has numerous additional patents pending. He earned a Ph.D. in electrical engineering from Brigham Young University and a B.S. in physics from Eastern Oregon State University.

Lynn D. Anderson has been Senior Vice President, Chief Financial Officer and Treasurer of Corvis since January 2002. From May 2001 to December 2002, Mr. Andersen served as Chief Financial Officer of Optical Capital Group, LLC, a specialized technology investment firm focused on optical equipment related communications technology. From December 2000 to April 2001, Mr. Anderson was self-employed providing financial and strategic consulting services to companies in the technology, media and energy sectors. From February 2000 to November 2000, Mr. Anderson served as Chief Operating Officer and Chief Financial Officer of Zillacast, an Internet broadcasting company. From 1981 to 2000, Mr. Anderson held several financial positions with various divisions of General Electric Company, and later, as Chief Financial Officer of GE Capital Technology Management Services. Mr. Anderson earned his B.A. from Kansas State University and his M.B.A. from the University of Texas.

Jerry Kent is Chief Executive Officer of AAT Communications, the sixth largest independent provider of antenna sites and site management services to the wireless communications industry. A 20-year veteran of the cable television industry, he began his career as an officer of Cencom Cable Associates, Inc., co-founded Charter Communications in 1993 and Cequel III in 2002. Cequel III was established to acquire and manage growth-riented companies in the Telecommunications and Cable industry. Prior to founding Cequel, he was President and CEO of Charter Communications, Inc. Microsoft co-founder Paul Allen acquired Charter in 1998, and combined it with another investment, Marcus Cable, in early 1999, under the Charter Communications name. Mr. Kent was named President and CEO of this merged entity, which subsequently grew to some 7 million customers as the nation's fourth largest cable company. During his tenure, Charter went public in what was then the third largest IPO in U.S. history, became the largest issuer of high-yield bonds in the world and consistently led the industry in superior operating results. Mr. Kent received his MBA degree from Washington University. A native of St. Louis, Mr. Kent is active in that community.

Martin D. Kerckhoff is Executive Vice President and General Counsel of Cequel III, a broadband telecommunications management company founded in 2002. Prior to joining Cequel III, he was appointed by SBC Communications ("SBC") to serve as Group Executive Corporate Development and Initial Public Offering for Telkom SA Ltd ("Telkom"). Mr. Kerckhoff worked at Telkom, which is the national telephone company of the Republic of South Africa, for the previous five years. In that role, he was responsible for Telkom's Mergers and Acquisitions, Business Development, and Subsidiaries Groups and had primary responsibility for achieving Telkom's Initial Public Offering. He also served as Chairman of Telkom Directory Services, the national waite and yellow pages directory company, and as Director and Chairman of the Corporate Development Committee of Vodacom Ply Ltd, which is South Africa's largest cellular carrier. Before being appointed to Telkom, Mr. Kerckhoff was Senior Counsel with SBC's International Mergers and Acquisitions Legal Group. In that capacity he successfully negotiated SBC's investment in Telkom, as well as investments by SBC in VTR Inversiones (Chile), Mobile Telephone Networks (South Africa), Telnics (Mexico), and the purchase of two cable/telephony networks in the United Kingdom. He also assisted SBC restructure its investment in CGETBL (France) and represented SBC in its privatization bid for Peru's National Telephone Company. Mr. Kerckhoff received his LLM (Private International Law) from McGeorge School of Law, his JD from St. Louis University and his BA (Political Science) and BS (Psychology) degrees from Tulane University. He holds licenses to practice law in numerous states and federal courts.

The following individuals are currently employed by Broadwing and will be transferring to C III Ops upon the closing of the proposed transaction. Detailed resumes for each are attached hereto.

Robert (Bob) Shingler is President of Broadwing Communications, the company's national broadband voice, data and IP operations. He is responsible for sales activities, customer care and service, network engineering and operations, and other staff functions. Mr. Shingler joined Broadwing Communications in April, 2002 as President of Voice Services. Prior to joining Broadwing, Mr. Shingler spent more than twenty years at BellSouth Corp. and its subsidiaries in a variety of leadership positions. He also served in executive positions in two technology start-up companies, and served as Executive Vice President and Deputy CEO at Sonofon A/S, a cellular telephone provider based in Copenhagen, Denmark.

Matthew W. Booher is Senior Vice President of Finance and an officer of Broadwing Inc. He is responsible for all financial aspects of Broadwing Communications, including business development, planning, budgeting, reporting, accounting, collections, and internal auditing. Prior to his current position, Mr. Booher served as Chief Financial Officer of the financial services division of Norrell Corporation located in Atlanta, Georgia. Mr. Booher also served as executive director of business markets at MCI, where over a ten-year career he held a number of key finance positions, including Managing Director and Chief Financial Officer of Prepaid Markets, and Director of Business Analysis/Planning for MCI's business markets division.

Richard Putt is President, National Accounts for Broadwing Communications. Mr. Putt first joined Broadwing as the President of Business Markets in January, 2000 and helped engineer a dramatic and successful turnaround in the business unit, focusing on the large business and National Account segment. In June 2001, Mr. Putt was named President of National Accounts, as this division became the strategic focus of Broadwing. A 23-year veteran in the telecommunications industry, Mr. Putt has worked in virtually every segment of the industry and held various sales management and executive posts. He has successfully managed and developed multi-million dollar organizations, as well as built dynamic entrepreneurial businesses. Prior to joining Broadwing, Mr. Putt held various positions at MCI, including Vice President of General Business, Vice President of Global Accounts and Vice President of Carrier Sales. As Vice President of Global Accounts, Mr. Putt completed the first Managed International Network for MCI, and was responsible for growing the business from $30 million to over $200 million in billing.

Richard Calder is President, Business Enterprises for Broadwing Communications. As the President of Business Enterprises at Broadwing Communications, Mr. Calder leads Carrier Accounts, Large Accounts, and General Business Markets, comprising over $500 million in annual revenues. Mr. Calder drives overall strategic and tactical direction and P&L responsibility for these business units and leads Marketing as well as all direct customer-facing field operations, including the Enterprise Management Center for trouble resolution. A veteran of the telecommunications industry, Mr. Calder brings more than 18 years of experience to his position at Broadwing. At Winstar Communications he served in multiple senior management positions, most recently as President of the Winstar South Division where he was responsible for revenue and profit growth, and previously as Executive Vice President and Chief Marketing Officer. Prior to joining Winstar, Mr. Calder co-founded GO Communications, a wireless communications company, held various marketing and business development positions at MCI, and several engineering and marketing positions at Tellabs.

Gordon P. (Chuck) Williams, Jr. is Vice President, Associate General Counsel and Assistant Secretary of Broadwing Communications. He is an AV rated lawyer and has represented telecommunications companies, both in private practice and in-house, for more than twenty years. He currently is responsible for all legal support for Broadwing Communications. Prior to Broadwing, Mr. Williams was with MCI where he served as counsel to its local service subsidiary, MCIMetro, from its inception and oversaw its nationwide state certification process. Mr. Williams has served on numerous national level committees and panels and was chairman on several. He chaired the committee representing virtually the entire telecommunications industry to develop a municipal right of way policy that is still in use today.

Lisa A. Brown, Vice President, Customer Operations, brings more than twelve years of telecommunications experience to her dual roles as Vice President of General Business Markets and Vice President of Enterprise Management Services for Broadwing Communications. In her position, she is responsible for managing a monthly P&L in excess of $13 million supporting over 150,000 customers in the consumer, small business and mid market account sectors. Ms. Brown also manages Broadwing's Enterprise Management Center responsible for trouble repair supporting all Broadwing distribution channels and customers. Ms. Brown joined IXC in the merger with Network Long Distance in 1997, where she was Vice President of Network Administration for Network Long Distance. At Network Long Distance, she led network design and engineering, provisioning and cost of service management. In her long tenure with Broadwing, Ms. Brown has served in a variety of executive roles from Vice President of Sales Operations to Vice President, Provisioning.

Melinda K. Figeley, Vice President, Human Resources, joined Broadwing Communications as Vice President of Human Resources in October, 2000. Ms. Figeley has over eighteen years of varied human resources management experience, including twelve years at the senior management and executive levels. She began her career with General Motors in 1985, where she supported an employee base of 8,000 union-represented employees. Ms. Figeley has also held a variety of management and leadership roles with MCI Consumer Markets, Healthcare International, and Columbia/HCA. From 1993-98, she served as Director of Administration (Finance, Accounting and Human Resources) with the Texas Surplus Lines Insurance Department in Austin, Texas. Ms. Figeley has been a Consultant to several organizations in the Austin and Houston areas, in industries such as high technology, healthcare, staffing and government, and she has been an Instructor for seven years in the University of Texas' human resources certification program. She earned designation as a certified senior professional in human resources (SPHR) in 1995.

Karen Hanson, National Director, Regulatory Affairs, joined Broadwing as a Regulatory Analyst in 1998, when Network Long Distance was acquired. She was promoted to Director, Regulatory Affairs in November 2002. Ms. Hanson is in charge of all state and federal regulatory compliance issues. Ms. Hanson has eight years of experience in regulatory compliance in the telecommunications industry. Prior to becoming Regulatory Manager of Network Long Distance in 1995, Ms. Hanson, co-owned and operated a successful business for sixteen years.

ROBERT D. SHINGLER
President, Broadwing Communications

COMMUNICATIONS INDUSTRY EXECUTIVE

Technology, Software & Services Spanning Telecommunications, Wireless, Internet, Cable TV & Publishing

Recognized for expertise in quickly summing up a business – its strategy, model, financials, technology, market and competition – then outlining the right methods and tools to accelerate top and bottom-line success. Entrepreneur inside start-up, early-stage, transitional, rapid-growth and global enterprises. Successfully navigated large corporations, Boards of Directors and shareholders to create confidence in a vision, strategy or business plan that extends beyond the "norm."

MBA with 15+ years of P&L and investment/M&A experience. Excellent global business acumen with four years of experience in a foreign company and active involvement in investments/partnerships across Asia, Europe and South America. Well-rounded blend of operating, financial and marketing skills. Innate ability to see the potential and get the most out of staff, stirring their creativity and innovation to go beyond the obvious to create "win win" results.

PROFESSIONAL EXPERIENCE

ALBION CONNECT, INC., Atlanta, GA — 2000 to 2001
Emerging Software Provider of Operating & Support Systems; Spin-off of Albion International, a Global Systems Integrator.

Chairman & Chief Executive Officer

Retained by the original owners to raise capital and restructure a $30 million fledgling technology company hit hard by downturn of the investment market. Provide strategic direction, financing and management oversight to 35 employees in software development, maintenance, sales and customer support.

Business Transition & Investment Funding

- Revamped the product strategy, business case and the management team, positioning Albion as an attractive candidate to secure $10-$15 million Series B funding. Led presentations and received interest from six well-known VC firms.
- Raised $1 million bridge loan, initiated actions to conserve cash flow and placed company in a holding pattern.
- Continued development and maintenance of core product and existing customers despite cutting overhead by 60%+.

STEADFAST.NET, Austin, Texas — 1998 to 2000
Start-Up Provider of High Speed Internet Services using Digital Subscriber Line (DSL) Technology; BellSouth VC investment.

President – SteadFast.net Inc. (1999 to 2000)
Senior Director – BellSouth Emerging Business Group (1998 to 1999)

Challenged to develop new business to be funded from BellSouth's VC investment program that would allow BellSouth to expand outside of its regional territory. Leveraged business model designed in Europe to build a business case to launch a new Internet/voice venture, SteadFast.net. Established a CLEC with high-speed backbone and voice network, Internet Portal and broadband ISP. Hired a team of 100 for network and systems design and operations, customer service, sales, support, installation and maintenance. Created a national infrastructure for low cost on-line provisioning, billing, customer service and network operations.

Venture Funding & Start-Up

- Won $8 million in seed capital to fund a beta test. In six months, created and launched a complete business and technology platform that became an immediate competitor to SWBT, Time Warner and well-established ISPs.
- Led presentations to BellSouth's Executive Management to secure second round funding to expand into 30 states.
- Negotiated the sale of the business to a New York-based CLEC after a shift of BellSouth's vision and strategy. Facilitated the shut-down of the business after transaction failed to close due to softening capital markets.

Operating & Technology Infrastructure

- Lowered customer acquisition and support costs by 35% compared to competitors by deploying true online marketing, provisioning, billing, payment, customer service and account management tools.
- Deployed support systems infrastructure in 90 days by using off the shelf software. Contracted third party systems integrator to deliver under performance agreement. Total technology investments were under $4 million.
- Gained immediate customer satisfaction and loyalty by streamlining the installation process. Completed more installations in six weeks than BellSouth accomplished in six months of trials and two months of operation.

Market Penetration & Competitive Positioning

- Capitalized on the emergence of Internet direct marketing (websites, user groups, bulletin boards) to drive market awareness and customer acquisition through online platforms. Demonstrated the success of "viral marketing".
- Combined DSL, local and long distance services into a single line, bundled service, creating a competitive advantage.
- Structured strategic alliances with Akamai, CNN, music and video on demand services to create a value-added component to experience the Internet, not just a fast connection to get to the Internet.

SONOFON A/S, Copenhagen, Denmark 1994 to 1998
$4 billion full-service telecommunications company and minority investment of BellSouth Corporation.

Executive Vice President & Deputy CEO (1996 to 1998)
Member, Board of Directors (1994 to 1996)

Appointed to the Board to oversee BellSouth's 29% investment. Became actively involved in the business during a major turnaround that would facilitate Sonofon's transition from a GSM mobile communications operator to full-service telecommunications provider. Facilitated a complete reorganization of the business. Relocated corporate HQ, hired senior staff, and recruited a talented marketing team that would accelerate growth and move the business toward profitability.

Played a key role in negotiating a buyout of two investors to gain a 46.5% interest with 50/50 operating control. Promoted to Deputy CEO and as the only American in a 1000+ employee organization. Outlined the strategy, business model and operational requirements to start-up new lines of business and integrate them into the existing organization. Held full P&L responsibility for staffing, business development, regulatory, systems development, marketing, customer service and service delivery. Jointly responsible with CEO for overall company results and Board relations.

Turnaround & Rapid Growth of Foreign Investments

- Led Sonofon through an aggressive turnaround and first year of profitable operation since its inception. Delivered consolidated net income of $34 million in 1997 compared to $40 million loss in 1996.
- Realigned the business around the rapid development of new technology. Introduced new products that pushed Sonofon's market value from $500 million to $4 billion in four years.
- Led negotiation of $100 million buyout of minority partners increasing BellSouth's ownership to 46.5%.

Market Penetration & Competitive Positioning

- Increased cumulative market share from 18% to 38%, gaining more customers in 18 months than in prior three years. Achieved the highest cellular penetration in the world by 1997. Increased customer base by another 30% in 1998.
- Restructured international long distance agreements, cutting cost of service 50% for $18+ million in savings in 1997.
- Led successful lobby, accelerating deregulation and competition against the Tele Denmark monopoly.

New Products & Service Offerings

- Leveraged customer loyalty and deregulation to offer International Long Distance and Wireless Local Loop products.
- Outlined business model allowing Sonofon to deploy a fixed wireless technology when technology and radio spectrum in the region came up to speed. Sonofon launched significant market expansion in 2001 with original business model.
- Introduced new pricing and service programs that boosted volume by 9%, adding $10 million in service revenues in 1995. Launched prepaid services in 1997, bringing total revenues to in excess of $375 million.

BELLSOUTH EUROPE, Brussels, Belgium / **BELLSOUTH INTERNATIONAL,** Atlanta, GA 1993 to 1996
$3 billion newly-formed enterprise overseeing 12 partnerships in 10 countries with Europe accounting for 40%.

General Manager – BellSouth Denmark Inc. (1994 to 1996)
Director, Financial & Business Planning – BellSouth International (1993 to 1994)

Recruited into the international organization as the ad hoc CFO and BellSouth's front-man representing their minority financial interests in 12 partnerships in 10 countries. Accepted an expatriate assignment with the Belgium business development office to provide operational support for start-ups in Denmark, France and Germany and others expected in Spain, Italy, France and the Netherlands. Worked with shareholders and company management to set direction and benchmarks for revenue, profit and operating performance using same models applied inside BellSouth Enterprises.

International Investments & Global Market Expansion

- Appointed to the Board of Directors for operations in New Zealand, Argentina and Venezuela.
- Served on planning committee for Danish GSM operation, and finance committee for German cellular operation.
- Rationalized investments in France by negotiating the sale of two shareholdings to position for expansion through a new joint venture.

BELLSOUTH ENTERPRISES / BELLSOUTH CORPORATION, Atlanta, GA 1983 to 1993

$80 billion corporation with 44+ million customers in the US and 16 countries. Bellsouth Enterprises was a holding company for global subsidiaries in Cellular, Paging, Mobile Data, Long Distance, Advertising, Publishing and Cable TV.

Operations Manager, Financial & Business Planning (1990 to 1993)
Corporate Manager, Mergers & Acquisitions (1988 to 1990)
Investment Manager (1987 to 1988)
Staff Manager / Assistant Staff Manager, Earnings Analysis (1983 to 1987)

Charter employee in newly established BellSouth on fast-track promotion from Treasury to Investments and Mergers & Acquisitions. Following a reorganization and creation of BellSouth Enterprises, joined this group to analyze and support BellSouth's non-regulated ventures worldwide. Assessed revenue, profit and cash flow, benchmarked performance against the competition and adjusted budgets and projections based on industry, market, technology and regulatory trends.

Mergers, Acquisitions & Investments

- Bridged the gap between the corporation and entrepreneurial/emerging ventures to justify investments that would accelerate the top line without adversely affecting BellSouth's bottom-line. Led to:
  - Continued investments in cellular which fueled BellSouth's earnings growth from 1995 to 1999.
  - Exit from paging during industry consolidation, divesting assets for $1 billion.
- Prepared business cases and due diligence. Advised Chairman/Vice Chairman on merits/value of acquisitions.
  - Assembled a $500 million UK acquisition that would integrate telephony and cable services.
  - Led financial negotiations for acquisition of Irish CATV company and negotiated the purchase of shares in a national French cable operator.
  - Evaluated independent telephone, telecom equipment, systems integrator, software and printing companies. Recommended against acquisition based on valuation, earnings potential and/or strategic fit.
- Implemented an active trading program for BellSouth's $1 billion fund of taxable and tax-free money market securities. Delivered a 22% return increase vs. 7% market improvement resulting in $10 million added income.

Financial Analysis & Reporting

- Instituted a new approach for measuring subsidiary performance, focusing on fundamental analysis, strategic alternatives and future cash flow to maximize value. This approach replaced the previous system of accounting variance analysis and resulted in resource allocation to value creators for the company, such as continued cellular investment.
- Created an acquisition valuation model adopted by BellSouth's CFO and still used in Board of Director presentations.
- Designed a unique one-page summary of key operating indicators, comparing actual/forecast performance to budget.
- Created a standard platform for reporting on 10 distinctly different businesses that is still in place today.
- Provided cost of capital analysis and expert testimony in FCC Docket #84-800 gaining favorable access charges for BellSouth in interstate telephony.

EARLY EXPERIENCE – Student Engineer with South Central Bell Telephone while completing undergraduate degree. Gained experience in Data Center Operations, Billing, Collections and Customer Service with Southern Bell Telephone.

EDUCATION

MBA, Finance – Georgia State University, 1987
BS, Business / Computer Science – Vanderbilt University, 1980

Matthew W. Booher

PROFILE

Executive with proven record of success in general management, financial and operational management, investor relations and business development. Strong background in leadership of large organizations, improving business processes and operational efficiency, and in development and execution of business plans. Experienced in leading high-profile negotiations with customers, vendors and acquisition targets. Extensive background in management reporting, public accounting, process implementation and control, and a thorough knowledge of business information systems.

PROFESSIONAL EXPERIENCE

Broadwing, Inc / Broadwing Communications, Inc — **2000 - Present**

Senior Vice President – Finance / Division CFO — 2002 - Present

- Financial and operational responsibility for $900M (annual revenue) division.
- Responsible for re-engineering and reorganizing the division and positioning the business for increased profitability.
- Assist in determining the strategic direction of division or instituting a disposition strategy.

Broadwing, Inc / Cincinnati Bell Telephone Co. — 2000 - 2002

Vice President, Investor Relations

- Hired to define and implement professional level Investor Relations program.
- Member of the executive mgmt. team - participating in and influencing decisions and strategic plans.
- Responsible for quarterly earnings release calls, annual meetings and investor conferences and meetings.
- Initiated, developed and implemented corporate disclosure and Regulation FD policies.
- Cultivated and developed relationships with Wall Street research firms and buy-side firms.
- Responsible for targeting new owners and expanding institutional shareholder base.
- Increased 1M+ share shareholders from 17 to 31 and sell-side coverage from 6 to 17 analysts.
- Responsible for planning, creative design, and publishing company's annual report (2000 & 2001).

Norrell Corporation, & Interim Services Corporation, Atlanta, Georgia — **1998 – 2000**

CFO / Division Controller / Director of Finance & Administration

Norrell Financial Staffing / IMCOR / Norrell Information Services

- Responsible for finance, accounting, information systems and technology, and administrative functions for three Norrell business units totaling $370M in annual revenue.
- Oversight and responsibility for business unit financial performance and strategic direction, marketplace / customer development and sales strategy.
- Reversed operating losses and negative cash flow within four months by restructuring operations, altering the company's sales model, and re-engineering it's e-commerce strategy.

MCI Communications Corp. Atlanta, Georgia — **1990 – 1998**

Director / Business Unit CFO, Prepaid Sales — 1997 - 1998

MCI, Business Markets, Strategic Business Sales Unit

- Full P&L responsibility for $200M+ division.
- Responsible for guiding division out of monthly loss position (-$2M/mth) to profitability (+$2.5M/mth) in 12 months and exceeded revenue plan by 12%.
- Responsible for functional areas of accounting, planning, business development, billing and invoicing, customer and internal reporting, financial operations, and administration.

MCI Communications Corp. Atlanta, Georgia (continued)

Director / Business Unit CFO / Asst. General Manager, 1995 – 1997
Digital Imaging Division, MCI - Business Markets, Atlanta, Georgia & Greensboro, NC

- Financial and operations responsibility for $50M business unit of MCI, from acquisition through integration into MCI's core functional areas.
- Responsible for executive oversight during acquisition and initial start-up phases of business life cycle.
- Developed sales plans and operating plans for the unit.

Director, Business Analysis & Planning 1994 – 1995
MCI Business Markets Division

- Led finance organization of 40 professionals in the areas of business and financial planning, business analysis, and product pricing, for an $ 9 billion unit of MCI Communications during a period of record revenue and earnings growth.
- During tenure Business Markets revenue grew more than three times the industry average from 1994-95, resulting in over $2 billion in revenue growth, and growing earnings at more than 30% annually.
- Developed plans and budgets that achieved revenue growth while holding SG&A expenses constant and reduced capital expenses related to product development by 10% per year.
- Initiated revenue/pricing enhancements delivering more than $200M in contribution over two years.

Sr. Manager, Planning and Financial Analysis 1992 – 1994
MCI Business Markets Division

- Successfully integrated the planning organizations of five pre-existing business units into single Business Markets Planning organization.
- Developed financial planning process that was driven by specific operational performance plans, including sales productivity, product profitability, pricing and promotion plans.
- Developed customer level profitability system that provided revenue performance and profitability information by product.

Manager / Senior Financial Analyst, Business Development 1990 – 1992
MCI, Business Markets and Southern Division

- Held various positions of increasing responsibility from Sr. Analyst to Manager, in the areas of corporate development and finance.
- Negotiated special customer contracts for long-distance and data services.

McDonnell Douglas Corporation, St. Louis, Missouri 1988 – 1990
Senior Financial Analyst, Program Budgets

- Preparation and presentation of various financial data for senior management.
- Monthly revenue and P&L presentation to senior divisional executives.

Michigan State University, East Lansing, Michigan 1986 – 1988
Graduate Research Assistant, Finance Department

- Directed financial research study for the State of Michigan.
- Authored and published research results.

EDUCATION

Masters of Business Administration / Finance 1987
Michigan State University – East Lansing, Michigan

Bachelor of Science – Business Administration / Economics & Finance 1985
Southern Illinois University - Edwardsville, Illinois

Executive courses and seminars 1992 – present
Darden Graduate School / University of Virginia – Charlottesville, Virginia

Richard E. Putt
President, National Accounts

Professional Biography:

Broadwing Communications - January 2000 to present

- President of National Accounts
- President of Business Markets

espire Communications - December 1997 to January 2000

- Executive Vice President, Sales and Marketing

MCI Telecommunications - January 1987 to January 2000

- Vice President of State Government and University Markets
- Vice President of Carrier Sales and Support
- Vice President of Global Accounts
- Vice President of General Business
- Director of National Accounts
- Director of General Business
- Director of Alternate Channels

Norstan/Electronic Engineering Company - November 1979 to January 1987

- National Account Sales Manager

RICHARD D. CALDER, JR.

President, Business Enterprises

Experience

2001-present **BROADWING COMMUNICATIONS** **RESTON, VA**

President, Business Enterprises

- Lead the business units for Carrier Accounts, Large Accounts, and General Business Markets, and drive a P&L with $500 million in annual revenues.
- Drive overall strategic and tactical direction for the Business Units, Marketing, and all direct customer operations, including the Enterprise Management Center for trouble resolution.

President, Business Markets

- Led the Business Markets business unit, and drove a P&L with $150 million in annual revenue. Exceeded all P&L metrics for the 2002 plan and grew revenue by 50%.
- Executed strategic plan to drive up-market to larger enterprise accounts, to provide General Manager authority to field leaders, and to increase productivity resulting in a 150% improvement in field sales results.

1996-2001 **WINSTAR COMMUNICATIONS** **WASHINGTON, DC**

President, South Division

- Led the South Division business unit, and drove a P&L with $50 million in annual revenue. Exceeded all P&L and network deployment goals.
- Drove overall branch operations for sales and marketing, network operations, network deployment, and finance.

Executive Vice President, Chief Marketing Officer

- Established Winstar as a nationwide leader in broadband services, including high speed internet and data, web hosting, phone services, and e.commerce.
- Recruited and led a 100+ employee marketing organization for brand marketing, product marketing, market management, and training.

Senior Vice President / Vice President, Marketing

- Launched broadband services in top 60 US markets. Drove support for a nationwide field sales and service organization.
- Established and led the customer service team and 7x24 call centers. Developed and led the carrier sales channel.

1994-1996 **GO COMMUNICATIONS** **ALEXANDRIA, VA**

Vice President, Corporate Development and co-founder of this wireless communications company and bidder in the FCC auction for "C-Block" PCS licenses.

- Closed $150 million in equity financing and raised $700 million in senior debt financing.
- Negotiated and closed strategic financing and operating agreements with ALLTEL, Century Telephone, Fidelity Capital, Mitsubishi, and Nissho Iwai.

1990-1994 **MCI COMMUNICATIONS** **WASHINGTON, DC**

Director, Wireless Communications

- Led wireless business development and negotiated agreements with over 200 companies to join a national PCS consortium.
- Developed the wireless business plan and established business partner relationships with senior executives in the communications, cable, and publishing industries.

Senior Manager/Manager, Marketing

- Led marketing efforts for the 800 product line with over $1 billion in annual revenues; Launched initiatives for 800 number portability and increased 800 revenues by over 30%.
- Created and launched an enhanced voice services product line and managed the acquisition of a leading voice services provider.

RICHARD D. CALDER, JR.

President, Business Enterprises

1985-1988 **TELLABS, INC.** **LISLE, IL**

Senior Product Manager/Product Manager, Marketing

- Managed multiple product lines for this telecommunications manufacturer.
- Successfully launched the company's first network management product platform.

Staff Engineer

- Developed five microchips in new design group, and achieved first time success on each project.

Education

1988-1990 **HARVARD BUSINESS SCHOOL** **BOSTON, MA**

Awarded Master in Business Administration, general management curriculum.
Summer Associate, 1989, Booz, Allen & Hamilton Consulting Group, New York, NY.

1981-1985 **YALE UNIVERSITY** **NEW HAVEN, CT**

Awarded Bachelor of Science Degree, *cum laude*, in Electrical Engineering.
Selected to Tau Beta Pi, National Engineering Honor Society.
Earned four varsity letters as first diver on Division I Swimming & Diving team.

Personal Lived and traveled throughout Europe and the Middle East.

GORDON P. WILLIAMS, JR.

EXPERIENCE:

1997 – Present: Broadwing Communications Inc.(fka IXC Communications, Inc.), Austin, Texas

(1999 – present): Vice President, Associate General Counsel and Assistant Secretary. AV rated and responsible for developing team to provide all legal support for nationwide communications division of telecommunications company deploying a nationwide fiber optic system and with annual revenues in excess of $1 billion including complex transactions, major contract disputes, litigation, sales, vendor contracts, corporate matters, HR, IP, bankruptcy and work-outs, SEC, legal approval for marketing materials and press releases and back-up for General Counsel. Participate as member of senior management team.

(1997 – 1998): Assistant General Counsel and Director of Network Business Development. Developed and negotiated fiber purchase, sale and swap agreements. Developed forms and legal support for fiber transactions and right-of-way development. Developed complex transaction agreements. Chaired Industry Right-of-Way Group Policy Committee, representing the big three interexchange carriers and the ILECs, that developed and published a nationwide Right of Way Policy Paper that is still in use.

1988 – 1997: MCI Communications Corporation, Richardson, Texas

(1996-1997): Associate Counsel, Law and Public Policy. Responsible for legal and policy support for all matters involving public rights of way and development of first-rate legal team for municipal franchise and state legislative matters. Assumed lead for development and implementation of nationwide municipal franchise policy and strategies. Initiated legislative reform effort. Lead successful industry coalitions at both municipal and state legislative levels. Panelist at several industry and legal conferences. Named to industry Municipal Barriers Working Group. Special briefings presented to executive management, FCC and selected regulatory officials. Co-Chair American Bar Association State and Local Government Law Section Cable and Telecommunications Committee

(1990-1995): Senior Attorney, Office of The General Counsel. Primary Counsel to Texas-based MCI subsidiary, MCImetro Access Transmission Services, Inc. Responsible for ensuring that all of MCImetro's legal support needs were met. Main responsibility was to establish commercial contract forms and policies, perfect rights to communications facilities located in public rights-of-way, coordinate regulatory support, and oversee regulatory filings for MCImetro's nationwide local service initiative.

(1988-1990): Attorney, Office of The General Counsel. Handled complex municipal and utility right-of-way and franchise matters; zoning and land use; commercial contracts and disputes.

1986-1988: Lawyers Title Insurance Corporation, Richmond, Virginia

Senior Attorney (Corporate Officer), Managed claims handling by ten in-house attorneys. Directly handled major claims litigation matters in fifteen states including several major metropolitan areas (New York, Chicago, Boston and Philadelphia). Reorganized the claims organization in the Chicago Multi-States Office. Successfully established third party lead in a major ($178 million) title reinsurance case. Designed, wrote and implemented a national claims litigation budget program and database.

1982 – 1986: Conner, Hooker, Hydrick, Williams, and Wright, Richmond, Virginia

(1984– 1986): Partner - General litigation practice with emphasis on zoning and land use, real estate, small corporate representation, lease and acquisition agreements. Virginia Regional Zoning Counsel to MCI Communications Corporation.

(1982-1984): Attorney - Developed general litigation and land use practice.

BAR ADMISSION:

Virginia State Bar 1982

EDUCATION:

J.D. - T.C. Williams School of Law, University of Richmond, 1982.
Honors:
Carrico Moot Court Competition Winner - 1980
Barnett Moot Court Competition Winning Team - 1980
Barnett Scholarship for Excellence in Legal Writing - 1980
National Moot Court Team - 1981
Certified for Third Year Practice by the Virginia State Bar.
Internship, Henrico County Circuit Court - 1981
Internship, Henrico County Commonwealth's Attorney's Office. Prosecuted several hundred minor criminal and traffic cases and several appeals to Court of Record, all as first chair - 1981.

B.A. – Psychology, University of Richmond, Richmond, Virginia, 1979.

PUBLICATIONS:

Gordon P. Williams, Jr. *Municipal Regulation of Telecommunications and the Telecommunications Act of 1996 II,* The Urban Law Journal, Fall 1997
Gordon P. Williams, Jr. *Municipal Regulation of Telecommunications: the Telecommunications Act of 1996 and the Facets of the Paradigm*, The Urban Law Journal, Fall 1996
Tomas F. Geselbracht and Gordon P. Williams, Jr. *Information Superhighway Is Beset by Local Fees*, The National Law Journal, March 13 1995

ORGANIZATIONS:

Texas General Counsel Group
Texas General Counsel Forum
American Bar Association, Co-Chair Cable and Telecommunications Subcommittee, State and Local Government Law Section, 1996 - 1999.
American Corporate Counsel Association
American Society of Corporate Secretaries

MILITARY:

Major, Army Corps of Engineers United States Army Reserve. (Retired)

LISA M. BROWN
Vice President of General Business Markets and Enterprise Management Services

EXECUTIVE SUMMARY

Passionate leader with a wide range of professional experience from P&L, operations, sales and marketing brings a proven track record of building value through strong teams with a high energy style and commitment to get the job done.

PROFESSIONAL EXPERIENCE

BROADWING COMMUNICATIONS, INC – Austin Texas, 7/91 to Present

Vice President General Business Markets & Enterprise Management Services - Austin, Texas 11/02 to Present

General Business Markets:

- Responsible for P&L Management of this BU with monthly revenues of $13 MM per month supporting 150,000 consumer and business accounts spending under $10K per month and our strategic intra-company distribution channel.
- Established centralized sales & support team to service mid market accounts.
- Reorganized Alternate Channel Program to bring profitability to this distribution segment.
- Managed Customer Support Functions of Ordering, Service Delivery, Bill Activation, Customer Care & Collections. Staff includes 50 seat customer care center plus 35 positions for sales, marketing & account management support.
- Responsible for sales & marketing, generate new sales of $100K per month.

Enterprise Management Services:

- Converged traditional care center & NOC creating an innovative 'Tech to Tech' customer repair center with project management layer for high value customers.
- Manage this 80 person center that provides central support for 4 business units and serves customers buying simple & complex data solutions and dedicated voice services
- Cut MTTR & MTTC in half in first 60 days, improved quality of customer interaction and increased customer satisfaction
- Implemented Quality Program to improve call handling, process & procedure and tools.

Vice President Consumer and Small Business Markets & Customer Operations -Austin, Texas 4/02 to 11/02

Consumer & Small Business Markets:

- Managed $6MM per month P&L for BU of 130,000 customers in the consumer & small business accounts spending under $2K.
- Achieved 99% of revenue EBIDTA plan for 2002 contributing $81MM in Net Revenue & $29MM in EBIDTA.
- Developed & implemented marketing programs to support the segment.
- Converted 50-seat customer service center into a sales & service center focused on retention, achieved a 47% customer 'save' retention rate for '02
- Reduced customer churn significantly by resolving host of operational & billing issues

- Redesigned external web site to support this distribution segment.

Customer Operations:

- Responsible for managing central support teams of Provisioning, Billing & Customer Care serving 5 business units.
- Provisioning – Managed 120 person Provisioning Team delivering average of $2.5 million per month in new customer installs, managing backlog of 2,000+ orders valued at over $6 million. Delivered 85% on time, carried less than 10% of backlog in past due status.
- Customer Care – Managed 130 Customer Care seats in 3 centers (2 internal, 1 specialty outsource). Improved service level, answer rate and rep quality ratings. Rebuilt IVRs to gain efficiency, instituted quality standards including call standards, training program, monitoring, feedback and rep scorecards.
- Billing – Managed Billing Operations team of 55 people responsible for producing monthly billing in excess of $120 million in 6 billing environments. Billed 99% on time consistently. Also managed disputes & resolution process.

Vice President Sales Operations – Austin, Texas 12/00 to 4/02

- General Business Manager for the President of Business Enterprises Group responsible for planning & financial management of 5 business unit P&Ls generating $900 Million in annual revenue.
- Created & Implemented Central Sales Operations Support team providing support for 3 business units in the areas of Technical Sales Support & Business Operations.
  - Technical Sales Support provided - 2nd Level Technical Sales Engineering, Complex Bid / RFP Support team, 'Help Sell' a central call center for product & systems
  - Business Operations provided - Sales Administration, Compensation Plan Development & Administration, Executive Reporting

Vice President Provisioning – Austin, Texas 10/99 to 12/00

- Reduced service delivery intervals from 90+ days to average of 29 while more than doubling throughput.
- Eliminated backlog of 1,500+ past due orders (70%+) in 3 month period, while implementing new work process, team structure, support teams, tools, etc.
- Implemented a unique concept in work environment that promoted teamwork, ownership & accountability and alignment with customer sets and distribution channels.
- Rebuilt management team as well as staff, recruiting 70+ team members to replace contract staffers.
- Established Broadwing as industry leader in the area of service delivery.

Vice President Customer Enabling Services, IXC Communications – Newport News, VA 2/99 to 10/99 (acquired by Broadwing)

- Created, implemented, and managed IXC's 'Customer Enabling Services' organization, a sales support team supporting all channels of distribution for Training, Technical Sales Engineering and Media & Web Support.
- Responsible for taking new products to market – developing and delivering training from sales skills to product and technical training. Creating web & media based tools, product repositories and web-based support for sales. Lastly, delivering technical support, network design, rfp support and sales call support to the distribution channels.
- Managed Professional Services practice selling technology consulting & training.

MELINDA K. FIGELEY, SPHR
Vice President, Human Resources

PROFESSIONAL SUMMARY

Seasoned Human Resources management professional with 18 years diverse experience. Skilled in providing an effective linkage between business objectives and human capital, and in driving the attainment of business goals through performance-based consultation. Varied industry experience, including telecommunications, services, manufacturing and healthcare, in organizations of 50 - 8,000 employees. Demonstrated expertise in employee and labor relations; leadership and organizational development; and union avoidance strategy.

PROFESSIONAL EXPERIENCE

Broadwing Communications, Austin, Texas — 10/00-Present
Vice President, Human Resources

Reporting to Chief Legal Officer. Lead staff of 65 throughout U.S., including 8 Directors/Managers.

Coaching And Professional Development

- Provide performance-based coaching to all levels of management, including senior executives.
- Valued by senior executives as a confidential resource/coach on critical business issues involving a variety of tactical and strategic initiatives.
- Recognized as highly competent business partner and valued member of ten-member senior leadership team.

Leadership And Organizational Development

- Developed and implemented two-tier management and leadership development program.
- Conducted organization-wide cultural and leadership assessment as part of merger/acquisition strategy.

Recruitment/Staffing

- In first nine months, implemented strategic recruitment plan which reduced costs by $4M/yr and reduced cost per hire to industry-low $3100/hire.

Budget/Operations

- Managed budget of $7M and human resources field operations in 36 states.

Labor/Employee Relations

- Reduced EEOC caseload by 75% in first year.
- Negotiated four (4) major employment claims in 2002, resulting in litigation/judgment savings of $750k.

MCI Telecommunications, Austin/El Paso, Texas — 02/98-03/00
Sr. Manager, Human Resources

Reported to National Director, HR. Lead staff of 12, including 3 Managers.

Leadership And Organizational Development

- Developed and implemented a variety of highly customized management and leadership development initiatives, resulting in reduced employee attrition, improved leadership effectiveness, and reduced legal/third-party claims.

Human Resources Management

- Provided leadership for all Human Resources generalist functions.
- Recognized as highly competent business partner and valued member of eight-member senior leadership team.
- Provided proactive consultation to peer groups and mid-level management on a broad variety of strategic and tactical human resources issues.

Surplus Lines Insurance of Texas, Austin, TX — 10/93-02/98
Director, Administration (Finance/Accounting and HR)
Reported to General Manager/CEO. Lead staff of 25, including 3 Managers.

Healthcare International, Austin, TX 02/89-10/93
Director, Human Resources.
Reported to CEO. Lead staff of 11, including 2 Managers.

General Motors Corporation, Chevrolet Truck & Bus Group, Flint, MI 09/85-09/87
Human Resources Specialist
Reported to Director, Personnel.

ADDITIONAL TRAINING & ORGANIZATIONAL DEVELOPMENT

Lead Instructor, University of Texas 09/95-Present
Human Resources Certificate Program
Curriculum Development & Instruction

- Instruct human resources curriculum, providing continuing education to experienced HR professionals in functional areas required for national certification; consistently evaluated at 3.8 - 4.0 (4.0 scale).
- Design instructional materials and facilitate continuing education programs, including:
  - "*Understanding Business Performance Metrics and Financials*".
  - "*Transformational HR Leadership*".

Consultant and Guest Speaker

- Frequent consultant on initiatives such as leadership development, HR risk management, union avoidance strategies, and HR compliance issues.
- Frequent guest speaker on subjects such as Dimensions of Change in HR and Transformational Leadership.

EDUCATION

University of Michigan, Ann Arbor, MI
Bachelor of Arts, with honors
Academic Honors/Awards: Alpha Lambda Delta, Phi Eta Sigma

University of Texas, Austin, TX
Certificate in Human Resources Management

Human Resources Certification Institute, Arlington, VA
Certified Senior Professional in Human Resources (SPHR)

Continuing Development and Education:
Creating and Sustaining High-Performance Teams; Creating a High-Performance Culture; Emotional Intelligence at Work; Creating and Marketing an Employment Brand; The Mergers & Acquisitions School of Hard Knocks Executive Roundtable; Strategy Thinking in Revolutionary Times; Total Employee Involvement; Knowledge Management; Customer Service Management; TQM; Leadership Development Community five-part executive program (Authenticity, Accountability, Intentionality, Courage and Velocity); Hughes & Luce Annual Employment Law Briefing.

PROFESSIONAL AFFILIATIONS

- Society for Human Resources Management (SHRM).
- Austin Human Resources Management Association (AHRMA).
- Appointed to Bureau of National Affairs Personnel Policy Forum, Washington, DC, 1997-98.

Karen T. Hanson

National Director – Regulatory Affairs

Achievement-oriented professional with diversified experience in regulatory compliance, tariff management, mergers and acquisitions. Knowledge of telecommunications regulations and products. Excellent multi-tasking and organizational aptitudes with proven ability to analyze revenue by product and regulatory requirement to insure adequate, but not excessive payments of fees and assessments to FCC, State Utility Commissions and all other established funds and agencies. Effective communicator and problem-solver. Enjoy supporting the efforts of multiple departments regarding policies and procedures through research and interpretation of individual rules, ordinances and statutes by state and jurisdiction.

SKILLS SUMMARY

- Government Relations
- Customer Relations
- Administrative Skills
- Written Presentation

Oral Presentation
Creative
Collecting Data
Analyzing Data

Meet Deadlines
Report Preparation
Teams/Task forces
Directing/Managing

EXPERIENCE

BROADWING COMMUNICATIONS – Austin, Texas
National facilities based telecommunications carrier
National Director-Regulatory Affairs, January 1, 2003 to present
Responsibilities include the supervision, filing and maintenance of all state tariffs; compliance with all state and federal rules and regulations; providing staff support to various departments in researching and interpreting state and federal rules and regulations; managing various issues and negotiating settlements regarding disputed billings issued to and billed by present employer; contract reviews; responding to any orders or requests issued by state and federal regulatory agencies; tracking and resolving all state and federal agencies complaints; tracking revenue for the purpose of authorizing payments to state and federal high cost funds; calculating and filing of 499A and 499Q information with the FCC; filing of all state and federal annual reports result in payment of $19 million in Regulatory assessments and fees.

Regulatory Compliance Specialist, to December 2002
Managed reporting and payment of assessments to federal and state regulatory authorities. Coordinated relationship between company and customers relative to billing of state and federal assessments. Secured and maintained state, county and municipal licenses. Worked on four mergers. **Key accomplishments.**

- **Earned Broadwing Encore and Ovation award** for finding revenue opportunities enough to fund entire Regulatory Department budget for a full year. ($1,000,000 +) *Presentation in Cancun, Mexico*

5107 Cree Lane * Austin, TX * 78734 * Home 512-266-0447 * RegularK3@aol.com

Regulatory Analyst – IXC/Broadwing, Austin, TX - August 1998 to
Managed required Secretary of State filings of withdrawal, and/or merger, and annual regulatory report filings for seven merged entities in forty-eight contiguous states.
Key accomplishment.

- **Earned – I Am Exceptional Award** for $189,000 in recovered revenue.
  Presentation in Scottsdale, AZ

Regulatory Manager – Network Long Distance, Inc. – Baton Rouge, LA
September 1995 to August 1998
Managed Regulatory, Secretary of State and Sales Tax Reporting in forty-eight states.
Responded to FCC and State Utility Commission Customer Complaints.
Key accomplishment.

- **Upon merger with IXC Communications** I was asked to join the Regulatory Department of IXC in Austin.

Vice President & Corporate Secretary – Baton Rouge Business Systems, Inc.
Cash Register Dealer - Baton Rouge, LA – October 1980 to December 1995
Managed office duties including A/P, A/R, Collections, Payroll, taxes, and employee benefits. Handled employee relations, retail customer relations as well as company relations with vendors and product manufacturers. Mastered programming and operating techniques of various cash register systems and implemented these features to fit customer needs. Programmed and trained customer and employees.
Key accomplishment.

- **Invited by Sanyo Corporation as one of ten key dealers in the nation, to critique a prototype cash register system.**

COMPUTER SKILLS

- Microsoft Excel
- Microsoft Word
- Lotus 1-2-3
- Microsoft Outlook
- Windows 2000/NT/98/95
- Word Perfect

C III COMMUNICATIONS OPERATIONS, LLC

WHOLESALE INTEREXCHANGE TELECOMMUNICATIONS

SERVICE TARIFF

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

Page	Revision
1-58	All pages are Original

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Karen T. Hanson, Director - Regulatory Affairs
C III Communications Operations, LLC
1122 Capital of Texas Highway South
Austin, Texas 78746

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.

B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14. Because of the various suspension periods and deferrals the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect. Consult the check sheet for the page currently in effect.

C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).I
2.1.1.A.1.(a).I.(i)
2.1.1.A.1.(a).I.(i).(1)

D. **Check Sheets** - When a tariff filing is made with the Commission an updated check sheet accompanies the filing. The check sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There shall be no other symbols used on this page if these are the only changes made to it. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

EXPLANATION OF SYMBOLS

Changes to this tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

(C) - To signify a changed regulation.

(D) - To signify a discontinued rate or regulation.

(I) - To signify an increase in rate or charge.

(M) - To signify material relocated from one page to another without change.

(N) - To signify a new rate or regulation.

(R) - To signify a reduced rate or charge.

(S) - To signify a correction or reissued matter.

(T) - To signify a change in text but no change in rate or regulation.

Karen T. Hanson, Director - Regulatory Affairs
C III Communications Operations, LLC
1122 Capital of Texas Highway South
Austin, Texas 78746

APPLICATION OF TARIFF

This tariff contains the regulations, rates and charges applicable to the provision of interexchange telecommunications services by C III Communications Operations, LLC for the use of Customers transmitting messages on behalf of their End Users within the State of Tennessee, subject to the jurisdiction of the Tennessee Public Service Commission ("Commission").

This tariff is available for public inspection during normal business hours at the main office of C III Communications Operations, LLC, located at 1122 Capital of Texas Highway South, Austin, Texas 78746.

SECTION 1 - DEFINITION OF TERMS AND ABBREVIATIONS

Access Line - A facility arrangement which connects Customer's or End User's location to Carrier's network switching center.

Account Code - A series of digits entered by End User to associate a call with a particular department, cost center, or client. A non-verified Account Code shall be accepted if it contains the proper number of digits. A verified Account Code shall only be accepted if it can be matched with a number on the list of valid Account Codes provided by End User.

ASR (Access Service Request) - Service ordered processed to the underlying local exchange or interexchange carrier.

Authorization Code - A numerical code, one or more of which are available to Customer's End Users to enable them to access Carrier's network, and which are used by Carrier both to prevent unauthorized access to its facilities and to identify End Users for billing purposes.

Carrier - C III Communications Operations, LLC

Commission - The Tennessee Public Service Commission

Conversation Minutes - For billing purposes calls are billed based on Conversation Minutes, which begin when the called party answers, as determined by answer supervision, and end when either party disconnects.

Customer - A certified reseller of telecommunications services who, under the terms of a Service Agreement, orders or uses Service and is therefore responsible for the payment of charges due and for compliance with Carrier's tariff regulations.

Day - From 8 AM up to but not including 5 PM, Monday through Friday.

Dialed Number Information Service (DNIS) - A toll free service option, under which Carrier electronically transmits to Customer, identifying digits (up to 10 digits) that indicate which number was dialed when multiple numbers terminate on the same trunk group.

End User - A company, individual, or other entity to whom Customer provides service.

Expedite - The best effort acceleration of the installation date in advance of commitment date provided by the Company.

SECTION 1 - DEFINITION OF TERMS AND ABBREVIATIONS (Continued)

Minimum Customer Usage Commitment - The minimum monthly usage charges (including interstate, intrastate, and international usage, but not including fixed charges) for which Customer is obligated to compensate Carrier under the terms of the applicable Service Agreement.

Non-Day - All hours other than those included in the Day rate period,

Post-engineering - After provisioning of service elements.

Pre-engineering - Prior to provisioning of service elements.

POP - A point-of-presence of Carrier, at which location the network services of Carrier are accessed by Customer and/or its End Users.

Service - Any or all service(s) provided by Carrier to Customer pursuant to Service Agreement and this tariff.

Service Agreement - An agreement between Carrier and Customer which, subject to the terms and conditions of this tariff, defines the relationship between Carrier and Customer.

Service Area - The geographic area in which Customer or its End Users may access and use Service. For Dial Access 1+ Service the Service Area includes all equal access areas within the State of Tennessee. For all other services the Service Area is the State of Tennessee.

By: Karen T. Hanson, Director - Regulatory Affairs
C III Communications Operations, LLC
1122 Capital of Texas Highway South
Austin, Texas 78746

SECTION 2 - REGULATIONS

2.1 Undertaking of the Carrier

2.1.1 Service is furnished for telecommunications originating at specified points within the

2.1.4 Carrier may, when authorized by Customer, act as Customer's agent for ordering dedicated Access Lines or facilities provided by other carriers to allow connection of specified locations of Customer and/or its End Users to the network of Carrier. Customer shall be responsible for all charges due for such service arrangements.

2.1.5 Service is provided under the terms and conditions of an applicable Service Agreement and this tariff, and is available twenty-four (24) hours per day, seven (7) days per week.

2.2 Limitations on Service

2.2.1 Service is offered subject to the availability of the necessary facilities and subject to the provisions of this tariff.

2.2.2 To the extent that any conflict arises between the terms and conditions of a Service Agreement and the terms and conditions of this tariff, the tariff shall prevail.

SECTION 2 - REGULATIONS (Continued)

2.2 Limitations on Service (Continued)

2.2.3 Carrier reserves the right to discontinue furnishing Service, or to limit the use of Service, when necessitated by conditions beyond its control, when Customer or an End User is using Service in violation of the law or in violation of the provisions of this tariff, or for non-payment by Customer.

2.2.4 Service provided under this tariff is directly controlled by Carrier, and Customer may not transfer or assign the use of Service, except with the prior written consent of Carrier. Such transfer or assignment shall only apply where there is no interruption in the use or location of Service, and all regulations and conditions contained in this tariff, as well as all conditions for Service, shall apply to all such permitted assignees or transferees.

2.2.5 Customer may request Carrier to assign one or more sub-accounts for billing purposes and to direct sub-account invoices to affiliates of Customer or other designated entities for payment purposes. Such requests shall not affect the liability of Customer, who shall remain solely liable to Carrier for payment of all invoices for Service requested and obtained by Customer, whether invoiced by Carrier to Customer, its affiliates, or other designated entities.

2.2.6 Service may not be used for any unlawful purpose.

2.3 Limitations on Liabilities

2.3.1 Carrier's liability shall be limited to damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in transmission occurring in the course of furnishing Service, and not caused by mistakes or errors of Customer or its End Users. No liability shall commence prior to activation of Service. In no event shall such liability exceed an amount equivalent to the proportionate charge to Customer for the period during which the aforementioned faults in transmission occur.

SECTION 2 - REGULATIONS (Continued)

2.3 Limitations on Liabilities (Continued)

2.3.2 Carrier shall not be liable for, and Customer and its End Users indemnify and hold Carrier harmless from, any and all losses, claims, demands, suits or other actions, or any liability whatsoever, whether suffered, made, instituted or asserted by Customer, its End Users, or any other party, for any personal injury to, or death of, any person or persons, for any loss, damage, defacement or destruction of the premises of Customer, its End Users, or others, or for libel, slander, invasion of privacy, or infringement of copyrights or patents, or for any other causes, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use including, but not limited to, use in an explosive atmosphere of its Service or facilities, of the services, channels or equipment of others, provided that such occurrence is not the result of Carrier's negligence. No agents or employees of other carriers shall be deemed to be agents or employees of Carrier.

2.3.3 Carrier shall not be liable for any damages, including usage charges, that Customer or its End Users may incur as a result of the unauthorized use of their communications equipment. The unauthorized use of communications equipment includes, but is not limited to, the placement of calls from Customer's or its End User's premises, and the placement of calls through equipment controlled and/or provisioned by Customer or its End Users, that are transmitted over Carrier's network without the authorization of Customer or its End Users. Customer shall be fully liable for all such usage charges. Notwithstanding the foregoing, the Carrier's liability in any case shall be limited to the value of the contract between the Carrier and the customer.

SECTION 2 - REGULATIONS (Continued)

2.4 Cancellation or Discontinuance of Service by Carrier

Without incurring any liability, Carrier may under the following conditions cancel Service prior to commencement or discontinue Service that is being furnished, provided that, unless otherwise stated, Customer shall be given fifteen (15) days written notice of such cancellation or discontinuance of Service.

2.4.1 For noncompliance with or violation of any applicable State, municipal or Federal law, ordinance or regulation or noncompliance with or violation of any Commission regulation, provided that lesser notice may be required by order of such regulatory authorities.

2.4.2 For Customer's or End User's refusal to provide reasonable access to Carrier or its agents for the purpose of inspection and maintenance of equipment owned by Carrier.

2.4.3 For noncompliance with any of the provisions of this tariff governing Service.

2.4.4 For nonpayment of any sum due Carrier for more than thirty (30) days after delivery of an invoice to the custody of the U.S. Mail or other standard delivery service.

2.4.5 Without notice, in the event of Customer's or End User's use of equipment in such a manner as to adversely affect Carrier's equipment or Service to others.

2.4.6 Without notice, in the event of unauthorized or fraudulent use of Service. Whenever Service is discontinued for unauthorized use of Service, Carrier may, before restoring Service, require Customer to make, at its own expense, all changes in facilities or equipment necessary to eliminate unauthorized use and to pay to Carrier an amount reasonably estimated by Carrier as the loss in revenues to Carrier resulting from such unauthorized use plus claims lodged against Carrier by third parties.

2.4.7 Without notice, by reason of any order or decision of a court or other government authority having jurisdiction that prohibits Carrier from furnishing Service to Customer or its End Users.

SECTION 2 - REGULATIONS (Continued)

2.5 Cancellation or Termination of Service by Customer

2.5.1 Customer has ordered Service from Carrier pursuant to the terms and conditions of a Service Agreement. Any cancellation or termination of Service is subject to the terms and conditions of that Service Agreement.

2.5.2 If Customer, either on behalf of itself or an End User, orders Service from Carrier which requires special construction or facilities for Customer's or End User's use, and then cancels its order before Service begins, a charge shall be made to Customer for the non-recoverable portions of the expenditures or liabilities incurred on behalf of Customer or End User by Carrier.

2.5.3 If Customer terminates Service prior to the end of the term specified in the Service Agreement, Customer shall be responsible for all charges incurred to the date of termination, including, but not limited to, all charges to Carrier by other carriers for Service provided to Customer or its End Users, and any applicable cancellation or termination charges as specified in the Service Agreement.

2.6 Restoration of Service

The use and restoration of Service shall in all cases be in accordance with the priority system specified in Part 64, Subpart D, of the Rules and Regulations of the Federal Communications Commission.

2.7 Payment and Billing

2.7.1 Service is provided and billed on a monthly basis. Usage sensitive charges are billed in arrears and fixed monthly recurring charges, if any, are billed one month in advance.

SECTION 2 - REGULATIONS (Continued)

2.7 Payment and Billing (Continued)

2.7.2 Bills are due and payable upon receipt. Interest at the lesser of a rate of one and one-half percent (1.5%) per month, or the maximum rate allowed by law, shall be charged on any amount remaining unpaid after thirty (30) days from delivery of an invoice to the custody of the U.S. Mail or other standard delivery service.

2.7.3 The security of Authorization Codes used by Customer or its End Users are the responsibility of Customer. All calls placed using such Authorization Codes or using facilities owned or controlled by Customer or its End Users shall be billed to Customer and must be paid by Customer.

2.7.4 Carrier reserves the right to examine the credit record of Customer. A Customer whose Service has been discontinued for non-payment of bills shall be required to pay any unpaid balance due to Carrier before Service is restored.

2.7.5 Carrier reserves the right to collect a deposit, or obtain other forms of security, from a Customer who fails to comply with the payment terms of an applicable Service Agreement or this tariff.

2.7.6 If notice from Customer of a dispute as to charges is not received in writing by Carrier within thirty (30) days after delivery of an invoice to the custody of the U.S. Mail or other standard delivery service, the billing will be considered correct and binding.

2.8 Deposits

Based upon its review of applicable credit information, Carrier reserves the right to collect a deposit, or obtain other forms of security, from a Customer prior to providing Service.

2.9 Advance Payments

Carrier does not require or collect advance payments from Customers.

SECTION 2 - REGULATIONS (Continued)

2.10 Taxes

2.10.1 Service may be subject to state and/or local taxes at the prevailing rates, if Service originates and terminates in the State of Tennessee. All such taxes (e.g., gross receipts tax, sales tax, and municipal utilities tax) are listed as separate line items on Customer's invoice and are not included in the rates and charges listed herein.

2.10.2 Service shall not be subject to taxes for a given taxing jurisdiction if Customer provides Carrier with written verification, acceptable to Carrier and to the relevant taxing jurisdiction, that Customer has been granted a tax exemption.

2.10.3 Customer is solely responsible for the calculation, billing, and collection of all required taxes from its End Users.

2.11 Terminal Equipment

Service may be used with or terminated in terminal equipment or communications systems, such as a PBX or key telephone system, provided by Customer or its End User. Such terminal equipment or communications systems shall be furnished by and maintained at the expense of Customer or its End User, except as otherwise provided. Customer or its End User is also responsible for all costs at its premises incurred in the use of Service, including but not limited to equipment, wiring, electrical power, and personnel. When such terminal equipment or communications systems are used, they shall in all respects comply with the generally accepted minimum protective standards of the telecommunications industry as endorsed by the Federal Communications Commission.

2.12 Interconnection

Service furnished by Carrier to Customer or its End Users may be connected with the services or facilities of other carriers. Customer is responsible for all charges billed by other carriers in connection with the use of Service. Any special equipment or facilities necessary to achieve compatibility between carriers are the sole responsibility of Customer.

SECTION 2 - REGULATIONS (Continued)

2.13 Inspection, Testing and Adjustment

2.13.1 Carrier may, upon reasonable notice, make such tests and inspections as may be necessary to determine whether tariff requirements are being complied with in the installation, operation, and maintenance of Customer's, End User's, or Carrier's equipment. Carrier may, without notice, interrupt Service at any time, as necessary, because of a departure from any of these requirements and may continue such interruption until its requirements have been satisfied.

2.13.2 Upon reasonable notice, the facilities provided by Carrier shall be made available to Carrier by Customer or its End Users for such tests and adjustments as may be necessary for their maintenance to a condition satisfactory to Carrier.

2.13.3 Carrier shall not be liable to Customer or its End Users for any damages for Service interruption pursuant to this Section. Neither Customer nor its End Users shall be entitled to any credit for interruption of Service pursuant to this Section when the interruption of Service is less than two (2) hours.

2.14 Interruption of Service

2.14.1 Customer shall be given a credit allowance for any interruption of Service which is not due to (a) Carrier's inspection, testing or adjustment, if for a period of two (2) hours or less; (b) mistakes or errors of Customer or its End Users; or (c) the failure of facilities or equipment provided by Customer or its End Users.

2.14.2 Credit allowances shall be subject to the general liability provisions set forth in Section 2.3 herein. It shall be the obligation of Customer to notify Carrier immediately of any interruption of Service for which a credit allowance is desired. Before giving such notice, Customer shall ascertain that the trouble is not being caused by action or omission of Customer or its End Users, or is not in facilities or equipment, if any, furnished by Customer or End User and connected to Carrier's facilities.

SECTION 2 - REGULATIONS (Continued)

2.14 Interruption of Service (Continued)

2.14.3 Customer is solely responsible for receiving, reviewing, and responding to any requests received from its End Users for credit due to interruption of Service.

2.14.4 For the purposes of credit computation, every month shall be considered to have seven hundred twenty (720) hours.

2.14.5 No credit shall be allowed for any interruption of Service of a continuous duration of less than two (2) hours.

2.14.6 Customer shall be credited for an interruption of Service of two (2) hours or more at the rate of 1/720th of the monthly non-usage sensitive charges for the Service affected for each hour or major fraction thereof that the interruption continues. The formula for calculating credit shall be as follows:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" = Outage time in hours
"B" = Total monthly fixed, non-usage sensitive charge for affected facility

SECTION 2 - REGULATIONS (Continued)

2.15 Unauthorized Carrier Change Charge

Carrier will assess Reseller a $200 Unauthorized Carrier Change Charge (UCCC) for each Primary Interexchange Carrier (PIC) made without prior valid authorization which results in Carrier being named in a compliant filed with a state or federal regulatory authority or counsel. Continued acts of unauthorized PIC's by any Reseller shall be considered grounds for refusing to provide service to that Reseller.

SECTION 3 - DESCRIPTION OF MEASURED SERVICES AND RATES

3.1 Availability of Service

Carrier offers interexchange telecommunications service to certified resellers of telecommunications services within its Service Area who desire to be Customers, subject to the terms and conditions of a Service Agreement and this tariff. Service is available twenty-four (24) hours per day, seven (7) days per week.

3.2 Timing of Calls

3.2.1 Usage sensitive charges are based on the actual usage of Carrier's network. Such charges are measured in Conversation Minutes.

3.2.2 Chargeable time for Customer shall begin when the called party answers, as determined by hardware answer supervision, provided that such capabilities are available from the local telephone company. If hardware answer supervision is not available, then Carrier will employ industry accepted standards for the timing of calls. Chargeable time for a call shall end upon disconnection by either party.

3.2.3 Unless otherwise specified in the individual product descriptions contained in this tariff, Conversation Minutes, reflecting usage sensitive charges resulting from use of Service, for all non-prepaid, presubscribed services, are billed in increments of six (6) seconds with an initial period (minimum billing period) of six (6) seconds. Following the initial period, all charges are rounded to the next higher six (6) second increment for non-prepaid, presubscribed service.

3.2.4 If Customer believes it has been incorrectly billed for a call, Carrier shall, upon notification, investigate the circumstances and issue a credit as appropriate.

3.2.5 The amount of any credit issued to Customer by Carrier shall not exceed the calculated usage charges for a call with a duration equal to the lesser of three (3) minutes or the actual duration of the call being credited.

SECTION 3 - DESCRIPTION OF MEASURED SERVICES AND RATES, continued

3.3 Resale Service Offerings - General

Dedicated Access Lines may be required to connect Customer or End User locations to Carrier's Hub. Such dedicated Access Lines, when required, shall be the sole responsibility of Customer. Notwithstanding such responsibility, Carrier shall, upon Customer's request, order such dedicated Access Lines on behalf of Customer or its End Users, and shall invoice Customer for all related recurring and non-recurring charges. Intrastate rate plans are tied to specific interstate and international rate plans which may include term plan options for interstate calling rates..

3.3.1 Minimum Reseller Customer Usage Commitment

Reseller service rates shall be based upon the Minimum Customer Usage Commitment made by Customer and listed in the Service Agreement. Applicable rates are as indicated below:

A. Option A Rates shall apply to all Customers with a Minimum Customer Usage Commitment of less than $1 million per month.

B. Option B Rates shall apply to all Customers with a Minimum Customer Usage Commitment equal to or greater than $1 million per month.

3.3.2 Availability of Non-Day Reseller Rates

Non-Day rates for reseller services are only available to those Customers who in their Service Agreement select the "Non-Day Rate Option", and who ensure that a minimum of sixty percent (60%) of their monthly billable minutes fall within the Non-Day rate period.

3.3.3 Dedicated Access Lines

Dedicated Access Lines may be required to connect Customer's location(s) to Carrier's Point-of-Presence (POP). Such dedicated Access Lines, when required, shall be the sole responsibility of Customer. Notwithstanding such responsibility, Carrier shall, upon Customer's request, order such dedicated Access Lines on behalf of Customer, and shall invoice Customer for all related recurring and nonrecurring charges.

SECTION 3 - DESCRIPTION OF MEASURED SERVICES AND RATES, continued

3.4 Switched and Dedicated Reseller Services Rates

3.4.1 Dial Access 1+ Service

Usage Sensitive Charges (Rate Per Minute):

	Day	Non-Day
Option A Rate	$0.1038	$0.1038
Option B Rate	$0.0986	$0.0986

3.4.2 Dedicated Access 1+ Service

Usage Sensitive Charges (Rate Per Minute):

	Day	Non-Day
Option A Rate	$0.0589	$0.0589
Option B Rate	$0.0560	$0.0560

3.4.3 Switched Termination 800 Service

Usage Sensitive Charges (Rate Per Minute):

	Day	Non-Day
Option A Rate	$0.1038	$0.1038
Option B Rate	$0.0986	$0.0986

Non-Usage Sensitive Charges:

Per Toll Free Number Per Month	$0.50

SECTION 3 - DESCRIPTION OF MEASURED SERVICES AND RATES, continued

3.4 Switched and Dedicated Reseller Service Rates, (Cont'd.)

3.4.4 Dedicated Termination 800 Service

Usage Sensitive Charges (Rate Per Minute):

	Day	Non-Day
Option A Rate	$0.0589	$0.0589
Option B Rate	$0.0560	$0.0560

Non-Usage Sensitive Charges:

~~Per Directory Listed 800 Number Per Month~~	~~$ 15.00~~
Non-Recurring Charge for DNIS Installation	$100.00
Non-Recurring DNIS Change Order Charge	$ 50.00

3.4.5 Travel Card Service

Travel Card Service is a time-of-day banded outbound long distance service. This service allows Customer or its End Users to place long distance calls from locations other than their primary service location through the use of 800 number network access and an Authorization Code.

Usage Sensitive Charges (Rate Per Minute):

	Day	Non-Day
Option A Rate	$0.1338	$0.1338
Option B Rate	$0.1271	$0.1271

Non-Usage Sensitive Charges:

Charge Per Call	NONE

SECTION 3 - DESCRIPTION OF MEASURED SERVICES AND RATES, continued

3.5 Terminating LEX Service

3.5.1 General

Xnet: LEX Service is offered to Other Common Carriers. Rates vary based on originating LEC territory/state of outbound toll and aggregate monthly billing. NECA territories are served by local exchange carriers that participate in the NECA pool. All service is provided on a dedicated access basis. Each call is billed in six (6) second increments. Each call is individually rated and rounded up to the next full penny. Penalties for volume commitment shortfalls are found in the Company's FCC tariff.

3.5.2 Rates, per minute

Originating Territory, State	Monthly Volume		
	$500,000.00 to $1,000,000.00	over $1,000,000.00 to $2,000,000.00	Over $2,000,000.00
United - TN	0.0560	0.0546	0.0533
South Central Bell-TN	0.0599	0.0585	0.0570
NECA	0.0970	0.0946	0.0923
All Other Independents	0.0718	0.0700	0.0683

SECTION 4 - FRAME RELAY SERVICE

4.1 Frame Relay Service - Description

Frame Relay Service is an enhanced form of packet switching which uses variable length packets to connect multiple local area networks (LANs) for data transmission. Frame Relay Service is available throughout the United States where digital local access is available. The rules for Frame Relay Service in this Section are in addition to those rules found in Sections 1 through 3 of this tariff.

4.1.1 Definitions:

Asynchronous Transfer Mode (ATM) - an international high-speed, high-volume, packet-switched transmission protocol standard that supports integrated voice, video and data communications. ATM uses short uniform 53 byte cells to divide data into packets for ultra fast switching through the network. The 53 byte cells contain 5-byte destination address headers and 48 data bytes.

Committed information rate (CIR) - the statistical measurement of throughput on a PVC over time measured in bits per second. The CIR is the rate at which the network agrees to accept data from the user, and which the network commits to transfer data under normal operating conditions.

Permanent virtual circuit (PVC) - the facilities used to form a communications path connecting between two ports. Although a PVC may be defined in static manner with static parameters, it is not fixed to a stationary path through the network.

Port - a network entry or exit point on the frame relay switch that connects to the Company's frame relay network.

Service Date - The date Frame Relay Service is installed and available, or the date specified on the customer's order form, whichever is later. The service date is the date on which all nonrecurring charges will be billed and monthly charges begin for Frame Relay Service.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.2 Frame Relay - General

4.2.1 Rate Elements

Frame Relay Service has three rate elements:

A. local access facilities;

B. ports; and

C. a permanent virtual circuit (PVC).

4.2.2 Local Access

Local access facilities must be obtained to access Frame Relay Service. The local access facilities are ordered from the local exchange telephone company. The rates for the local access facilities vary by local exchange company and are found in that the Company's tariff.

4.2.3 Port Speed

Port speed is selected to accommodate the various PVCs that use a particular port. The speed represents the highest attainable data rate into or out of the location at any point in time. Available speeds range from 56 Kbps to 1.536 Mbps. A frame relay port connection provides the physical interface into the network and provides the logical termination of PVCs assigned to that port.

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SECTION 4 - FRAME RELAY SERVICE, (continued)

4.2 Frame Relay - General, (continued)

4.2.4 PVC

The PVC connects the customer's specific end-points on the interexchange network. Each PVC is assigned a committed information rate (CIR), which is the average minimum data rate the network will allocate to the PVC under normal operating conditions. The data transmission rate for a PVC can be greater than the CIR when excess capacity is available on the port and on the network. When this excess capacity exists, an average data rate above the CIR may be achieved up to the port capacity. Data sent across a virtual connection in excess of that connection's CIR will be marked discard eligible in the event of network congestion, and will be delivered only if the instantaneous demand for output on a transmission channel is equal to or less than the capacity of the queue for that channel.

PVCs may be either asymmetrical (one-way) or symmetrical (two-way). Symmetrical (two-way) traffic requires the use of one symmetrical PVC or two asymmetrical PVCs.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees

4.3.1 Network Availability

Network availability is measured as the total number of minutes in a billing month during which core network PVC routes are available to exchange data between the two network infrastructure node end points, divided by the total number of minutes in a billing month. A lapse in network availability is calculated commencing with the date on which the customer informs the Company of service non-availability, and ends on the date of service restoration. The PVC route will be measured from infrastructure port to infrastructure port and will not include the customer premises equipment (CPE) or local access facilities.

4.3.2 Network Availability Objective

The Company engineer's its network to achieve availability of 99.9% for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve availability of at least 99.5%

4.3.3 Frame Delivery

Frame delivery measures the percentage of customer's frame relay packets delivered from the Company's network ingress port to the Company's network egress port. This percentage will not include packet delivery failures attributable to local access facilities or CPE.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees, (continued)

4.3.4 Frame Delivery Objective

The Company engineers its network to achieve a frame delivery level of 99.9% of frames within a customer's CIR, and 99.0% of frames above a customer's CIR. These delivery rates apply for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve a frame delivery level of 99.0%.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees, (continued)

4.3.5 Network Latency

Network latency measures the elapsed time, in milliseconds, required for one data cell (frame relay packets converted to ATM cells on the Company's backbone network) to be delivered from the customer's Frame Relay Service network ingress port to the network egress port. Packet delivery failures attributable to local access facilities or CPE are not included.

4.3.6 Network Latency Objective

The Company engineers its network to achieve a one-way network latency of 65 milliseconds. This parameter applies for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve a network latency of 75 milliseconds.

4.3.7 Frame Relay Service - Guarantee Exclusions

The standards described above do not include periods of non-attainment resulting in whole or in part from one or more of the following causes:

- Any act or omission on the part of the customer, its contractors, or any other entity over which the customer exercises control or has the right to exercise control;
- Scheduled maintenance;
- Labor strikes
- *Force Majeure* events beyond the control of the Company (including, but not limited to, acts of God, government regulation and national emergency); and,
- Any act or omission on the part of a third party including, but not limited to, the local access provider.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.4 Minimum Service Terms

4.4.1 The minimum service requirement is one month for domestic service and one year for international service. The customer may subscribe to service under one, two, three, four or five year term plans. For any term plan, the rates and term discounts will be fixed for the term at the discount level below. The term will begin on the first day of the month following the date the service is installed and available. Upon expiration, the term will be automatically extended at the term plan rates and discounts for successive ninety (90) day periods, unless thirty (30) days prior to the end of the term or each such extension either (a) the customer or the Company provides written notice to the other that it does not want such extension, or (b) the customer subscribes to another term plan and the rates of the new term plan apply.

4.4.2 If additional sites are added to a customer's Frame Relay Service after the initial subscription to a term plan, such sites will be incorporated into the customer's term plan and will have the same termination date as the customer's original term plan.

4.4.3 Existing customers may subscribe to a new term plan for Frame Relay Service of the same or greater value prior to the end of the customer's existing term plan without incurring any termination liability if the new term plan extends beyond the old term plan termination date by at least one year.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.4 Minimum Service Terms, (continued)

4.4.4 "Wholesale" Discounts and Terms

Monthly Recurring	Discount Term in Years				
	One	Two	Three	Four	Five
\$50,000	8%	10%	12%	14%	16%
\$125,000	12%	14%	17%	19%	21%
\$250,000	14%	17%	20%	23%	25%
\$500,000	18%	21%	24%	27%	30%

4.5 Termination of Frame Relay Service

Customer must provide the Company with 30 days written notice before terminating frame relay service. Customers terminating service prior to fulfilling their term commitment will be assessed a termination liability equal to one hundred percent (100%) of the monthly recurring charge for each access line, port and PVC service terminated multiplied by the number of months remaining in the first year of the term plan, plus fifty percent (50%) of the monthly recurring charges for each circuit canceled multiplied by the number of months remaining in the term plan after the first year. The customer will not have any termination liability if it subscribes to another Company service of the same or greater monthly revenues and volume, and with a term no less than the remaining months of the term plan or one year, whichever is greater, at the same time the notice of termination is received. The customer will also be liable for a pro-rata amount of any waived installation charges based on the number of months remaining in the term plan.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates

4.6.1 "Wholesale" Port Connection Charges

Speed (Kbps)	Monthly Rate Per Port	Non-Recurring Charge
56 / 64	$130.00	$220.00
112 / 128	$236.00	$220.00
168 / 192	$255.20	$220.00
224 / 256	$275.20	$220.00
280 / 320	$339.20	$220.00
336 / 384	$400.00	$220.00
~~448 / 512~~	~~$508.00~~	~~$220.00~~
504 / 576	$544.00	$220.00
560 / 640	$580.00	$220.00
616 / 704	$616.00	$220.00
672 / 768	$680.00	$220.00
896 / 024	$808.00	$220.00
1120 /1280	$908.00	$220.00
1344 /1536	$1060.00	$220.00

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates, (continued)

4.6.2 Permanent Virtual Circuit (PVC) Pricing

Nonrecurring Charges: A nonrecurring charge of $15 each per asymmetrical PVC and $30 per Symmetrical PVC, for installation, modification or reconfiguration.

CIR (Kbps)	Monthly Rate Asymmetrical (One-Way)	Monthly Rate Symmetrical (Two-Way)
0	$0.00	$0.00
4	$5.00	$10.00
8	$8.00	$16.00
16	$16.30	$32.60
32	$31.80	$63.60
48	$46.10	$92.20
64	$53.00	$106.00
128	$101.00	$202.00
192	$151.00	$302.00
256	$201.00	$402.00
320	$252.00	$504.00
384	$302.00	$604.00
448	$352.00	$704.00
512	$403.00	$806.00
576	$453.00	$906.00
640	$504.00	$1,008.00
704	$554.00	$1,108.00
768	$604.00	$1,208.00

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates, (continued)

4.6.2 Permanent Virtual Circuit (PVC) Pricing (Continued)

CIR (Kbps)	Monthly Rate Asymmetrical (One-Way)	Monthly Rate Symmetrical (Two-Way)
832	$655.00	$1,310.00
896	$705.00	$1,410.00
960	$755.00	$1,510.00
1024	$806.00	$1,612.00
1088	$856.00	$1,712.00
1152	$906.00	$1,812.00
1216	$957.00	$1,914.00
1280	$1,007.00	$2,014.00
1344	$1,057.00	$2,114.00
1408	$1,108.00	$2,216.00
1472	$1,158.00	$2,316.00
1536	$1,208.00	$2,416.00

4.6.3 Local Access

Local access facilities shall be provided under the local exchange company's tariff.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates, (continued)

4.6.4 Expedite Charges

Expedite charges apply when the customer requests an installation interval shorter than the standard and the Company is able to comply with that request.

Port Connection	$50
PVC (install, moves, changes, disconnect)	$75
Local Access	$50*

* In addition to any local exchange company expedite charges which will be directly passed on to the customer.

4.6.5 Engineering Charges

Re-mapping of facilities	$100

SECTION 5 - PRIVATE LINE SERVICES

5.1 General

The Company provides interstate Private Line Service to Customers with transmission speeds ranging from 64 Kbps to 622.08 Mbps. Private Line Services are offered on a point-to-point basis. Each Private Line Service is dedicated to the Customer and the entire usable bandwidth for each service is available to the Customer for their exclusive use.

5.1.1 Two Point Service

Two Point Service allows two Customer designated locations to be connected by one Private Line Service. The service terminated at both locations must be the same speed and the same capacity.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates

5.2.1 Recurring Charges

Recurring charges for Private Line Services vary based on the capacity of service, the distance of service, the term plan selected and the monthly revenue commitment made by the Customer. Unless otherwise stated in the description associated with the rate element in this tariff, Private Line Service recurring charges are applied on a circuit basis, per DS0 equivalent. A minimum circuit charge applies which varies by circuit bandwidth.

5.2.2 Term and Volume Discounts

Recurring charges for services purchased under a Term Plan will be fixed for the life of the term. The rate level applicable throughout the Term Plan is based on the volume commitment specified by the Customer at the time service is ordered. Customer may terminate any circuit upon 90 days' notice; provided that if termination occurs; (i) prior to the Activation Date, Customer shall reimburse Company for all costs of the implementation of such Circuit; or (ii) on or after such date, Customer shall pay: (a) all charges for services previously rendered and (b) the amount due through the end of the applicable circuit lease term.

5.2.3 Nonrecurring Charges

Nonrecurring Charges (NRC) are one-time only charges. NRC's may be waived for certain promotions and under the specific terms of individually negotiated contract services.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates (continued)

5.2.4 Pass-Through Charges

All charges incurred by the Company on the Customer's behalf from any Local Exchange Carrier, Competitive Access Provider or Competitive Local Exchange Provider will be directly passed on the Customer. Cross-Connect Charges apply to Company facilities that are connected by the Company to other carriers or Customer interconnect/collocation facility within the same Point of Presence.

Notes

1. ~~All charges incurred by Supplier on Customer's behalf from any Local~~ Exchange Carrier, Competitive Access Provider or Competitive Local Exchange Carrier will be directly passed on to the Customer.

2. Service not described above will be considered special handling and charges will be assessed on an Individual Case Basis (ICB).

3. All of the above changes are subject to changes with a 30 day notice.

4. All Private Line ancillary service charges to cities not listed will be priced on an individual case basis and will be subject to the terms and charges of the underlying carrier.

5.2.5 Interconnect Charges

Interconnect Charges apply to connections between the Company's POPs in the same city or between the Company's suite to another suite in the same building. Since costs vary widely by location, the interconnect charges specified in this tariff are the minimum amount that will be charged monthly. All interconnect, construction charges and individual case basis charges incurred by the Company will be passed through to the Customer. Interconnect arrangements are subject to the continuing economic availability of the necessary facilities and equipment.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates (continued)

5.2.6 Order Cancellation Policy

The Company will provide an order confirmation after the Customer places an order for service. If the Customer changes the order, a change order charge will apply based on the scope of the change. If the Customer cancels the order, the Customer must reimburse the Company for all costs incurred to that point. The Customer must notify the Company of service date changes 45 days prior to the due date. Service date changes may be extended by the Customer a maximum of thirty days from the due date. Service date changes for OC-3, OC-12 and OC-48 bandwidths are restricted to one change, after which the order will be subject to all recurring and nonrecurring charges applicable to the service.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.3 Service Descriptions

Private Line Service allows the Customer to connect two locations with private dedicated service at one of a number of transmission speeds.

5.3.1 DS0 Service

DS0 Service is a dedicated digital channel with line speeds of 2.4, 4.8, 9.6, 56 or 64 Kbps.

5.3.2 DS1 Service

DS1 Service is a dedicated, high capacity channel with a line speed of 1.544 Mbps. DS1 Service has the equivalent capacity of 24 Voice Grade services or 24 DS0 services.

5.3.3 DS3 Service

DS3 Service is a dedicated, high capacity channel with a line speed of 44.736 Mbps. DS3 Service has the equivalent capacity of 28 DS1 Services at 1.544 Mbps or 672 Voice Grade Services at 56/64 Kbps.

5.3.4 OC-3 Service

OC-3 Service is a high capacity channel for the full duplex, synchronous, optical transmission of digital data based on the SONET standard at a rate of 155.52 Mbps.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.3 Service Descriptions (continued)

5.3.6 OC-12 Service

OC-12 Service is a high capacity channel for the full duplex, synchronous, optical transmission of digital data based on the Synchronous Optical Network (SONET) standard at a rate of 622.08 Mbps. OC-12 service may be ordered with backup or reroute capability (OC-12 System Service). The OC-12 System Service must be ordered and installed at the same time as the corresponding OC-12 service.

5.3.7 OC-48 Service

OC-48 Service is a high capacity channel for the full duplex, synchronous, optical transmission of digital data based on the Synchronous Optical Network (SONET) standard at a rate of 2488.32 Mbps. OC-48 Service may be ordered with backup or reroute capability (OC-48 System Service). The OC-48 System Service must be ordered and installed at the same time as the corresponding OC-48 Service.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.3 Service Descriptions (continued)

5.3.8 Collocation

Where facilities, space and equipment permit, the Company offers collocation of the Carrier Customer within the Company's POP. The minimum term for collocation is two years and must include the purchase of long-haul bandwidth terminating at the collocation site. The Company shall supply, install and terminate interconnect equipment in the Company's equipment room and install cable to rack. All interconnection arrangements are priced on an individual case basis and subject to change with thirty days' notice.

5.3.9 Special Construction

Special construction or arrangement of facilities may be undertaken on a reasonable efforts basis at the request of the Customer, and upon a determination by the Company that such charges should apply in that particular instance. Special Construction is undertaken:

(a) where facilities are not presently available,
(b) where the service is of a type other than that which the Company would normally utilize in the furnishing of its service;
(c) where the service is requested over a route other than that which the Company would normally utilize in the furnishing of its services;
(d) where the service is in a quantity greater than that which the Company would normally provide;
(e) where service is requested on an expedited basis
(f) where service is requested on a temporary basis until permanent facilities are available;
(g) where the service requested involves abnormal costs; or
(h) where service is requested in advance of the Company's normal construction schedule.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.3 Service Descriptions (continued)

5.3.10 Time and Material Service

This service provides for the Labor and Material charges associated with installation, maintenance, testing and repair deemed to be associated with equipment and facilities not provided by the Company or deemed to be non-standard or non- routine.

The Company shall have no responsibility for the maintenance and repair of any kind with respect to equipment and facilities not provided by the Company. The Company will charge the Customer time, materials and charges listed in Section 5.5 for any maintenance visits with respect to service problems which are determined to arise from equipment or facilities not provided by the Company.

When a Customer reports a trouble to the Company for clearance and no trouble is found in the Company's facilities, the Customer shall be responsible for payment of Time and Materials Charges as listed in Section 5.5 for the period of time from when the Company personnel were dispatched to the Customer's premises to when the work is completed. Failure of Company personnel to find trouble in Company facilities will result in no charge if the trouble is actually in those facilities, but not discovered at the time.

If the Customer, after being informed that the trouble is not in Company facilities, wishes to have the maintenance work performed by Company, and the Company agrees to perform the work, the Time and Material Charges listed in Section 5.5 will apply.

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases Time and Material Charges listed in Section 5.5 will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules

5.4.1 Nonrecurring Charges

	DS-0	DS-1	DS-3	0C-3	0C-12	0C-48
New Order Installation	$150.00	$400	$2,000	$6,000	$12,000	$18,000
Change of Requested Service Date - 1st	Free	Free	Free	$1,000	$1,000	$1,000
Change of Requested Service Date - 2nd or more	$200	$200	$200	N/A*	N/A*	N/A*
Order Change (Pre-Engineering)	$50.00	$50.00	$50.00	$500	$500	$500
Order Change (Post-Engineering)	$200	$400	$600	$2,000	$2,000	$4,000
Order Cancellation (Pre-Engineering)	$200	$250.00	$250.00	$500	$500	$500
Order Cancellation (Post-Engineering)	$200	$400	$2,000	$2,000	$2,000	$4,000
ASR (New or Disconnect) Special Access	$250.00	$250.00	$250.00	$250.00	$250.00	$250.00
ASR Supplement	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
Order Expedite	$200	$250.00	$250.00	$250.00	$250.00	$250.00
Reconfiguration	$200	$600	$2,000	$6,000	$12,000	$18,000

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges

A. DS-O Service

Minimum Circuit Charge: $75.00

DISCOUNT %	MONTHLY COMMITMENT	Rate per V&H DS-0 Mile 6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $50,000.00	0.390	0.260	0.250	0.240
5%	$50,001 - $150,000	0.371	0.247	0.238	0.228
10%	$150,001 - $250,000	0.351	0.234	0.225	0.216
15%	$250,001 - $500,000	0.332	0.221	0.213	0.204
20%	$500,001 - $1,000,000	0.312	0.208	0.200	0.192
25%	Over $1,000,000	0.293	0.195	0.188	0.180

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

B. DS-1 Service

Minimum Circuit Charge: $750.00

Term Discount

Rate per V&H DS-0 Mile

DISCOUNT %	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $50,000.00	0.156	0.104	0.102	0.100
5%	$50,001 - $150,000	0.148	0.099	0.097	0.095
10%	$150,001 - $250,000	0.140	0.094	0.092	0.090
15%	$250,001 - $500,000	0.133	0.088	0.087	0.085
20%	$500,001 - $1,000,000	0.125	0.083	0.082	0.080
25%	Over $1,000,000	0.117	0.078	0.077	0.075

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

C. DS-3 Service

Minimum Circuit Charge: $2,000.00

Term Discount

DISCOUNT %	MONTHLY COMMITMENT	Rate per V&H DS-0 Mile			
		6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $50,000.00	0.063	0.042	0.041	0.040
5%	$50,001 - $150,000	0.060	0.040	0.039	0.038
10%	$150,001 - $250,000	0.057	0.038	0.037	0.036
15%	$250,001 - $500,000	0.054	0.036	0.035	0.034
20%	$500,001 - $1,000,000	0.050	0.034	0.033	0.032
25%	Over $1,000,000	0.047	0.032	0.031	0.030

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

D. OC-3c Service

Minimum Circuit Charge: $6,000.00

Term Discount

		Rate per V&H DS-0 Mile			
DISCOUNT %	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $250,000.00	0.054	0.036	0.035	0.034
5%	$250,001 - $500,000	0.051	0.034	0.033	0.032
10%	$500,001 - $1,000,000	0.049	0.032	0.032	0.031
15%	Over $1,000,000	0.046	0.031	0.030	0.029

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

E. OC-12c Service

Minimum Circuit Charge: $14,000.00

Term Discount

Rate per V&H DS-0 Mile

DISCOUNT %	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $250,000.00	0.050	0.033	0.031	0.029
5%	$250,001 - $500,000	0.047	0.031	0.029	0.028
10%	$500,001 - $1,000,000	0.045	0.030	0.028	0.026
15%	Over $1,000,000	0.042	0.028	0.026	0.025

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

F. OC-12 System Service

Minimum Circuit Charge: $14,000.00

Term Discount

Rate per V&H DS-0 Mile

DISCOUNT %	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $250,000.00	0.045	0.030	0.028	0.026
5%	$250,001 - $500,000	0.043	0.029	0.027	0.025
10%	$500,001 - $1,000,000	0.041	0.027	0.025	0.023
15%	Over $1,000,000	0.038	0.026	0.024	0.022

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

G. OC-48c Service

Minimum Circuit Charge: $45,000.00

Term Discount

Rate per V&H DS-0 Mile

DISCOUNT%	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $250,000.00	0.036	0.024	0.023	0.022
5%	$250,001 - $500,000	0.034	0.023	0.022	0.021
10%	$500,001 - $1,000,000	0.032	0.022	0.021	0.020
15%	Over $1,000,000	0.031	0.020	0.020	0.019

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

H. OC-48 System Service

Minimum Circuit Charge: $24.00 $45,000.00

Term Discount

Rate per V&H DS-0 Mile

DISCOUNT %	MONTHLY COMMITMENT	6 Mos.	1 Year	2 Years	3 Years
BASE	$0 - $250,000.00	0.033	0.022	0.021	0.020
5%	$250,001 - $500,000	0.031	0.021	0.020	0.019
10%	$500,001 - $1,000,000	0.030	0.020	0.019	0.018
15%	Over $1,000,000	0.028	0.019	0.018	0.017

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.2 Monthly Recurring Charges (continued)

I. Other Charges

	Recurring	Nonrecurring
M1/3 multiplex charges		
1 year term	$875.00	
2 year term	$600.00	
3 year term	$475.00	
DACS Charge (Switching Only) per DSO	$ 35.00	
~~DACS Port Charge (Bell Access to DACS)~~ per DSO	$ 25.00	
DS-1 DACS Port	$125.00	
Echo Canceller (Per Circuit End)	$250.00	$500.00
Second End Loop (Ex; for ADPCM)	$ 50.00	$ 50.00

5.4.3 Interconnect Charges

Interconnect charges apply to connections between Supplier POP's in the same city or between Supplier suite to another suite in the same building. Since costs vary widely by location, the interconnect charges indicated above are the minimum amount that will be charged monthly. All I.C.B. charges incurred by Supplier will be passed through to the Customer.

	DS-1	DS-3	0C-3	0C-12	0C-48
RECURRING	$50.00	$200.00	$500.00	$1,000.00	$3,000.00
NON RECURRING	$250.00	$500.00	$1,000.00	$1,000.00	$3,000.00

5.4.4 Collocation ICB

5.4.5 Special Construction ICB

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules (continued)

5.4.6 Time and Material Service

Monday through Friday, 8:00AM to 5:00 PM, excluding Company-recognized holidays	$75.00 per hour, 4 hour minimum
All other times and days	$95.00 per hour, 4 hour minimum

Maintenance Charges

Trouble Assistance Ticket per dispatch (work limited to recovery of downed circuits or equipment, not new installations)

Monday through Friday 8 am to 5pm	$75/hr, 4 hr minimum
After Hours	$95/hr, 4 hr minimum

SECTION 6 - MISCELLANEOUS SERVICES AND RATES

6.1 General

Miscellaneous Services and Rates are those services and charges that apply to either a retail end user or a Reseller Customer of Carrier who uses or authorizes the use of these services in addition to or as an adjunct to services to which the Customer subscribes. Unless otherwise noted in the specific service description, usage-sensitive calls are measured and billed individually in one minute increments. The minimum call duration for billing purposes is one minute. When calculations result in fractional cents, the charge for a call is rounded up to the next whole cent.

SECTION 6 - MISCELLANEOUS SERVICES AND RATES, Continued

6.2 Resale Service Offerings

6.2.1 Resale Service Rates

A. Customer Account Activation Fee

Non-Recurring Charge for Account Activation	$1,000.00

B. Non-Verified Account Codes

Monthly Charge for Non-Verified Account Codes:	NONE

C. Verified Account Codes

Monthly Charge for Verified Account Code Table:	$15.00

D. Returned Check

Returned Check Charge (Per Check):	$10.00

E. Directory Assistance

Charge Per Directory Assistance Call:	No Charge

SECTION 6 - MISCELLANEOUS SERVICES AND RATES, Continued

6.3 Employee Concessions

The Company offers employee discounted rates on long distance services as part of their normal compensation.

SECTION 7 - PROMOTIONS

7.1 Special Promotions

Carrier may, from time to tome, waive or vary the rates and charges associated with certain services for promotional, market research, or other similar purposes. In no case, shall the resulting rates and charges exceed the rates and charges listed in this tariff for the same services.

7.2 Competitive Response Promotion

In order to acquire or retain Customers, the Carrier will match certain offers made by other interexchange carriers/resellers where the Customer can demonstrate to the Carrier's satisfaction that it intends to accept such offer as an inducement to subscribe to or remain subscribed to such other interexchange carrier's/reseller's services. Promotional rates will be submitted to the Commission for approval when required.

C III Communications Operations, LLC

RETAIL INTEREXCHANGE TELECOMMUNICATIONS

SERVICE TARIFF

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION	PAGE	REVISION	PAGE	REVISION
1	Original	29	Original	57	Original
2	Original	30	Original	58	Original
3	Original	31	Original	59	Original
4	Original	32	Original	60	Original
5	Original	33	Original	61	Original
6	Original	34	Original	62	Original
7	Original	35	Original	63	Original
8	Original	36	Original	64	Original
9	Original	37	Original	65	Original
10	Original	38	Original	66	Original
11	Original	39	Original	67	Original
12	Original	40	Original	68	Original
13	Original	41	Original	69	Original
14	Original	42	Original	70	Original
15	Original	43	Original	71	Original
16	Original	44	Original	72	Original
17	Original	45	Original	73	Original
18	Original	46	Original	74	Original
19	Original	47	Original	75	Original
20	Original	48	Original	76	Original
21	Original	49	Original	77	Original
22	Original	50	Original	78	Original
23	Original	51	Original	79	Original
24	Original	52	Original	80	Original
25	Original	53	Original	81	Original
26	Original	54	Original	82	Original
27	Original	55	Original	83	Original
28	Original	56	Original	84	Original

CHECK SHEET (continued)

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION
85	Original
86	Original
87	Original
88	Original
89	Original
90	Original

BY: Karen T. Hanson, National Director - Regulatory Affairs
C III Communications Operations, LLC
1122 Capital of Texas Highway South
Austin, Texas 78746

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

C -	Change in regulation or rate structure.
D -	Delete or discontinue
I -	Increase in rate.
M -	Moved from another tariff location.
N -	New rate or regulation.
R -	Reduction in rate.
T -	Change in text or regulation but no change in rate or charge.

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the sheet. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between existing pages with whole numbers, a decimal is added. For example, a new page added between pages 34 and 35 would be page 34.1.

B. **Page Revisions** - Revision numbers also appear in the upper right corner of the page. These numbers are used to determine the most current page version on file with the Commission. For example, 4th Revised Page 34 cancels the 3rd Revised Page 34. Consult the check sheet for the page currently in effect.

C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level of coding.

2
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).I
2.1.1.A.1.(a).I.(i)

D. **Check Sheet** - When a tariff is filed with the commission, an updated check sheet accompanies the filing. The check sheet lists the tariff pages, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

1.1 Definitions

Application for Service - a standard order form which includes all pertinent billing, technical and other descriptive information which will enable the carrier to provide the communication service.

ASR (Access Service Request) - Service order processed to the underlying local exchange or interexchange carrier.

Authorization Code - a numerical code, one or more of which are assigned to a customer to enable a reseller to identify use of service on its account and to bill the customer accordingly for such service. Multiple authorization codes may be assigned to a customer to identify individual users or groups of users on its account.

Authorized User - a person, firm, corporation or other entity authorized by the customer to receive or send communications.

Automatic Dialing Device - an apparatus provided by the carrier which, when attached to customer's telephone equipment, dials the carrier's facilities, emits an authorization code, and forwards the called number to the carrier's facilities.

Bandwidth - the total frequency band allocated for a channel.

Business Customer - any Customer of the Company who is not a Residential Customer as described herein.

Busy Hour - the two consecutive half hours during which the greatest volume of traffic is handled.

Cancellation of Order - a customer-initiated request to discontinue processing a service order, either in part or in its entirety, prior to its completion.

Carrier - C III Communications Operations, LLC, unless specifically stated otherwise.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Company - C III Communications Operations, LLC, sometimes referred to as a carrier.

Completed Calls - calls answered at the distance end. If a customer is charged for an incomplete call, the Company will issue a one minute credit upon the customer's request.

Custom Account Coding - key, legend or table created by the customer for a unique project or account numbers for its private use.

Customer - the person, firm, corporation or other entity that orders or uses service and is responsible for payment of the rates and charges under a contract or this tariff.

Customer Premises Equipment - communications equipment located at the customer's premises. Such equipment may be provided by the customer or by The Company.

Day Rate Period - unless otherwise specified in this tariff, the Day Rate Period applies during the hours of 8:00 a.m. to, but not including 5:00 p.m., Monday through Friday.

Dedicated Port - a port on reseller's switch which is dedicated, at extra charge, to customer's exclusive use, and which is connected to the customer's premises by a private line furnished by the customer or the customer's serving local exchange company.

Delinquent or Delinquency - an account for which a bill or payment agreement for services or equipment has not been paid in full on or before the due date. Amounts due and unpaid after the due date may be subject to a late payment charge.

Disconnect - to render inoperable or to disable circuitry thus preventing outgoing and incoming toll communications service.

Dialed Number Information Service (DNIS) - A toll free service option, under which Carrier electronically transmits to Customer, identifying digits (up to 10 digits) that indicate which number was dialed when multiple numbers terminate on the same trunk group.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Evening Rate Period - unless otherwise specified in this tariff, the Evening Rate Period applies during the hours of 5:00 p.m. to, but not including 11:00 p.m., Sunday through Friday.

Excessive Call Attempt - a customer attempt to call over the carrier's network using an invalid authorization code during a measured 15 minute period, within which 10 or more incomplete call attempts are made by the customer from the same customer line, and where those attempts do not complete because the customer has not used a valid authorization code.

Expedite - The best effort acceleration of the installation date in advance of commitment date provided by the Company.

Holidays - for the purposes of this tariff recognized holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas day.

Holiday Rate Period - the evening rate will apply to calls made on the Company recognized holidays, provided, however, that calls made on holidays during the Night/Weekend Rate Period shall be billed at the lower of the Evening Rate and the Night/Weekend Rate.

Interexchange Utility - a utility, resale carrier or other entity that provides intrastate telecommunications services and facilities between exchanges within the state, without regard to how such traffic is carried. A local exchange utility that provides exchange service may also be considered an interexchange utility.

Local Distribution Area - metropolitan locations served by the Company which have been defined by the local exchange telephone company as a local calling area under its local exchange tariff.

Measured Use Service - the provision of long distance measured time communications telephone service to customers who access the carrier's services at its switching and call processing equipment by means of access facilities obtained from another carrier by the customer or otherwise provided at its own expense (the customer is responsible for arranging for the access line).

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Message - a completed telephone call by a customer or end user.

Network Terminal - any location where the Company provides services described herein.

Night/Weekend Rate Period - unless otherwise specified in this tariff, the Night/Weekend Rate Period applies during the hours of 11:00 p.m. to, but not including 8:00 a.m., Monday through Friday; all day Saturday; and from 8:00 a.m. to, but not including 5:00 p.m. Sunday.

Normal Business Hours - the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

Physical Change - the modification of a circuit, dedicated access line, or port at the request of the customer requiring an actual material change.

Post-engineering - After provisioning of service elements.

Pre-engineering - Prior to provisioning of service elements.

Premises - the space occupied by an individual customer in a building, in adjoining buildings occupied entirely by that customer, or on contiguous property occupied by the customer separated only by a public thoroughfare, a railroad right of way or a natural barrier.

Rate - money, charge, fee or other recurring assessment billed to customers for services or equipment.

Residential Customer - For the purpose of this tariff, a Residential Customer is a Customer of the Company whose primary use of the Company's service is for personal use in a house, apartment or other residential dwelling. A Residential Customer is also a Customer who accesses the Company's service using an access line that has not been assigned a business class of service by the local service provider.

Routing Function - terminating number for toll free service may be designated by time of day, day of the week, region of originating ANI or percentage of calls.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Message - a completed telephone call by a customer or end user.

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Rate - money, charge, fee or other recurring assessment billed to customers for services or equipment.

Routing Function - terminating number for toll free service may be designated by time of day, day of the week, region of originating ANI or percentage of calls.

Suspension - temporary disconnection or impairment of service which disables either outgoing or incoming toll communications services provided by the Company.

Speed Number - a signaling arrangement by which a customer may elect to dial a pre-programmed four-digit number in place of a designated ten-digit number.

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Suspension - temporary disconnection or impairment of service which disables either outgoing or incoming toll communications services provided by the Company.

Speed Number - a signaling arrangement by which a customer may elect to dial a pre-programmed four-digit number in place of a designated ten-digit number.

Terminal Equipment - telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically or inductively to the telecommunication system.

Toll Free Service - a service that provides long distance calling to a predesignated destination where charges are the responsibility of the call terminated party.

United States - the forty-eight contiguous United States and the District of Columbia.

Validated Account Codes - account codes that have restricted access.

1.2 Abbreviations:

CPE - Customer Premises Equipment
LATA - Local Access and Transport Area
LDA - Local Distribution Area
LEC - Local Exchange Carrier
MTS - Message Telecommunications Service
NSF - Non-sufficient funds
PBX - Private Branch Exchange
SAL - Special Access Line
V&H - Vertical and Horizontal Coordinates
WATS- Wide Area Telephone Service

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS, (continued)

1.1 Definitions: (continued)

Terminal Equipment - telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically or inductively to the telecommunication system.

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V&H - Vertical and Horizontal Coordinates

WATS- Wide Area Telephone Service

SECTION 2 - REGULATIONS

2.1 Undertaking of the Company

The Company provides long distance message telecommunications service to customers for their direct transmission of voice, data and other types of telecommunications.

Communications originate when the customer accesses the Company directly or through the facilities of another carrier via one or more access lines, equal access or on a dial-up basis. The Company may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangements.

The Company's services are provided on a monthly basis, unless otherwise stated in this tariff. Services are available twenty-four (24) hours per day, seven (7) days per week.

2.2 Limitations on Service

2.2.1 Service is offered subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.2.2 The Company reserves the right to discontinue furnishing service upon written notice, when necessitated by conditions beyond its control or when the customer is using the service in violation of the provisions of this tariff or in violation of the law.

2.2.3 To the extent that any conflict arises between the terms and conditions of a service agreement or other contract and the terms and conditions of this tariff, the tariff shall prevail.

2.2.4 Title to all equipment provided by the Company under this tariff remains with the Company.

SECTION 2 - REGULATIONS, (continued)

2.2 Limitations on Service, (continued)

2.2.5 The customer may not transfer or assign the use of service provided under this tariff except with the prior written consent of the Company. Such transfer or assignment shall only apply where there is no interruption in the use or location of the service, and all regulations and conditions contained in this tariff, as well as all conditions for service, shall apply to all such permitted assignees or transferees.

2.2.6 Customer may request Carrier to assign one or more sub-accounts for billing purposes, and to direct sub-account invoices to customer's affiliates or other designated entities for payment. Such requests shall not affect the liability of the customer, who shall remain solely liable to the Company for payment of all invoices for service requested and obtained by customer, whether invoiced by the Company to the customer, the customer's affiliates, or other designated entities.

2.3 Use of Service

Service may not be used for any unlawful purposes or for any purpose for which any payment or other compensation is received by the customer, except where the customer is a duly authorized and regulated common carrier.

2.4 Limitation of Liability

2.4.1 In view of the fact that the customer has exclusive control of its communications over the facilities furnished by the Company, and other uses for which facilities may be furnished by the Company, and because of the unavoidableness of errors incident to the services and to the use of such facilities of the Company, the services and facilities furnished by the Company are subject to the regulations and limitations specified herein.

SECTION 2 - REGULATIONS, (continued)

2.4 Limitation of Liability, (continued)

2.4.2 The Company's failure to provide or maintain facilities under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, acts of God and other circumstances beyond the Company's reasonable control, subject to the interruption allowance provisions under this tariff.

2.4.3 Defacement of premises - No liability shall attach to the Company by reason of any defacement or damage to the customer's premises resulting from the existence of the Company's equipment or facilities on such premises, or by the installation or removal thereof, when such defacement or damage is not the result of the negligence of the Company or its employees.

2.4.4 Indemnification - The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit by a customer or by any others, the customer indemnifies and saves harmless the Company against claims, losses or suits for injury to or death of any person, or damage to any property which arises from the use, placement or presence of the Company's equipment, facilities and associated wiring of the customer's premises and further the customer indemnifies and saves harmless the Company against claims for libel, slander, invasion of privacy or the infringement of copyright arising directly or indirectly from the material transmitted over the facilities of the Company or the use thereof by the customer; against claims for infringement of patents arising from combining with or using in connection with, facilities furnished by the Company and apparatus, equipment and systems provided by the customer; and against all other claims arising out of any act or omission of the customer in connection with the services or facilities provided by the Company. No agents or employees of other carriers shall be deemed to be agents or employees of the Company

SECTION 2 - REGULATIONS, (continued)

2.4 Limitation of Liability, (continued)

2.4.5 The Company's liability, if any, for its gross negligence or willful misconduct is not limited by this tariff. With respect to any other claim or suit, by a customer or any others, for damages arising out of mistakes, omissions, interruptions, delays or errors, or defects in transmission occurring in the course of furnishing service hereunder, the Company's liability, if any, shall not exceed an amount equivalent to the proportionate charge to the customer for the period of service during which such mistake, omission, interruption, delay, error, or defect in transmission or service occurs and continues. This liability shall be in addition to any amounts that may otherwise be due to the customer under this tariff as an allowance for interruptions. However, any such mistakes, omission, interruptions, delays, errors, or defects in transmission or service which are caused or contributed to by the negligence or willful act of the customer, or authorized user, or joint user, or which arise from the use of customer provided facilities or equipment shall not result in the imposition of any liability whatsoever upon the Company.

2.4.6 The Company shall not be liable for any damages, including usage charges, that the customer may incur as a result of the unauthorized use of authorization codes or communications equipment. The unauthorized use of communications equipment includes, but is not limited to, the placement of calls from the customer's premises, and the placement of calls through equipment controlled and/or provided by the customer, that are transmitted over the Company's network without the authorization of the customer. The customer shall be fully liable for all such usage charges.

SECTION 2 - REGULATIONS, (continued)

2.5 Interruption of Service

2.5.1 If a customer's service is interrupted other than by the negligence or willful act of the customer, and it remains out of order for eight normal working hours or longer after access to the premises is made available and after being reported to be out of order, appropriate adjustments or refunds shall be made to the customer. The amount of adjustment or refund shall be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. The refund to the customer shall be a pro rata part of the monthly recurring charges (but not for per minute or per call charges) for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for the service.

2.5.2 A credit allowance for interruptions of service which are not due to the Company's testing or adjusting, to the negligence of the customer, or to the failure of the channels, equipment, and/or communications systems provided by the customer, are subject to the general liability provisions set forth herein. It shall be the obligation of the customer to notify the carrier of any interruption in service. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by or within the customer's control and is not in wiring or equipment connected to the carrier terminal.

2.6 Restoration of Service

The use and restoration of service in emergencies shall be in accordance with the Part 64, Sub-part D of the Federal Communications Commission's rules and Regulations which specifies the priority system for such activities.

SECTION 2 - REGULATIONS, (continued)

2.7 Customer Responsibility

2.7.1 All customers assume general responsibilities in connection with the provisions and use of the Company's service. When facilities, equipment, and/or communication systems provided by others are connected to the Company's facilities, the customer assumes additional responsibilities. All customers are responsible for the following:

A. The customer is responsible for placing orders for service, paying all charges for service rendered by the Company and complying with all of the Company's regulations governing the service. The customer is also responsible for assuring that its users comply with regulations.

B. When placing an order for service, the customer must provide:

1. The names and addresses of the persons responsible for the payment of service charges, and

2. The names, telephone numbers, and addresses of the customer contact persons.

C. The customer must pay the Company for the replacement or repair of the Company's equipment when the damage results from:

1. The negligence or willful act of the customer or user;

2. Improper use of service; and

3. Any use of equipment or service provided by others.

D. After receipt of payment for the damages, the Company will cooperate with the customer in prosecuting a claim against any third party causing damage.

SECTION 2 - REGULATIONS, (continued)

2.7 Customer Responsibility, (continued)

2.7.2 Upon reasonable notice, the equipment provided by the Company shall be made available for such tests and adjustments as may be necessary to maintain them in satisfactory condition. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.7.3 Deposits

Applicants or customers whose financial condition is not acceptable to the Company or is not a matter of general knowledge, may be required to make, at any time, a cash deposit up to an amount equaling two and one-half times (2.5x) one (1) month's actual or estimated charges for the purpose of guaranteeing final payment for service, in accordance with the rules of the Commission. Interest on cash deposits will be payable per the deposit rules and regulations prescribed by the Commission for the period during which the deposit is held. Such deposit will be refunded or credited to the customer upon termination or after one year of prompt payment for service.

2.7.4 Credit Allowance

Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided and billed for, by the Company.

A. Credit allowances for failure of service or equipment starts when the customer notifies the Company of the failure or when the Company becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify the customer.

B. The customer shall notify the Company of failures of service or equipment and make reasonable attempts to ascertain that the failure is not caused by the customer or in wiring or equipment connected to the terminal.

SECTION 2 - REGULATIONS, (continued)

2.7 Customer Responsibility, (continued)

2.7.4 Credit Allowance, (continued)

C. Only those portions of the service or equipment operation disabled will be credited. No credit allowances will be made for:

1. Interruptions of service resulting from the Company performing routine maintenance;

2. Interruptions of service for implementation of a customer order for a change in the service;

3. Interruption caused by the negligence of the customer or an authorized user;

4. Interruptions of service because of the failure of service or equipment due to the customer or authorized user provided facilities.

2.7.5 Cancellation by Customer

If a customer orders services requiring special equipment and/or facilities dedicated to the customer's use and then cancels its order before the service begins, before a completion of the minimum period mutually agreed upon by the customer and the Company, a charge will be made to the customer for the non-recoverable portions of expenditures or liabilities incurred expressly on behalf of the customer by the Company and not fully reimbursed by installation and monthly charges. If, based on such an order, any construction has either begun or been completed, but no such services provided, the non-recoverable cost of such construction shall be borne by the customer.

SECTION 2 - REGULATIONS, (continued)

2.7 Customer Responsibility, (continued)

2.7.6 Payment and Charges for Services

Charges for service are applied on a recurring and nonrecurring basis. Service is provided and billed on a monthly basis. Service continues to be provided until disconnection is requested by the customer in writing, or until canceled by the Company pursuant to this tariff.

A. Payment of Charges

Payment will be due upon receipt of the statement. A payment is considered delinquent thirty (30) days after rendition of the bill. A bill is considered rendered when deposited in the U.S. Mail for delivery to customer's last known address.

1. The customer is responsible for payment of all charges for service furnished to the customer. Charges based on actual usage during a month will be billed monthly in arrears. All fixed monthly and nonrecurring charges for services ordered will be billed monthly in advance.

2. Service may be denied or discontinued by the Company for non-payment of past due or delinquent amounts due the Company. Restoration of service will be subject to all applicable installation charges. Disconnection may not occur before thirty (30) days from invoice and the Company must give five (5) days written notice before any disconnection can occur.

2.7.7 Application of Rates

The rates for service are those in effect for the period that service is furnished.

SECTION 2 - REGULATIONS, (continued)

2.8 Responsibility of the Company

2.8.1 Calculation of Credit Allowance Under the limitations of section 2.7.4, when service is interrupted the credit allowance will be computed on the following basis.

A. No credit shall be allowed for an interruption of less than two hours.

B. The customer shall be credited for an interruption of two hours or major fraction thereof that the interruption continues.

C. Where there has been an outage, and a minimum usage charge applies, and the customer fails to meet the minimum usage, a credit shall be applied against that minimum. The credit shall equal 1/360th of the monthly minimum charges associated with the portion of service disabled for each period of two hours or major fraction thereof that the interruption continues.

2.8.2 Cancellation of Credit

Where the Company cancels a service or the provision of equipment and the final service period is less than the monthly billing period, a credit will be issued for any amounts billed in advance, prorated at 1/30th of the monthly recurring charge for each day the service was rendered or the equipment was provided. This credit will be issued to the customer or applied against the balance remaining on the customer's account.

SECTION 2 - REGULATIONS, (continued)

2.8 Responsibility of the Company, (continued)

2.8.3 Disconnection of Service by the Company

Upon five (5) days written notice, the Company may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

A. Non-payment of any sum due to the Company for service for more than thirty days beyond the date of rendition of the bill for such service;

B. Violation of any regulation governing the service under this tariff;

C. Violation of any law, rule, or regulation of an government authority having jurisdiction over the service; or

D. The Company is prohibited from furnishing services by order of a court or other government authority having jurisdiction.

E. Customer uses equipment is such a manner as to adversely affect the Company's equipment or service to others.

2.8.4 Fractional Charges

Charges for a fractional part of a month (which follows a full month) are calculated by counting the number of days remaining in the billing period after service is furnished or has been discontinued. The number of days remaining in the billing period are counted starting with the day after the service was furnished or discontinued. Divide that figure by thirty days. The resultant fraction is then multiplied by the monthly charge to arrive at the fractional monthly charge.

2.8.5 Insufficient Fund Checks

Customers will be charged $20.00 on all checks issued to the Company which are returned due to insufficient funds. At the discretion of the Company, the insufficient funds check charge may be waived under appropriate circumstances (e.g. a bank error).

SECTION 2 - REGULATIONS, (continued)

2.9 Taxes and Fees

2.9.1 All state and local taxes (e.g., gross receipts tax, sales tax, municipal utilities tax) are not included in the rates under this tariff, but shall be listed as separate line items on the customer's bill.

2.9.2 To the extent that a municipality, other political subdivision or local agency of government, or commission imposes and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, as allowed by law, be billed pro rata to the customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.9.3 Service shall not be subject to taxes for a given taxing jurisdiction if the customer provides the Company with written verification, acceptable to the Company and to the relevant taxing jurisdiction, that the customer has been granted a tax exemption.

2.9.4 The Company may adjust its rates or impose additional rates on its customer to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others. The Company may also adjust its rates or impose additional rates to cover the administrative cost of collecting such charges or paying compensation to other entities. Examples of such programs include, but are not limited to, the Universal Service Fund (USF), the Presubscribed Interexchange Carrier Charge (PICC), and compensation to pay telephone service providers for the use of their pay telephones to access the Company's services.

SECTION 2 - REGULATIONS, (continued)

2.10 Unauthorized Carrier Change Charge

Carrier will assess Reseller a $200 Unauthorized Carrier Change Charge (UCCC) for each Primary Interexchange Carrier (PIC) made without prior valid authorization which results in Carrier being named in a complaint filed with a state or federal regulatory authority or counsel. Continued acts of unauthorized PIC's by any Reseller shall be considered grounds for refusing to provide service to that Reseller.

2.11 Unauthorized Service Change Charge

Carrier will assess Reseller a $200 Unauthorized Service Change Charge (USCC) for each unauthorized addition of services on an end user's bill which results in Carrier being named in a complaint filed with a state or federal regulatory authority or counsel. Continued acts of unauthorized service changes by any Reseller shall be considered grounds for refusing to provide service to that Reseller.

SECTION 3 - LONG DISTANCE SERVICES

3.1 Timing of Calls

3.1.1 The customer's monthly usage charges for the Company service are based upon the total number of minutes the customer uses and the service options to which the customer subscribes. Chargeable time begins when the connection is established between the calling station and the called station or PBX. Chargeable time ends when the either party hangs up. If the called station hangs up but the calling station does not, chargeable time ends when the connection is released by automatic timing equipment within the telecommunications network.

3.1.2 No charges apply if a call is not completed.

3.2 Start of Billing

For billing purposes, the start of service is the day following acceptance by the customer of the Company's service or equipment. The end of service date is the last day of the minimum notification of cancellation or any portion of the last day, after receipt by the Company of notification of cancellation as described in Section 2 of this tariff.

3.3 Interconnection

Service furnished by the Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by the Company. Service technical limitations established by the Company. Service furnished by the Company is not part of a joint undertaking with such other carriers. Any special interface equipment of the Company and other participating carriers shall be provided at the customer's expense.

Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of other carriers' tariffs. The customer is responsible for taking all necessary legal steps for inter connecting its customer-provided terminal equipment or communications systems with the Company's. The customer shall secure all licenses, permits, right-of-ways, and other arrangements necessary for such interconnection.

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C III Communications Operations, LLC
1122 Capital of Texas Highway South
Austin, Texas 78746

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.4 Terminal Equipment

The Company's service may be used with or terminated in customer provided terminal equipment or customer provided communication systems, such as teleprinter, handsets, or data sets. Such terminal equipment shall be furnished and maintained at the expense of the customer, except as otherwise provided. The customer is responsible for all costs at its premises, including customer personnel, wiring, electrical power, and the like incurred in its use of the Company's service.

The customer shall ensure that its terminal facilities are of the proper mode, band-width, power, data, speed, and signal level for the intended use of the customer, and that the signals do not damage the Company's equipment, injure personnel or degrade service to other customers.

If the customer fails to maintain and operate its terminal equipment properly, resulting in the occurrence or possibility of harm to the Company's equipment or personnel, or impairment to the quality of service to other customers, the Company may, upon written notice, require the use of protective equipment at the customer's expense. If this fails to produce satisfactory quality and safety of service, the Company may, upon written notice, terminate the customer's service.

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SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.5 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers and associated vertical and horizontal coordinates that are currently being used within the industry.

Formula:

3.6 Minimum Call Completion Rate

The customer can expect a call completion rate of 99% per 100 calls attempted during peak use periods for all Feature Group D (1+) services. The Company will engineer its switching systems on the basis that ninety-nine percent (99%) of the customers accessing their system will be served during the busy hour.

3.7 Special Service Arrangements

Special Service Arrangement charges will be based on the estimated cost of furnishing such services including the cost of operating and maintaining such a service, the cost of equipment and materials used in providing such a service, the cost of installation including engineering, labor supervision, transportation, and the cost of any other specific item associated with the particular Special Service Arrangement request.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.8 General

The Company offers Message Telecommunications Service or MTS, outbound Wide Area Telecommunications Service (WATS), Inbound 800 Service, Travel Card Service, Operator Assisted calling programs, Private Line Services and Frame Relay Service. The customer's total monthly use of Carrier's service is charged at the applicable rates per minute set forth herein.

3.8.1 Message Telecommunications Service (MTS)

MTS or 1+ dialing is achieved by when the LEC programs the customer's telephone lines to automatically route 1+ calls to the Company's network. Service is billed in six (6) second increments, with partial seconds of usage rounded up to the next six (6) second increment, with a minimum billing of eighteen (18) seconds.

3.8.2 Toll Free (i.e., 800/888) Service

Toll Free Service is inbound telecommunications service which permits calls to be completed to the customer's location without charge to the calling party. Access to the service is gained by dialing a ten-digit telephone number which terminates at the customer's location. Toll Free Services originate via normal shared use facilities and are terminated via the customers' local exchange service access line.

The Company will accept a prospective Toll Free Service at customer's request for up to ten (10) toll free telephone numbers and will reserve such numbers on a first-come first-served basis. All request for Toll Free Service number reservations must be written, dated and signed by the customer. The Company does not guarantee the availability of numbers until assigned. The requested Toll Free Service telephone numbers, if available, will be reserved for and furnished to the customer.

If a customer who has received a Toll Free Service number does not subscribe to Toll Free Service within thirty (30) days, the Company reserves the right to re-assign the number to another customer.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.8 General, (continued)

3.8.3 Travel Card Service

Travel Card Service allows subscribers who are away from home or office to place calls by gaining access to the Company's network via an 800 number. Travel Card Service is provided upon request to presubscribed customer and is not a stand-alone product.

3.8.4 Directory Assistance

Listed telephone numbers will be provided to requesting customers at a per call charge.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.8 General, (continued)

3.8.5 Business Customer Term and Volume Discounts

Customers of certain Carrier services contained in tariff are eligible for volume and term discounts as shown below. Term and volume discounts are applied before all other applicable discounts are calculated. Term and volume discounts contained in this section do not apply to Residential, Obsolete or Grandfathered Services, Guest Rates Services, Operator Assisted Services, Roadside Advantage programs, or to Business Rate Plan.

A. Volume Discounts

Volume Discounts are applied based on the Customer's total billing in any one billing cycle. The Monthly Service Volume is the Customer's monthly usage of eligible Carrier services, before any discounts are applied, not including feature charges, nonrecurring charges, charges for dedicated access connections, taxes or fees.

Monthly Service Volume	Base Discounts
$0 - $500.99	0%
$501 - $2,000.99	3%
$2,001 - $10,000.99	5%
$10,001 - $20,000.99	8%
$20,001 +	10%

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.8 General, (continued)

3.8.5 Business Customer Term and Volume Discounts, (continued)

B. Additional Term Discounts

Term Discounts apply in addition to Volume Discounts when the Customer elects to enter into a term agreement for eligible Carrier services. Term Discounts are calculated after applicable Volume Discounts are applied and before service-specific discounts are calculated. A penalty is computed and applied as a lump sum to the Customer's bill when the Customer cancels service prior to expiration of the term commitment. The penalty is computed by multiplying the difference between the rate the Customer would have paid for term served and the rate the Customer actually paid, by the number of months the higher discount was received.

Term	Percent Discount
12 Month Term	5%
24 Month Term	10%
36 Month Term	15%

3.8.6 Roadside Advantage

Roadside Advantage provides toll free service to residence Customers. Roadside Advantage is a stand alone service that includes free national roadside assistance provided by The Advantage Auto Club and other non-telecommunications related services. Calls terminate to the Customer's standard local line(s).

Calls are billed in sixty (60) second increments. The minimum call duration for billing purposes is sixty (60) seconds.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.8 General, (continued)

3.8.5 Term and Volume Discounts, (continued)

B. Additional Term Discounts

Term Discounts apply in addition to Volume Discounts when the Customer elects to enter into a term agreement for eligible Carrier services. Term Discounts are calculated after applicable Volume Discounts are applied and before service-specific discounts are calculated. A penalty is computed and applied as a lump sum to the Customer's bill when the Customer cancels service prior to expiration of the term commitment. The penalty is computed by multiplying the difference between the rate the Customer would have paid for term served and the rate the Customer actually paid, by the number of months the higher discount was received.

Term	Percent Discount
12 Month Term	5%
24 Month Term	10%
36 Month Term	15%

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Calls are billed in six (6) second increments. The minimum call duration for billing purposes is eighteen (18) seconds.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.9 Usage Charges and Billing Increments

3.91 Usage Charges

Usage charges are determined by the time of day rate periods and minutes of use within each rate period. The rate period is determined by the time and day of call origination at the customer's location.

3.9.2 Billing Increments

Unless specifically stated in the product description, usage is billed in sixty (60) second increments.

3.10 Presubscribed Interexchange Carrier Charge (PICC)

A monthly Federal PICC shall be charged to each telephone number that is presubscribed to the Company as filed in Carrier's FCC Domestic Tariff No. 1.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.9 Usage Charges and Billing Increments

3.91 Usage Charges

Usage charges are determined by the time of day rate periods and minutes of use within each rate period. The rate period is determined by the time and day of call origination at the customer's location.

3.9.2 Billing Increments

Unless specifically stated in the product description, usage is billed in six (6) second increments.

3.10 Presubscribed Interexchange Carrier Charge (PICC)

A monthly Federal PICC shall be charged to each telephone number that is presubscribed to the Company as filed in Carrier's FCC Domestic Tariff No. 1.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.11 Pay Telephone (Payphone) Surcharge

A surcharge shall be assessed for each call made from a pay telephone to a Company-provided toll-free number or placed by using a travel card and dialing the Company's prefix in the form 101XXXX. This charge is to compensate the Company for the Federal Communications Commission assessment which is paid by the Company to pay telephone service providers for the use of their pay telephone instruments.

Per Call Charge: $0.24

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.12 Business Customer and Travel Card Services

The following rates are only available to existing Customers at existing locations prior to January 28, 2003

Rates:

Switched 1+	$0.1020/minute
Standard Switched Toll Free Services	$0.1020/minute
Switched Toll Free Services with Routing Function plus monthly recurring charge	 $0.15/minute $9.00
Travel Card Services	$0.25/minute
Dedicated Outbound WATS Services	$0.0510/minute
Dedicated Toll Free Services	$0.0510/minute

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.13 Business Customer Affinity Programs

Developed for use by alternative marketers. Provided to independent agents, telemarketers, multi-level marketing groups, organizations and clubs.

Rates:

Switched 1+	$0.1020/minute
Standard Switched Toll Free Services	$0.1020/minute
Switched Toll Free Services with Routing Function	$0.15/minute
plus monthly recurring charge	$9.00
Travel Card Services	$0.25/minute
Dedicated Outbound WATS Services	$0.0510/minute
Dedicated Toll Free Services	$0.0510/minute

3.14 Directory Assistance Charge

Per Call Charge	$0.99

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.13 Affinity Programs

Developed for use by alternative marketers. Provided to independent agents, telemarketers, multi-level marketing groups, organizations and clubs.

Rates:

Switched 1+	$0.1020/minute
Standard Switched Toll Free Services	$0.1020/minute
Switched Toll Free Services with Routing Function	$0.15/minute
plus monthly recurring charge	$9.00
Travel Card Services	$0.25/minute
Dedicated Outbound WATS Services	$0.0510/minute
Dedicated Toll Free Services	$0.0510/minute
Roadside Advantage	$0.099/minute
Monthly Recurring Charge	$4.95

3.14 Directory Assistance Charge

Per Call Charge	$0.99

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.15 Integrated Access Service

3.15.1 General

Integrated Access Service (IAS) offers a discount for Customers who purchase two or more services from the Company under a term agreement of one, two, or three years. The discount offered is based on the number of services purchase and the contract commitment term. Eligible Customers must commit to a minimum aggregated monthly usage of at least $2,500. If during any month of the term, the Customer's usage of Carrier's services is less than the minimum commitment, the Customer will pay to Carrier the difference between the minimum commitment and the Customer's actual usage of Carrier services. Services eligible for the discount are all Company provided switched and dedicated voice services, dedicated Internet service, Frame Relay Service and Private Line Services billed to one account, including all remote locations (CPE). Dedicated access line charges, customer-premises equipment (CPE), installation and ancillary charges (such as Directory Assistance charges and Operator Services) are not eligible for the discount and do not contribute to the minimum usage commitment. Eligible intrastate, interstate and international usage contribute to the minimum commitment and are discounted according to 3.15.2 below.

A. Broadband Services

In addition to the provisions above and in 3.15.4, broadband services (i.e., Frame Relay) customers with an IAS plan will be subject to the following additional provisions:

1. At the end of the Customer's service term, service will renew for successive three month periods. Either the Customer or Carrier may terminate services upon thirty (30) days written notice prior to then of the term or any successive three month renewal.

2. If the Customer terminates usage of IAS services prior to the end of the term, the Customer will pay to Carrier 100% of the then-current dedicated access monthly charges (for access provided by the Company), multiplied by the number of months remaining in the term.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.15 Integrated Access Service, (continued)

3.15.2 Discounts

	Term Commitment		
	One Year	Two Year	Three Year
Two Services	10%	15%	20%
Three Services	15%	20%	25%
Four Services	15%	20%	25%

3.15.3 Nonrecurring Charges

A nonrecurring charge applies to establish IAS. All local installation charges of the local carrier are also passed through to the IAS Customer.

Nonrecurring IAS Establishment Charge: $1,500.00

3.15.4 Early Termination

A penalty is computed and applied as a lump sum to the Customer's bill when the Customer cancels service prior to expiration of the term commitment by multiplying fifty percent (50%) of the minimum usage commitment times the number of months remaining in the term. In addition, the Customer who cancels service prior to the expiration of the term must reimburse the Company for all CPE.

3.15.5 Pass Through Charges

The Company will pass through to the IAS Customer all charges incurred from local exchange carriers in providing dedicated high capacity access (T-1).

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.16 Residential Customer Service

3.16.1 Description of Service

Three options are available to Residential Customers for outbound direct dial, inbound toll free and calling card service: Bonus Package, Premier Package, and Exclusive Package. Calls for all plans are billed in one minute increments. The minimum call duration for billing purposes is one minute. Reduced international call rates are offered to subscribers to all Residential packages for a fixed international monthly fee. All Residential Customers subscribed to any other Company service, including obsolete services, will be migrated to Bonus Package after due notice, unless the Customer specifies an alternative optional Package.

A. Bonus Package

Bonus Package offers the Residential Customer low usage rates with no monthly plan charges. Travel card calling is offered with a per call service charge. Residential interstate PICC charges apply. A monthly minimum usage charge applies to each line associated with the service.

B. Premier Package Service

Premier Package Service offers the Residential Customer reduced interstate calling rates for a fixed monthly fee for each line associated with the service. Travel card calling is offered with a per call service charge. Residential interstate PICC charges apply. No minimum usage charge applies to Premier Package Service.

C. Exclusive Package Service

Exclusive Package Service offers the Residential Customer further interstate usage rate reductions for a fixed monthly fee for each line associated with the service. Travel card calling is offered with no per call service charge. Residential interstate PICC charges apply. No minimum usage charge applies to Exclusive Package Service.

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.16 Residential Customer Service, (continued)

3.16.2 Minimum Monthly Usage Charge

For those packages which include a Minimum Monthly Usage Charge, all outbound and inbound, interstate, intrastate, and travel card usage, contribute towards the minimum. Fixed monthly add-on charges for international calling discounts, pay telephone surcharges, taxes and fees do not contribute to the monthly minimum. When the Residential Customer's combined usage charge in any monthly billing cycle falls below the minimum, the Minimum Monthly Usage Charge will apply instead of the actual usage charges incurred.

3.16.3 Rates and Charges

Package Option	Minimum Monthly Usage Charge	Fixed Monthly Fee	Outbound Usage Rate Per Minute	Inbound (toll-free) Usage Rate Per Minute	Travel Card Usage Rate Per Minute	Travel Card Per Call Service Charge
Bonus	$5.00	None	$0.1100	$0.100	$0.25	$0.89
Premier	None	$4.95	$0.1100	$0.100	$0.25	$0.89
Exclusive	None	$6.95	$0.1100	$0.100	$0.150	None

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.17 Consumer and Small Business Rate Plan

3.17.1 General

The Consumer and Small Business Rate Plan is offered to Residential and Business Customers with 5 or fewer lines presubscribed to the Company. This Plan is offered only in conjunction with the Company's corresponding interstate plan. Each Option listed below includes a monthly calling allowance of 0, 300, 500, or 1000 minutes that can be used for direct dialed interstate or intrastate calling. Calls in excess of the allowance in a monthly bill cycle are billed at the rate specified below. A monthly recurring charge applies per once monthly per line and includes the interstate and intrastate calling allowance.

3.17.2 Description of Options

Option	Monthly Call Allowance Per Bill Cycle
Option 1	300 minutes
Option 2	500 minutes
Option 3	1000 minutes
Option 4	0 minutes

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.17 Consumer and Small Business Rate Plan, (continued)

3.17.3 Rates and Charges

A. Calculation of Charges

All calls are recorded in one minute increments. Total monthly usage is determined by measuring each call individually and rounding the call to the next full minute on a per-call basis. The total monthly usage during a billing period is the sum of the minutes computed for each individual call. The total usage sum, minus the monthly call allowance for the option selected by the Customer, is multiplied by the usage rate specified below. The resulting product is then rounded up to the next cent.

B. Monthly Recurring Charges

The Monthly Recurring Charge applies to each line presubscribed to the Consumer and Small Business Rate Plan. Multiple lines at a single premises may each be presubscribed to a different Option.

	Monthly
Option 1	$19.95
Option 2	$29.95
Option 3	$64.95
Option 4	$6.95

C. Usage Charges

	Direct Dialed Outbound	Travel Card
All Options	$0.069 per minute	$0.25 per minute
Per Call	none	none

SECTION 3 - LONG DISTANCE SERVICES, (continued)

3.19 Business Rate Plan

3.19.1 Description

Business Rate Plan is available to the Company's business Customers with no monthly minimum charges or line count restrictions. This service utilizes switched or dedicated access lines. Outbound calls are billed in six (6) second increments after an initial minimum call duration of eighteen (18) seconds. Dedicated Toll Free Service is billed in six (6) second increments after a minimum call duration of thirty (30) seconds. No term and volume discounts apply to this service.

3.19.2 Rates

Switched 1+	$0.0660/minute
Standard Switched Toll Free Services	$0.0660/minute
Switched Toll Free Services with Routing Function	$0.15/minute
plus monthly recurring charge	$9.00
Travel Card Services	$0.25/minute
Dedicated Outbound WATS Services	$0.0290/minute
Dedicated Toll Free Services	$0.0290/minute

SECTION 4 - FRAME RELAY SERVICE

4.1 Frame Relay Service - Description

Frame Relay Service is an enhanced form of packet switching which uses variable length packets to connect multiple local area networks (LANs) for data transmission. Frame Relay Service is available throughout the United States where digital local access is available. The rules for Frame Relay Service in this Section are in addition to those rules found in Sections 1 through 3 of this tariff.

4.1.1 Definitions:

Asynchronous Transfer Mode (ATM) - an international high-speed, high-volume, packet-switched transmission protocol standard that supports integrated voice, video and data communications. ATM uses short uniform 53 byte cells to divide data into packets for ultra fast switching through the network. The 53 byte cells contain 5-byte destination address headers and 48 data bytes.

Committed information rate (CIR) - the statistical measurement of throughput on a PVC over time measured in bits per second. The CIR is the rate at which the network agrees to accept data from the user, and which the network commits to transfer data under normal operating conditions.

Permanent virtual circuit (PVC) - the facilities used to form a communications path connecting between two ports. Although a PVC may be defined in static manner with static parameters, it is not fixed to a stationary path through the network.

Port - a network entry or exit point on the frame relay switch that connects to the Company's frame relay network.

Service Date - The date Frame Relay Service is installed and available, or the date specified on the customer's order form, whichever is later. The service date is the date on which all nonrecurring charges will be billed and monthly charges begin for Frame Relay Service.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.2 Frame Relay - General

4.2.1 Rate Elements

Frame Relay Service has three rate elements:

A. local access facilities;

B. ports; and

C. a permanent virtual circuit (PVC).

4.2.2 Local Access

Local access facilities must be obtained to access Frame Relay Service. The local access facilities are ordered from the local exchange telephone company. The rates for the local access facilities vary by local exchange company and are found in that the Company's tariff.

4.2.3 Port Speed

Port speed is selected to accommodate the various PVCs that use a particular port. The speed represents the highest attainable data rate into or out of the location at any point in time. Available speeds range from 56 Kbps to 1.536 Mbps. A frame relay port connection provides the physical interface into the network and provides the logical termination of PVCs assigned to that port.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.2 Frame Relay - General, (continued)

4.2.4 PVC

The PVC connects the customer's specific end-points on the interexchange network. Each PVC is assigned a committed information rate (CIR), which is the average minimum data rate the network will allocate to the PVC under normal operating conditions. The data transmission rate for a PVC can be greater than the CIR when excess capacity is available on the port and on the network. When this excess capacity exists, an average data rate above the CIR may be achieved up to the port capacity. Data sent across a virtual connection in excess of that connection's CIR will be marked discard eligible in the event of network congestion, and will be delivered only if the instantaneous demand for output on a transmission channel is equal to or less than the capacity of the queue for that channel.

PVCs may be either asymmetrical (one-way) or symmetrical (two-way). Symmetrical (two-way) traffic requires the use of one symmetrical PVC or two asymmetrical PVCs.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees

4.3.1 Network Availability

Network availability is measured as the total number of minutes in a billing month during which core network PVC routes are available to exchange data between the two network infrastructure node end points, divided by the total number of minutes in a billing month. A lapse in network availability is calculated commencing with the date on which the customer informs the Company of service non-availability, and ends on the date of service restoration. The PVC route will be measured from infrastructure port to infrastructure port and will not include the customer premises equipment (CPE) or local access facilities.

4.3.2 Network Availability Objective

The Company engineer's its network to achieve availability of 99.9% for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve availability of at least 99.5%

4.3.3 Frame Delivery

Frame delivery measures the percentage of customer's frame relay packets delivered from the Company's network ingress port to the Company's network egress port. This percentage will not include packet delivery failures attributable to local access facilities or CPE.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees, (continued)

4.3.4 Frame Delivery Objective

The Company engineers its network to achieve a frame delivery level of 99.9% of frames within a customer's CIR, and 99.0% of frames above a customer's CIR. These delivery rates apply for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve a frame delivery level of 99.0%.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.3 Frame Relay Service - Guarantees, (continued)

4.3.5 Network Latency

Network latency measures the elapsed time, in milliseconds, required for one data cell (frame relay packets converted to ATM cells on the Company's backbone network) to be delivered from the customer's Frame Relay Service network ingress port to the network egress port. Packet delivery failures attributable to local access facilities or CPE are not included.

4.3.6 Network Latency Objective

The Company engineers its network to achieve a one-way network latency of 65 milliseconds. This parameter applies for networks designed with ten (10) or more network sites and a fully meshed network topology or a star network topology in which each remote site has PVCs connected to at least two network hubs engineered to a separate infrastructure node. In all other instances, the Company engineers its network to achieve a network latency of 75 milliseconds.

4.3.7 Frame Relay Service - Guarantee Exclusions

The standards described above do not include periods of non-attainment resulting in whole or in part from one or more of the following causes:

- Any act or omission on the part of the customer, its contractors, or any other entity over which the customer exercises control or has the right to exercise control;
- Scheduled maintenance;
- Labor strikes
- *Force Majeure* events beyond the control of the Company (including, but not limited to, acts of God, government regulation and national emergency); and,
- Any act or omission on the part of a third party including, but not limited to, the local access provider.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.4 Minimum Service Terms

4.4.1 The minimum service requirement is one month for domestic service and one year for international service. The customer may subscribe to service under one, two, three, four or five year term plans. For any term plan, the rates and term discounts will be fixed for the term at the discount level below. The term will begin on the first day of the month following the date the service is installed and available. Upon expiration, the term will be automatically extended at the term plan rates and discounts for successive ninety (90) day periods, unless thirty (30) days prior to the end of the term or each such extension either (a) the customer or the Company provides written notice to the other that it does not want such extension, or (b) the customer subscribes to another term plan and the rates of the new term plan apply.

4.4.2 If additional sites are added to a customer's Frame Relay Service after the initial subscription to a term plan, such sites will be incorporated into the customer's term plan and will have the same termination date as the customer's original term plan.

4.4.3 Existing customers may subscribe to a new term plan for Frame Relay Service of the same or greater value prior to the end of the customer's existing term plan without incurring any termination liability if the new term plan extends beyond the old term plan termination date by at least one year.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.4 Minimum Service Terms, (continued)

4.4.4 Term Discounts

Monthly Billing	Discount Term in Years				
	One	Two	Three	Four	Five
$2,000	5%	6%	7%	8%	9%
$5,000	8%	10%	12%	14%	16%
$10,000	12%	14%	17%	19%	21%
$25,000	14%	17%	20%	23%	25%
$50,000	16%	19%	22%	25%	27%
$100,000	18%	21%	24%	27%	30%

4.5 Termination of Frame Relay Service

Customer must provide the Company with 30 days written notice before terminating frame relay service. Customers terminating service prior to fulfilling their term commitment will be assessed a termination liability equal to one hundred percent (100%) of the monthly recurring charge for each access line, port and PVC service terminated multiplied by the number of months remaining in the first year of the term plan, plus fifty percent (50%) of the monthly recurring charges for each circuit canceled multiplied by the number of months remaining in the term plan after the first year. The customer will not have any termination liability if it subscribes to another Company service of the same or greater monthly revenues and volume, and with a term no less than the remaining months of the term plan or one year, whichever is greater, at the same time the notice of termination is received. The customer will also be liable for a pro-rata amount of any waived installation charges based on the number of months remaining in the term plan.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates

4.6.1 Port Charges

Nonrecurring Charges: A nonrecurring charge of $275 each for installation per port applies.

Speed (Kbps)	Monthly Rate Per Port
56 - 64	$162.00
112 - 128	$295.00
168 - 192	$319.00
224 - 256	$344.00
280 - 320	$424.00
336 - 384	$500.00
448 - 512	$635.00
504 - 576	$680.00
560 - 640	$725.00
616 - 704	$770.00
672 - 768	$850.00
896 - 1024	$1,010.00
1120 -1280	$1,135.00
1344 -1536	$1,325.00

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 **Rates**, (continued)

4.6.2 PVC Charges

Nonrecurring Charges: A nonrecurring charge of $15 each per asymmetrical PVC and $30 per Symmetrical PVC, for installation, modification or reconfiguration.

CIR (Kbps)	Monthly Rate Asymmetrical (One-Way)	Monthly Rate Symmetrical (Two-Way)
0	$0.00	$0.00
4	$5.00	$10.00
8	$8.00	$16.00
16	$16.30	$32.60
32	$31.80	$63.60
48	$46.10	$92.20
64	$53.00	$106.00
128	$101.00	$202.00
192	$151.00	$302.00
256	$201.00	$402.00
320	$252.00	$504.00
384	$302.00	$604.00
448	$352.00	$704.00
512	$403.00	$806.00
576	$453.00	$906.00
640	$504.00	$1,008.00
704	$554.00	$1,108.00
768	$604.00	$1,208.00

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SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates, (continued)

4.6.2 PVC Charges (continued)

CIR (Kbps)	Monthly Rate Asymmetrical (One-Way)	Monthly Rate Symmetrical (Two-Way)
832	$655.00	$1,310.00
896	$705.00	$1,410.00
960	$755.00	$1,510.00
1024	$806.00	$1,612.00
1088	$856.00	$1,712.00
1152	$906.00	$1,812.00
1216	$957.00	$1,914.00
1280	$1,007.00	$2,014.00
1344	$1,057.00	$2,114.00
1408	$1,108.00	$2,216.00
1472	$1,158.00	$2,316.00
1536	$1,208.00	$2,416.00

4.6.3 Local Access

Local access facilities shall be provided under the local exchange company's tariff.

SECTION 4 - FRAME RELAY SERVICE, (continued)

4.6 Rates, (continued)

4.6.4 Expedite Charges

Expedite charges apply when the customer requests an installation interval shorter than the standard and the Company is able to comply with that request.

Port Connection	$50
PVC (install, moves, changes, disconnect)	$75
Local Access	$50*

* In addition to any local exchange company expedite charges which will be directly passed on to the customer.

4.6.5 Engineering Charges

Re-mapping of facilities	$100

SECTION 5 - PRIVATE LINE SERVICES

5.1 General

The Company provides interstate Private Line Service to Customers with transmission speeds ranging from 64 Kbps to 1.544 Mbps. Private Line Services are offered on a point-to-point basis. Each Private Line Service is dedicated to the Customer and the entire usable bandwidth for each service is available to the Customer for their exclusive use.

5.1.1 Two Point Service

Two Point Service allows two Customer designated locations to be connected by one Private Line Service. The service terminated at both locations must be the same speed and the same capacity.

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SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates

5.2.1 Recurring Charges

Recurring charges for Private Line Services vary based on the capacity of service, the distance of service, the term plan selected and the monthly revenue commitment made by the Customer. Unless otherwise stated in the description associated with the rate element in this tariff, Private Line Service recurring charges are applied on a circuit basis, per DS0 equivalent. A minimum circuit charge applies which varies by circuit bandwidth.

5.2.2 Term and Volume Discounts

Recurring charges for services purchased under a Term Plan will be fixed for the life of the term. The rate level applicable throughout the Term Plan is based on the volume commitment specified by the Customer at the time service is ordered. Customer may terminate any circuit upon 90 days' notice; provided that if termination occurs; (i) prior to the Activation Date, Customer shall reimburse Company for all costs of the implementation of such Circuit; or (ii) on or after such date, Customer shall pay: (a) all charges for services previously rendered and (b) the amount due through the end of the applicable circuit lease term.

5.2.3 Nonrecurring Charges

Nonrecurring Charges (NRC) are one-time only charges. NRC's may be waived for certain promotions and under the specific terms of individually negotiated contract services.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates (continued)

5.2.4 Pass-Through Charges

All charges incurred by the Company on the Customer's behalf from any Local Exchange Carrier, Competitive Access Provider or Competitive Local Exchange Provider will be directly passed on the Customer. Cross-Connect Charges apply to Company facilities that are connected by the Company to other carriers or Customer interconnect/collocation facility within the same Point of Presence.

Notes

1. All charges incurred by Supplier on Customer's behalf from any Local Exchange Carrier, Competitive Access Provider or Competitive Local Exchange Carrier will be directly passed on to the Customer.

2. Service not described above will be considered special handling and charges will be assessed on an Individual Case Basis (ICB).

3. All of the above changes are subject to changes with a 30 day notice.

4. All Private Line ancillary service charges to cities not listed will be priced on an individual case basis and will be subject to the terms and charges of the underlying carrier.

5.2.5 Interconnect Charges

Interconnect Charges apply to connections between the Company's POPs in the same city or between the Company's suite to another suite in the same building. Since costs vary widely by location, the interconnect charges specified in this tariff are the minimum amount that will be charged monthly. All interconnect, construction charges and individual case basis charges incurred by the Company will be passed through to the Customer. Interconnect arrangements are subject to the continuing economic availability of the necessary facilities and equipment.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.2 Application of Rates (continued)

5.2.6 Order Cancellation Policy

The Company will provide an order confirmation after the Customer places an order for service. If the Customer changes the order, a change order charge will apply based on the scope of the change. If the Customer cancels the order, the Customer must reimburse the Company for all costs incurred to that point. The Customer must notify the Company of service date changes 45 days prior to the due date. Service date changes may be extended by the Customer a maximum of thirty days from the due date.

SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.3 Service Descriptions

Private Line Service allows the Customer to connect two locations with private dedicated service at one of a number of transmission speeds.

5.3.1 DS0 Service

DS0 Service is a dedicated digital channel with line speeds of 2.4, 4.8, 9.6, 56 or 64 Kbps.

5.3.2 DS1 Service

DS1 Service is a dedicated, high capacity channel with a line speed of 1.544 Mbps. DS1 Service has the equivalent capacity of 24 Voice Grade services or 24 DS0 services.

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SECTION 5 - PRIVATE LINE SERVICES, (Continued)

5.4 Rate Schedules

5.4.1 On-Net DS-O

	Fixed	Per Mile	Local Loop	Installation
0 - 100 MILES	$75.00	$0.35	Cost	$150.00
100 + MILES	$75.00	$0.35	Cost	$150.00

5.4.2 On-Net DS-1

	Minimum	Per DSO Mile	Local Loop	Installation
0 - 200 MILES	$250.00	$0.11	Cost	$400.00
200-500 MILES	-----	$0.11	Cost	$400.00
500 + MILES	-----	$0.11	Cost	$400.00

5.4.3 On Net Private Line Term Discounts

1 Year	5%
2 Year	10%
3 Years	15%

SECTION 6 - OBSOLETE SERVICE OFFERINGS

The services in this Section are available only to existing Business customers. Upon expiration of the contract term, existing customers my either elect to continue these services at these rates or may subscribe to the then current service offerings under preceding paragraphs of this tariff.

6.1 Obsolete Service Options Formerly Offered by Network Long Distance, Inc.

6.1.1 Obsolete MTS Service Options

Obsolete MTS Service offerings are only available for the remaining period of any existing contract. After the expiration of the contract the customer may subscribe to MTS under the current service offerings under the preceding paragraphs of this tariff.

6.1.2 Message Toll Service (MTS)

1+ Dialing is achieved by customer's telephone lines being programmed by the local telephone company (LEC) to automatically route 1+ calls to the Company's network.

6.1.3 800 Service

800 Service is virtual banded inbound toll service which permits calls to be completed at the subscriber's location without charge to the calling party.

6.1.4 Travel Card Service

A non-prepaid travel service which allows subscribers who are away from home or office to place calls by gaining access to the Carrier's network via an 800 number and personal identification number assigned by the Company.

6.1.5 Directory Assistance

Directory Assistance is the provision of listed telephone number to requesting customers. Directory assistance is provided at a per call charge.

SECTION 6 - OBSOLETE SERVICE OFFERINGS

The services in this Section are available only to existing customers. Upon expiration of the contract term, existing customers my either elect to continue these services at these rates or may subscribe to the then current service offerings under preceding paragraphs of this tariff.

6.1 Obsolete Service Options Formerly Offered by Network Long Distance, Inc.

6.1.1 Obsolete MTS Service Options

Obsolete MTS Service offerings are only available for the remaining period of any existing contract. After the expiration of the contract the customer may subscribe to MTS under the current service offerings under the preceding paragraphs of this tariff.

6.1.2 Message Toll Service (MTS)

1+ Dialing is achieved by customer's telephone lines being programmed by the local telephone company (LEC) to automatically route 1+ calls to the Company's network.

6.1.3 800 Service

800 Service is virtual banded inbound toll service which permits calls to be completed at the subscriber's location without charge to the calling party.

6.1.4 Travel Card Service

A non-prepaid travel service which allows subscribers who are away from home or office to place calls by gaining access to the Carrier's network via an 800 number and personal identification number assigned by the Company.

6.1.5 Directory Assistance

Directory Assistance is the provision of listed telephone number to requesting customers. Directory assistance is provided at a per call charge.

SECTION 6 - OBSOLETE SERVICE OFFERINGS, (continued)

6.1 Obsolete Service Options Formerly Offered by Network Long Distance, Inc. (continued)

6.1.6 Rates For Obsolete Services Formerly Offered by Network Long Distance, Inc.

A. MTS Rates per minute

Commercial Plans:

	Monthly Usage	Rate Per Minute
Plan 6	$0 - $99	$0.1700
Plan 7	$200- $399	$0.1600
Plan 8	$400- $699	$0.1500
Plan 9	$700- $999	$0.1400
Plan 10	$1000 +	$0.1300

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