

**AMENDMENT
TO
RESALE AGREEMENT BETWEEN
BUDGET PHONE, INC. and
BELLSOUTH TELECOMMUNICATIONS, INC.
DATED APRIL 1, 1999**

Pursuant to this Amendment (the "Amendment"), Budget Phone, Inc. ("Budget Phone") and BellSouth Telecommunications, Inc. ("BellSouth") hereinafter referred to collectively as the "Parties" hereby agree to amend that certain Resale Agreement between the Parties dated April 1, 1999 ("Resale Agreement").

NOW THEREFORE, in consideration of the mutual provisions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Budget Phone and BellSouth hereby covenant and agree as follows:

1. Section 4 of Attachment 1 of the Resale Agreement is hereby amended by adding the following Section 4.5 regarding Volume and Term:
 - 4.5 Notwithstanding anything in this Agreement to the contrary, BellSouth shall provide to Budget Phone a volume discount arrangement for those BellSouth residential services specified in this Section. Such volume discount arrangement shall be contingent upon and governed by the following terms and conditions:
 - 4.5.1 Budget Phone and any assignees pursuant to Section 10 of the General Terms and Conditions shall maintain throughout the term of this Agreement at least 35,000 resold residential telecommunications lines from BellSouth
 - 4.5.2 In this Section, Budget Phone will utilize electronic ordering via one of the mechanized interfaces BellSouth has developed and made available to CLECs for all residential telecommunications services subject to such volume discounts described in this Section and ordered by Budget Phone from BellSouth subsequent to the date hereof.
 - 4.5.3 Except as otherwise expressly provided herein, the discounts payable pursuant to this Section shall not be deemed to decrease, alter or otherwise affect any other charges payable by Budget Phone to BellSouth pursuant to this Agreement for the ordering, provisioning or maintenance of the services referenced herein, including but not limited to taxes, service charges and operational support system charges applicable to any such services or orders.
 - 4.5.4 The Parties acknowledge that due to the functionality of BellSouth's billing systems, BellSouth is or may be unable to reflect applicable discounts on Budget Phone's initial bill for services described herein. All credits issued

pursuant to this section shall be in arrears such that the applicable discount for a given billing cycle will be reflected on a subsequent bill. BellSouth, in its sole discretion, may apply BellSouth tariff rates less the applicable resale discount on initial monthly billing of any service to be discounted pursuant hereto, and Budget Phone shall pay such bills in full. Subject to Budget Phone maintaining the required volume of service and utilizing a BellSouth electronic ordering interface to order such services, BellSouth thereafter will apply credits, either the following month or on a quarterly basis, at BellSouth's sole discretion, to Budget Phone's bills in the amounts described herein to provide the discounts due to Budget Phone under this Section.

4.5.5 For each BellSouth bill period wherein Budget Phone maintains a minimum of 35,000 residential telecommunications lines from BellSouth for the entire bill period, BellSouth will offer a credit, equal to 100% of both the non-recurring and the recurring charges for Customized Code Restriction ("CCR") for each CCR feature purchased by Budget Phone on a residential telecommunications line at the time that the order shall be submitted via a BellSouth electronic ordering interface. In addition, for each bill period wherein Budget Phone maintains a minimum of 35,000 residential telecommunications lines from BellSouth for the entire bill period, BellSouth will also offer a credit, equal to 100% of the monthly recurring charges for each CCR feature previously ordered by Budget Phone and in effect on Budget Phone's residential telecommunications lines for its imbedded customer base. Notwithstanding the foregoing, the credits described in this section 4.5.5 shall be applicable only to residential telecommunications lines for which Budget Phone requires the end user to prepay for local exchange service. If at any time during the term of this Agreement Budget Phone purchases lines for resale on other than a prepaid basis, Budget Phone shall report to BellSouth those residential telecommunications lines that are and are not to be resold on a prepaid basis. BellSouth shall have the right to audit Budget Phone's billing records no more frequently than four (4) times per year during the term of this Agreement to determine the number of lines for which Budget Phone requires its end users to prepay for service, the number of CCR features ordered for those lines, the proper application of the discount described above, and any other relevant information related solely to determining the amount of discounts applicable to Budget Phone hereunder. BellSouth shall use such information solely in connection with determining volume discounts pursuant to this Section and will maintain the confidentiality of all such information. Budget Phone shall make such records and data available to BellSouth or its designated auditors on a reasonable basis. BellSouth shall bear the cost of any such audit unless such audit reveals that Budget Phone has misreported by more than five percent (5%) the number of residential telecommunications lines for which for which Budget Phone requires prepayment by the end user, in which case Budget Phone shall bear the cost of such audit.

4.5.6 For each BellSouth bill period wherein Budget Phone maintains a minimum of 40,000 resold residential telecommunications lines from BellSouth for the

entire bill period, BellSouth will offer a credit, equal to an additional discount of 10% off the Restore charge per BellSouth residential telecommunications line resold to a Budget Phone end user; provided that such Restore order is submitted via a BellSouth electronic ordering interface. In addition BellSouth will offer a credit, equal to 3% of the monthly recurring charges paid by Budget Phone to BellSouth during such month for Inside Wire Maintenance Service Plans, MemoryCall® Answering Service, Residence/Personal Mailbox, and Transfer Mailbox associated with a Budget Phone residential telecommunications line sold to a Budget Phone end user.

4.5.6.1 In addition, if Budget Phone maintains a minimum of 40,000 resold residential telecommunications lines and 60,000 vertical features for each bill period, BellSouth will offer a credit equal to an additional discount of 3% of the monthly recurring charges during such month for vertical features associated with a Budget Phone residential telecommunications line; provided, however, that such credit shall not apply to any residential telecommunications lines for which the services listed in Exhibit C, Section 2 are ordered or in effect. For purposes of this paragraph, the only vertical features to be used in calculating the minimum 60,000 vertical features are those listed on Exhibit C, Section 1 hereto.

4.5.7 For each BellSouth bill period wherein Budget Phone maintains a minimum of 50,000 residential telecommunications lines from BellSouth for the entire bill period, BellSouth will offer a credit, equal to an additional discount of 20% off the Restore charge per BellSouth residential telecommunications line resold to a Budget Phone end user; provided that such Restore order is submitted via a BellSouth electronic ordering interface. In addition BellSouth will offer a credit, equal to 5% of the monthly recurring charges paid by Budget Phone to BellSouth during such month for Inside Wire Maintenance Service Plans, MemoryCall® Answering Service, Residence/Personal Mailbox, and Transfer Mailbox associated with a Budget Phone residential telecommunications line sold to a Budget Phone end user.

4.5.7.1 In addition, if Budget Phone maintains a minimum of 50,000 resold residential telecommunications lines and 75,000 vertical features for each bill period, BellSouth will offer a credit equal to an additional discount of 5% of the monthly recurring charges during such month for vertical features associated with a Budget Phone residential telecommunications line; provided, however, that such credit shall not apply to any residential telecommunications lines for which the services listed in Exhibit C, Section 2 are ordered or in effect. For purposes of this paragraph, the only vertical features to be used in calculating the minimum 75,000 vertical features are those listed on Exhibit C, Section 1 hereto.

4.5.8 For each BellSouth bill period wherein Budget Phone maintains a minimum of 70,000 resold residential telecommunications lines from BellSouth for the entire bill period, BellSouth will offer a credit, equal to an additional discount of 25% off the Restore charge per BellSouth residential

telecommunications line resold to a Budget Phone end user; provided that such Restore order is submitted via a BellSouth electronic ordering interface. In addition BellSouth will offer a credit, equal to 7% of the monthly recurring charges paid by Budget Phone to BellSouth during such month for Inside Wire Maintenance Service Plans, MemoryCall® Answering Service, Residence/Personal Mailbox, and Transfer Mailbox associated with a Budget Phone residential telecommunications line sold to a Budget Phone end user.

4.5.8.1 In addition, if Budget Phone maintains a minimum of 70,000 resold residential telecommunications lines and 105,000 vertical features for each bill period, BellSouth will offer a credit equal to an additional discount of 7% of the monthly recurring charges during such month for vertical features associated with a Budget Phone residential telecommunications line; provided, however, that such credit shall not apply to any residential telecommunications lines for which the services listed in Exhibit C, Section 2 are ordered or in effect. For purposes of this paragraph, the only vertical features to be used in calculating the minimum 105,000 vertical features are those listed on Exhibit C, Section 1 hereto.

4.5.9 Notwithstanding the terms of payment for Operational Support System (“OSS”) charges set forth in Exhibit A hereto, commencing with the effective date of this Agreement, for each BellSouth monthly bill period wherein Budget Phone maintains a minimum of 35,000 residential telecommunications lines from BellSouth for the entire monthly bill period, BellSouth will offer tiered OSS rates based on monthly bill period electronic Local Service Request (LSR) volume levels as follows.

Volume Level Per Monthly Bill Period	OSS Rate
Tier 1 From 1 to 10,000 LSRs	\$3.50
Tier 2 From 10,001 to 15,000 LSRs	\$3.00
Tier 3 15,001 LSRs and greater	\$2.50

At the conclusion of a particular monthly bill period, the OSS Rate will revert to the Tier 1 rate of \$3.50.

All credits issued in this section shall be in arrears such that the applicable credits for a given billing cycle will be reflected on Budget Phone’s bill on a quarterly basis and shall be in accordance with the terms described in Section 4.5.4.

4.5.10 If at any time during the term of this Agreement, should BudgetPhone Inc. fail to maintain the minimum 35,000 residential telecommunications lines required herein for three consecutive months or otherwise choose not to operate under the terms and conditions of this Section, BudgetPhone will be assessed a termination charge equal to the year-to-date accumulated credits received times a termination factor. The termination factor will vary by year:

<u>CONTRACT YEAR</u>	<u>TERMINATION FACTOR</u>
Year 1	100%
Year 2	50%
Year 3	0%

- 4.5.11 Upon expiration of this Agreement in accordance with the terms of Section 2 of the General Terms and Conditions of this Agreement, the discounts offered pursuant to this Section shall cease to apply, regardless of whether BellSouth continues to offer services to Budget Phone pursuant to the terms of this Agreement after expiration and while a new agreement is being negotiated.
- 4.5.12 The Parties agree that the terms of this Section 4.5 have been negotiated as a whole, each provision being interdependent with the others.
2. The following Exhibit C attached hereto will be added as Exhibit C to Attachment 1 of the Resale Agreement.
3. All of the other provisions of the Resale Agreement, dated April 1, 1999, shall remain in full force and effect.
4. The Parties agree that either or both of the Parties is authorized to submit this Amendment to the respective state regulatory authorities for approval subject to Section 252(e) of the Federal Telecommunications Act of 1996.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed by their respective duly authorized representatives on the date indicated below.

Budget Phone, Inc.

Original signature on file
Signature

R. Daniel Hyde, Jr.
Name

President
Title

10-18-00
Date

BellSouth Telecommunications, Inc.

Original signature on file
Signature

Jerry Hendrix
Name

Senior Director-Interconnection Services
Title

10-19-00
Date

EXHIBIT C

Section 1: Features to be included for purposes of calculating the average number of vertical services per line resold by Budget Phone:

Anonymous Call Rej.
Call Block
Call Forwarding (CF) Variable
Call Return
Call Selector
Call Tracing
Call Waiting
Call Waiting Deluxe
Caller ID Basic
Caller ID Deluxe
Flexible CF
Flexible CF/Audio CN
Flexible CF+
Flexible CF+/Audio CN
Preferred CF
Remote Access to CF
Repeat Dialing
RingMaster I
RingMaster II
Speed Calling 30
Speed Calling 8
Three-Way Calling
Three-Way Calling w/ Transfer

Section 2: Features NOT included for purposes of calculating the average number of vertical services per line resold by Budget Phone:

Complete Choice
Area Plus, (3)
Area Plus with Complete Choice, (4)
Local Optional Service with Complete Choice (available in Louisiana only), and
Area Calling Plan with Complete Choice (available in Mississippi only)