

**Amendment to the Agreement
Between
ITC^DeltaCom Communications, Inc.
d/b/a ITC^DeltaCom and d/b/a Grapevine
and
BellSouth Telecommunications, Inc.
Dated December 5, 2003**

Pursuant to this Amendment, (the "Amendment"), ITC^DeltaCom Communications, Inc. d/b/a ITC^DeltaCom and d/b/a Grapevine (ITC^DeltaCom), and BellSouth Telecommunications, Inc. ("BellSouth"), hereinafter referred to collectively as the "Parties," hereby agree to amend that certain Interconnection Agreement between the Parties dated December 5, 2003 ("Agreement") to be effective thirty (30) calendar days after the date of the last signature executing the Amendment.

WHEREAS, BellSouth and ITC^DeltaCom entered into the Agreement on December 5, 2003, and;

WHEREAS, BellSouth and ITC^DeltaCom desire to incorporate or modify existing terms, conditions and/or rates associated with Melded Tandem Switching, Deposit, Jurisdictional Reporting and Referenced Documents;

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, the Parties hereby covenant and agree as follows:

1. Attachment 2, Exhibit A is hereby amended to add the rates for Melded Tandem Switching (MTSR) as set forth in Exhibit 1, attached hereto and incorporated herein by this reference.
2. The parties agree to add the following provision for Melded Tandem Switching to Attachment 2, Section 6:

6.1.1 Where ITC^DeltaCom utilizes portions of the BellSouth network in originating or terminating traffic, the Tandem Switching rates are applied in call scenarios where the Tandem Switching Network Element has been utilized. Because switch recordings cannot accurately indicate on a per call basis when the Tandem Switching Network Element has been utilized for an interoffice call originating from a UNE port and terminating to a BellSouth, Independent Company or Facility-Based CLEC office, BellSouth has developed, based upon call studies, a melded rate that takes into account the average percentage of calls that utilize Tandem Switching in these scenarios. BellSouth shall apply the melded Tandem Switching rate for every call in these scenarios. BellSouth shall utilize the melded

Tandem Switching Rate until BellSouth has the capability to measure actual Tandem Switch usage in each call scenario specifically mentioned above, at which point the rate for the actual Tandem Switch usage shall apply. The UNE Call Flows set forth on BellSouth's website, as amended from time to time if such amendment are mutually agreed upon, illustrate when the full or melded Tandem Switching rates apply for specific scenarios.

3. The Parties agree to add the following language as Sections 6.1.1.1 and 2.10.1 of Attachment 2:

ITC^DeltaCom shall pay to BellSouth the Local Number Portability charges as set forth in Section 13 of the BellSouth FCC No. 1 Tariff.

4. The Parties agree to delete in their entirety all rate elements and USOCs identified as "Local Number Portability charges" in Exhibit B of Attachment 2, as specified by the following USOCs: LNPCS, LNPCP; LNPCN and LNPCC, pursuant to the Order in the matter of the Telephone Number Portability BellSouth Corporation Petition for Declaratory Ruling and/or Waiver, CC Docket No. 95-116, released April 13, 2004.
5. The Parties agree to add the following Jurisdictional Factors provision to Section 5.3.11 of Attachment 3 as follows:

Jurisdictions Factors ITC^DeltaCom agrees to report all factors quarterly in accordance with the Jurisdictional Factors Reporting Guide (Version 5), effective December 3, 2003, which can be found at www.interconnection.bellsouth.com/guides/ixc/pdf/factgu.pdf. as it is amended from time to time, if such amendments are mutually agreed upon. All amendments to the Guide will be considered mutually agreed upon unless ITC^DeltaCom provides written notice to BellSouth of disagreement with the changes within thirty (30) days of any changes being posted to the website. ITC^DeltaCom further agrees to bill BellSouth according to the factors provided to ITC^DeltaCom by BellSouth on a prospective basis.

6. The Parties agree to delete Section 1.1.7, Deposit Policy of Attachment 6 in its entirety and replace with the following:

- 1.1.7 Deposit Policy. The Parties agree that the purpose of this Deposit is to provide assurance to BellSouth that timely payments for services performed and accurately billed are made by ITC^DeltaCom to BellSouth. The Parties also agree that the remedies of this Deposit Policy shall be applied in good faith and not under circumstances

caused by an administrative error. BellSouth reserves the right to secure the accounts of new and existing customers only as provided for pursuant to this section. Customer, for purposes of this Section 1.1.7, is defined as ITC^DeltaCom Communications, Inc. or any entity authorized to conduct business as a CLEC in the state and does not include any parents or separate affiliates. Notice, for purposes of this Deposit Policy, is defined as written notification to the Chief Financial Officer, General Counsel, and Vice President of Line Cost Accounting of ITC^DeltaCom.

- 1.1.7.1 New Customers and existing Customers may satisfy the requirements of this section with a D&B credit rating of 5A1 or through the presentation of a payment guarantee executed by another existing customer of BellSouth and with terms acceptable to BellSouth where said guarantor has a credit rating equal to 5A1. Upon request, Customer shall complete the BellSouth credit profile and provide information, reasonably necessary, to BellSouth regarding creditworthiness.
- 1.1.7.2 With the exception of new Customers with a D&B credit rating equal to 5A1, BellSouth may secure the accounts of all new Customers as set forth in subsection 1.1.7.4. In addition, new Customers will be treated as such until twelve months from their first bill/invoice date, and will be treated as existing Customers thereafter.
- 1.1.7.3 If a Customer has filed for bankruptcy protection within twelve (12) months of the effective date of this Agreement, BellSouth may treat Customer, for purposes of establishing a security on its accounts as a new customer as set forth in subsection 1.1.7.7.
- 1.1.7.4 The security required by BellSouth shall take the form of cash, an Irrevocable Letter of Credit (BellSouth Form), Surety Bond (BellSouth Form), or, in BellSouth's sole discretion, some other form of security proposed by Customer. The amount of the security shall not exceed one months' estimated billing for services billed in advance and two months billing for services billed in arrears and if provided in cash, interest on said cash security shall accrue and be paid in accordance with the terms in the Commission approved General Subscriber BellSouth tariff for the appropriate state.
- 1.1.7.5 Any such security shall in no way release Customer from the obligation to make complete and timely payments of its bill.
- 1.1.7.6 No security deposit shall be required of an existing Customer who has a good payment history and meets two (2) liquidity benchmarks sets forth below in Sections 1.1.7.6.2 and 1.1.7.6.3. BellSouth may secure,

pursuant to Section 1.1.7.9, the accounts of existing Customers where an existing Customer does not have a good payment history as defined in Section 1.1.7.6.1. If an existing Customer has a good payment history but fails to meet the two (2) liquidity benchmarks defined in Sections 1.1.7.6.2 and 1.1.7.6.3, BellSouth may secure the Customer's accounts, pursuant to Section 1.1.7.9.

1.1.7.6.1 Payment history is based upon the preceding twelve (12) month period. A good payment history shall mean that less than 10% of the non-disputed receivable balance is aged over thirty (30) days from the invoice/bill date at any given time. The existing Customer's payment history shall be predicated on net-thirty (30) day terms from the invoice/bill date. Only good faith disputes submitted to BellSouth pursuant to the procedures set forth in the parties' interconnection agreement, as amended, will be considered in determining the "non-disputed receivable balance". Where Customer has disputed a rate change initiated by BellSouth as a result of the Triennial Review Order and/or the appeal of that order by the U.S. District Court for the District of Columbia (referred to as "USTAI"), BellSouth shall treat that dispute as a dispute in good faith pending any final determination made pursuant to the dispute resolution mechanism set forth in the parties' interconnection agreement. If an invoice/bill is delivered electronically, and such electronic invoice/bill is transmitted by BellSouth more than ten (10) business days after the invoice/bill date, the calculation of Customer's payment history as to said invoice shall be on net-thirty (30) day terms from the date the invoice/bill is transmitted for such invoice/bill.

1.1.7.6.1.2 If Customer fails to comply with the requirements of this Section 1.1.7.6.1, BellSouth will provide Customer with three (3) business days Notice of default of this Section 1.1.7.6.1. If Customer fails to either cure said default, or to demonstrate that there is no default, within the three (3) business days notice period, BellSouth may secure Customer's accounts pursuant to Section 1.1.7.9.

1.1.7.6.2 The existing Customer's liquidity status, based upon a review of EBITDA, is EBITDA positive for the prior four (4) quarters of reported financials excluding any nonrecurring charges or special restructuring charges. EBITDA means, for any period, the sum, determined on a Consolidated basis, of (a) net income, (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, and (f) the aggregate of all non-case deducted in arriving at net income in clause (a) above, as long as this information is included in publicly available financial data audited annually by a domestic Certified Public Accountant, including, but not limited to, asset impairment charges and any restructuring charges.

- 1.1.7.6.3 The existing Customer has a current bond rating of BBB or above or Customer has no bond rating or a current bond rating between CCC and BB and meets the following criteria for the reported financials of the last Fiscal Year End, audited by a domestic Certified Public Accountant ("Last Fiscal Year End"), and for the prior four (4) quarters of reported financials on a cumulative basis.
- 1.1.7.6.3.1 Positive cash flow from operations minus cash dividends. Negative cash flow from operations directly due to one time charges from merger and acquisitions or other extraordinary items will not automatically act as a trigger for a deposit. Customer will disclose the nature and amount of such charges to BellSouth, and BellSouth will review such amounts and shall waive this condition if exclusion of such items would result in positive cash flow from operations, and Customer has adequate cash or liquidity to fund such adjustments.
- 1.1.7.6.3.2 Positive tangible net worth;
- 1.1.7.6.3.3 Debt/tangible net worth between zero and 2.5. For purposes of computing debt/tangible net worth, the redeemable preferred stock presented in the mezzanine section of the Customer's balance sheet will be included as equity; and
- 1.1.7.6.3.4 Customer is compliant with all financial maintenance covenants.
- 1.1.7.7 If Customer files for bankruptcy protection during the term of this Agreement, Customer acknowledges that BellSouth is entitled to adequate assurance of payment in the form of a deposit of one months' estimated billing for services billed in advance and two months billing for services billed in arrears or other means of security during the pendency of the bankruptcy proceeding. Upon confirmation of the reorganization plan and the emergence of Customer from bankruptcy, if BellSouth's agreements were not cured 100% and BellSouth incurred a loss on the pre-petition account of Customer of the bankruptcy, Customer shall be treated as a new customer, as "new Customer" is treated under this section, for a period of one year in regard to BellSouth's right to secure the accounts of Customer.
- 1.1.7.8 Upon notice of default of a bank (or other loan provider's) financial maintenance covenant and upon Customer's failure to either cure or obtain a waiver from such default within seven (7) calendar days of notice, BellSouth may utilize the remedies set forth in subsection 1.1.7.9 unless Customer can demonstrate to the reasonable satisfaction

of BellSouth that Customer has ample liquidity to fund said debt should the debt payment obligation become accelerated.

1.1.7.9 If, at any time during the term of this Agreement, Customer fails to comply with the requirements of Section 1.1.7.6 or 1.1.7.8, BellSouth shall provide Notice to Customer of its intent to implement this subsection 1.1.7.9.

1.1.7.9.1 Upon receipt of notice, Customer shall pay all current amounts by due date and pay past due undisputed amounts immediately. Customer shall also immediately pay disputed amounts to the extent the amount in dispute is greater than 30% of total charges for the current month. Customer shall thereafter pay the charges for future services billed by BellSouth pursuant to an accelerated payment schedule, which shall provide for half of the charges to be paid within fifteen (15) days of invoice/bill date and the remainder to be paid within thirty (30) days of invoice/bill date. If an invoice/bill is delivered electronically for future services, and such electronic invoice/bill is transmitted more than ten (10) business days from invoice/bill date, the accelerated payment schedule will be adjusted for said invoice/bill and shall provide for half of the charges to be paid within fifteen (15) days of said invoice/bill transmit date and the remainder to be paid within thirty (30) days of said invoice/bill transmit date. Further, Customer shall pay all disputed amounts to the extent the amount in dispute is greater than 30% of the total charges for the current month, within the accelerated payment schedule timeframe. If paid disputed amounts are resolved in the Customer's favor, the Customer will be issued a credit for the resolved amount and BellSouth shall credit Customer's account for accrued interest at the same rate of interest that BellSouth assesses under its tariffs for late payment. Customer shall make all payments from readily available funds by wire transfer or some other equivalent electronic means. If Customer fails to comply with the requirements of this Section 1.1.7.9.1, BellSouth will provide Customer with three (3) business days Notice of default of this Section. If Customer fails to either cure said default, or to demonstrate that there is no default, within the three (3) business days notice period, BellSouth may secure Customer's accounts pursuant to Section 1.1.7.9.2.

1.1.7.9.2 If Customer defaults on above Section 1.1.7.9.1, then BellSouth may secure accounts with a one (1) months deposit of average billing services billed in advance and two (2) months billing for services billed in arrears during prior six month period. Said deposit shall be paid to BellSouth within thirty (30) days from the date of BellSouth Notice pursuant 1.1.7.9.1. The security required by BellSouth shall take the form of cash, an Irrevocable Letter of Credit (BellSouth form), Surety Bond (BellSouth form), or, in BellSouth's sole

discretion, some other form of security proposed by Customer. If the amount of security is provided in cash, interest on said cash security shall accrue and be paid in accordance with the terms in the appropriate BellSouth tariff. If Customer fails to comply with the requirements of this Section 1.1.7.9.2, BellSouth will provide Customer with three (3) business days notice of default of this Section 1.1.7.9.2. If Customer fails to cure said default within the three (3) business days notice period, BellSouth shall have the right to begin immediate termination of services provided under this Agreement without regard to any other provision contained within this Agreement.

1.1.7.10 Once a deposit is provided to BellSouth by Customer under any criterion, if, after twelve (12) months, Customer meets the criterion specified in above Section 1.1.7.6, the deposit and all interest will be applied to Customer's account. If at any time subsequent to the return of a deposit, Customer evinces a poor payment history or fails to satisfy the conditions set forth in this deposit policy, BellSouth may require a security deposit.

1.1.7.11 In the event BellSouth demands a deposit from Customer and Customer can show that BellSouth's demand is contrary to the terms and intent of this Section 1.1.7, Customer reserves its right to seek Commission review of BellSouth's deposit demand.

7. The Parties hereby agree to delete Section 1.8.1 of Attachment 6 in its entirety and replace as follows:

1.8.1 BellSouth and ITC^DeltaCom will issue all bills in accordance with the terms and conditions set forth in this Section. BellSouth and ITC^DeltaCom will establish monthly billing dates ("Bill Date") for each Billing Account Number ("BAN"). Each BAN shall remain constant from month to month, unless changed as agreed to by the Parties. Each Party shall provide the other Party at least thirty (30) calendar days written notice prior to changing, adding or deleting a BAN. The Parties will provide one billing invoice associated with each BAN. Each invoice must contain an invoice number (which will vary from month to month). The bill date is the only varying invoice number available on the Resale bill. On each bill associated with a BAN, the appropriate invoice number and the charges contained on such invoice must be reflected.

8. The Parties hereby agree to delete Section 1.8.4 of Attachment 6 and replace as follows:

1.8.4 When sending bills via electronic transmission, to avoid transmission failures or the receipt of billing information that cannot be processed,

the Parties shall provide each other with their respective process specifications. Each Party shall comply with the mutually acceptable billing processing specifications of the other. ITC^DeltaCom and BellSouth shall provide each other reasonable notice if a billing transmission is received that does not meet such Party's specifications or that such Party cannot process. Such transmission shall be corrected and resubmitted to the other Party, at the resubmitting Party's sole expense, in a form that can be processed.

9. The Parties agree to delete Section 24.5.1, Referenced Documents in General Terms and Conditions and replace as follows:

24.5.1 Except as otherwise set forth in Attachment 3, Section 2 concerning the Jurisdictional Factor Guide, the Parties acknowledge that certain provisions of this Agreement incorporate by reference various BellSouth document and industry publications (collectively referred to herein as the "Provisions"), and that such Provisions may change from time to time. The Parties agree that: 1) If the change or alteration was made as a result of the Change Control Process (CCP), a revision to ANSI or Telcordia guidelines or OBF guidelines or if ITC^DeltaCom agrees in writing to such change or alteration, any such change or alteration shall become effective with respect to ITC^Deltacom pursuant to the terms of the notice to ITC^DeltaCom via the applicable Internet website posting; 2) Any other changes that (a) alters, amends or conflicts with any term of this Agreement, (b) changes any charge or rate, or the application of any charge or rate, specified in this Agreement, will be implemented through amendment of this Agreement; and 3) all other changes that would require ITC^DeltaCom to incur more than minimal expense will not become effective as to ITC^DeltaCom provided ITC^DeltaCom has submitted to BellSouth notice within thirty (30) days of receipt/posting of BellSouth's notice of such change. For purposes of item (3) above, costs associated with disseminating notice of the change or providing training regarding the change to employees shall not be deemed "more than minimal." In the event the Parties disagree as to whether any alteration or amendment described in this Section is effective as to ITC^DeltaCom pursuant to the requirements of this Section, either Party may file a complaint with the Commission pursuant to the dispute resolution provisions of this Agreement, and until a Commission issues its order regarding the dispute, the change shall not take effect.

10. All of the other provisions of the Agreement, dated December 5, 2003, shall remain in full force and effect.

11. Either or both of the Parties are 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 have executed this Agreement the day and year written below.

BellSouth Telecommunications, Inc.

By: 

Name: Kristen E. Rowe

Title: Director

Date: 07-07-04

ITC^DeltaCom Communications, Inc.
d/b/a ITC^DeltaCom and d/b/a Grapevine

By: 

Name: JERRY WATTS

Title: VICE PRESIDENT

Date: 7-1-04

[illegible]