

SAGE TELECOM, INC.
NEVADA TERMS AND CONDITIONS OF SERVICE

The Terms and Conditions of Service set forth the service offerings, rates, terms, and conditions applicable to the furnishing of end-user intrastate interexchange, intraLATA and local exchange communications services by Sage Telecom, Inc., hereinafter referred to as “Sage,” “Sage Telecom” or “the Company,” to Customers within the state of Nevada. Sage is a Texas company which is located at 805 Central Expressway South, Suite 100, Allen, TX 75013-2789. Sage’s services are furnished at Sage’s discretion on a non-discriminatory basis subject to the availability of facilities and subject to the terms and conditions set forth herein. Not all services and features will be available at all times in all areas. These Terms and Conditions of Service apply to residential and business customers. These Terms and Conditions of Service, which may be modified from time to time without advanced notice, may be found at www.sagetelecom.net. Where any differences exist between these Terms and Conditions of Service and those posted on Sage’s website, those reflected on Sage’s website shall supersede. Definitions for terms used in these Terms and Conditions of Service are the same as those reflected within Sage’s Texas affiliate’s Texas and IXC Tariff which is also available at www.sagetelecom.net. Sage’s local calling areas are the same as those reflected within the AT&T Nevada Guidebook and/or AT&T Telephone Directories, as updated from time to time, and are subject to change pursuant to the rules of the Nevada Public Utilities Commission. All promotional offerings of the Company are subject to these Terms and Conditions of Service and their availability may be modified or withdrawn at any time without notice, subject to the rules of the Nevada Public Utilities Commission and the Federal Communications Commission (“FCC”).

Undertaking of Sage

Sage undertakes to provide intrastate interexchange, intraLATA and local exchange communications services within the State of Nevada on the terms and conditions and at the rates and charges specified herein. The Company’s intrastate interexchange and intraLATA communications services are only provided to customers subscribed to the Company’s local exchange services. Sage installs, operates and maintains the communication Services provided hereunder in accordance with the terms and conditions set forth under the Terms and Conditions of Service. Sage 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 Sage network. The Customer shall be responsible for all charges due for such service arrangements. Sage’s Services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

Use of Service

Services provided under the Terms and Conditions of Service may be used only for the transmission of communications in a manner consistent with the terms of these Terms and Conditions of Service and the regulations of the Nevada Public Utilities Commission, and the regulations of the FCC. Services provided under the Terms and Conditions of Service shall not be used for unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used in violation of the law. The use of any Sage provided service signifies acceptance of these Terms and Conditions of Service.

Limitations

Service is offered subject to the availability of the necessary facilities and/or equipment, and subject to the provisions of these Terms and Conditions of Service. The obligation of Sage to provide Service is dependent upon its ability to procure, construct, and maintain facilities that are required to meet the Customer’s order for Service. Sage will make reasonable efforts to secure the necessary facilities. The furnishing of service under the Terms and Conditions of Service is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company’s facilities, as well as the facilities the Company may obtain from other carriers, from time to time, to furnish service as required, all at the sole discretion of the Company.

Sage reserve the right to limit or to allocate the use of existing facilities or to additional facilities offered by Sage, when necessary because of lack of facilities, relevant resources, or due to causes beyond Sage’s control. In addition, Sage reserves the right to discontinue Service when the Customer is using the Service in violation of law or the provisions of the Terms and Conditions of Service.

Sage does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission nor for failure to establish connections.

Sage reserves the right to refuse service to Customers due to insufficient or invalid charging information.

Sage may block calls that are made to certain cities or central office exchanges, or use certain Authorization Codes as Sage, in its sole discretion, deems reasonably necessary to prevent unlawful or fraudulent use of Service.

Sage will use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. Sage may substitute, change, or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer. Sage shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, Sage will give the Customers who may be affected reasonable notice thereof as circumstances will permit, and will prosecute the work with reasonable diligence, and if practicable at time that will cause the least inconvenience. When Sage is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of Customer's service.

Sage may refuse, suspend, limit, or cancel the customer's ability to receive inbound collect calls immediately and without prior notice in the event that usage of collect calling and/or third party number calls is suspected to be fraudulent or beyond the customer's ability to pay. The customer's ability to receive or complete such calls shall be reinstated shall be reinstated upon receipt of payment for all current charges.

Sage may refuse, suspend, limit, or cancel a customer's service, without prior notice, in the event that the usage or acts of the customer are such to indicate intention to defraud the Company. This includes fraudulently placing and receiving calls and/or providing false credit information, or misrepresentation of the customer's identity for the purpose of obtaining local exchange service.

Abuse or fraudulent use includes, but is not limited to situations described below in these Terms and Conditions of Service:

- the use of service or facilities of the Company for a call or calls anonymous or otherwise, if in a manner reasonably to be expected to frighten, abuse, torment or harass employees of the Company and/or others;
- the use of profane or obscene language;
- the impersonation of another with fraudulent intent;
- the use of the service in such a manner as to interfere with the service of others or to prevent others from making or receiving calls over their telephone service;
- the use of the service for any purpose other than as a means of communication;
- the use of service or facilities of the Company to transmit a message or to locate a person or otherwise to give or obtain information, without the payment of the applicable local message charge or message toll charge; and
- the obtaining, or attempting to obtain, or assisting another to obtain or attempt to obtain, local or message toll telephone service, by rearranging, tampering with, or making connection with any facilities of the Company, or by any trick, scheme, false representation, or false credit device, or by or through any other fraudulent means or device whatsoever, with intent to avoid the payment, in whole or part, of the regular charge for such service charge for such service;
- any use of service or known plans to use the service in a manner contrary to the security of the United States of America or contrary to the safety or security of its citizens.

Service may be disconnected during normal business hours on or after the date specified in the notice of disconnection. Except for instances involving harm to the network, safety or security of others, or matters involving National Security, or as directed by Law Enforcement, service shall not be disconnected on a day when the offices of the Company are not available to facilitate reconnection of service or on a day immediately preceding such a day.

The Company may refuse to provide service at an address where service has been discontinued for non-payment of bills for any service subject to the Terms and Conditions of Service if it is determined that the nonpayment customer or real users of the Service still reside at the address.

The Company reserves the right to discontinue service, limit service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by the Company in its reasonable judgment.

Pursuant to a wholesale supplier's contractual provision, Sage will limit up to ten lines per service location.

Liabilities of Sage

Sage's liability for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in the installation, provision, termination, maintenance, repair, or restoration occurring in the course of furnishing service, channels, or other facilities, and not caused by the negligence of the subscribers, commences upon activation of service. In no event does Sage's liability exceed an amount equivalent to the amount paid by the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors or defects occur. For the purposes of computing such amount, a month is considered to have thirty (30) days. Credit will be calculated pursuant to the Terms and Conditions of Service.

When the facilities of other carriers are used in establishing connections to points not reached by Sage's facilities, Sage is not liable for any act or omission of the other carrier(s). The Customer will indemnify and save harmless Sage from any third-party claims for such damages referred to in the Terms and Conditions of Service.

In no event will Sage be responsible for consequential damages or lost profits suffered by a Customer as a result of interrupted or unsatisfactory service. Sage will not be liable for claims or damages resulting from or caused by: (i) Customer's fault, negligence or failure to perform Customer's responsibilities; (ii) claims against Customer by another party; (iii) any act or omission of any other party; or (iv) equipment or service furnished by a third party.

Sage does not guarantee or make any warranty with respect to any equipment provided by it or leased on the Customer's behalf where such equipment is used in locations containing an atmosphere which is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer shall indemnify and hold Sage harmless from any and all loss, claims, demands, suits or other actions, or any liabilities whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of such equipment so used.

Sage is not liable for any defacement of or damage to, the premises of a Customer resulting from the furnishing of services or the attachment of equipment, instruments, apparatus, and associated wiring furnished by Sage on such Customer's premises or by the installation or removal thereof, when such defacement or damage is not the result of Sage negligence. No agents or employees of other participating carriers shall be deemed to be agents or employees of Sage without written authorization. The Customer will indemnify and save harmless Sage from any claims of the owner of the Customer's premises or other third party claims for such damages.

Sage and Customer shall be excused from performance under the Terms and Conditions of Service and under the application for service for any period, and to the extent that the party is prevented from performing any service pursuant hereto, in whole or in part, as a result of delays caused by the other party or an Act of God, governmental agency, war, civil disturbance, court order, lockouts or work stoppages or other labor difficulties, third party nonperformance (including the failure of performance for reasons beyond the control of common carriers, interexchange carriers, local exchange carriers, suppliers and subcontractors), or other cause beyond its reasonable control, including failures or fluctuations in electrical equipment, and such nonperformance shall not be deemed a violation of the Terms and Conditions of Service or of the application for service or grounds for termination of service. Both parties retain all rights of recourse against any third parties for any failures which may create a force majeure condition for the other party.

Sage is not liable for any damages, including toll usage charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. This unauthorized use of the Customer's facilities includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through Customer-provided equipment that are transmitted or carried on the Sage network.

Where there is a connection via Customer-provided terminal equipment or Customer-provided communications systems, the point of demarcation shall be defined as the Sage facility that provides interconnection. Sage shall not be held liable for Customer-provided access media or equipment. Any maintenance service or equipment arrangements shall be addressed on an individual case basis.

Sage will not be responsible if any changes in its service cause hardware or software not provided by Sage to become obsolete, require modification or alternation, or otherwise affect the performance of such hardware or software.

The Company shall use reasonable efforts to make services available by the estimated service date. The Company shall not be liable for any damages whatsoever resulting from delays in meeting the estimated service date due to delays resulting from normal installation procedures. Such delays shall include, but not be limited to delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals, delays in actual construction work being done by our vendor(s), and any delays due to any LEC where the Company is relying solely upon such LEC to meet such estimated due date which is beyond the Company's control.

With respect to the services, materials and equipment provided hereunder, Sage makes no promises, agreements, understandings, representations or warranties, expressed or implied, and hereby expressly disclaims all warranties, expressed or implied, not stated in these Terms and Conditions of Service, and in particular disclaims all warranties of merchantability and fitness for a particular purpose.

Responsibilities of the Customer

The Customer must initiate a service order pursuant to the Terms and Conditions of Service. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by Sage, except upon the written consent of Sage. The equipment Sage provides or installs at the Customer premises for use in connection with the service Sage offers shall not be used for any purpose other than for which it was provided. The Customer shall ensure that the equipment and/or system is properly interfaced with Sage's facilities or service. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, Sage will permit such equipment to be connected with its channels without the use of protective interface devices.

The Customer shall be responsible for securing its telephone equipment against being used to place fraudulent calls using Sage's service. The Customer shall be responsible for payment of all applicable charges for services provided by Sage and charged to the Customer's accounts, even where those calls are originated by fraudulent means either from Customer's premises or from remote locations.

Sage shall be indemnified and held harmless by the Customer against claims of liable, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over Sage's service, against claims for infringement of patents arising from, combining with, or using in connection with, service, Sage's apparatus and systems of the Customer; against all other claims arising out of any act or omission of the member in connection with Sage's service. The Customer shall be liable for:

- Loss due to theft, fire, flood, or other destruction of Sage's equipment or facilities on Customer's premises.
- Reimbursing Sage for damages to facilities or equipment caused by the negligence or willful acts of the Customer's officers, employees, agents or contractors.
- Charges incurred with interconnect or local operating companies for service or service calls made to the Customer's premises or on the Customer's leased or owned telephonic equipment unless Sage specifically authorizes said visit or repairs in advance of the occurrence and Sage agrees in advance to accept the liability for said repairs or visit.
- Payment for all Sage service charges incurred through usage or direct action on the part of the Customer.

The Customer may be required to verify in writing that it is duly authorized to order service at all locations designated by the Customer for service, and assumes financial responsibility for all locations designated by the Customer to receive Sage's services. If the verification (i.e., a letter of authorization) cannot be produced within five (5) calendar days of the request, the presubscription of the Customer's locations are considered unauthorized.

The Customer shall not use the Sage name, logo or trademark in any promotional materials, contracts, Tariffs, service bills, etc., without expressed written authorization from Sage. The Customer shall not use the Sage name, logo or trademark in any pre-sale activities. The Customer is prohibited from using Sage's name or trademark on any of the Customer's products or services. Customer may not assign or transfer any of its rights or services ordered without the prior written consent of Sage. Sage may assign any service orders to its parent company or any affiliate.

Application for Service

Applicants wishing to obtain service must initiate a service order which may include the Customer's authorization for Sage to instruct other carriers and vendors and the appropriate LEC to provide certain services on the Customer's behalf. Sage will obtain the proper authorization from the Customer where necessary, pursuant to Commission regulations.

An Application for Service may be changed by Customer upon written notice to Sage, subject to acceptance and confirmation by Sage, provided that a charge shall apply to any change when the request is received by Sage after notification by Sage of the acceptance and confirmation. Such charge shall be the sum of the charges and costs for access facilities and other services and features and the lesser of (i) the monthly recurring rate for each service component that has been canceled as a result of the change times the appropriate minimum service period, plus the applicable installation or non-recurring charges, and (ii) the costs incurred by Sage in accommodating each change, less net salvage. The costs incurred by Sage will include the direct and indirect cost of facilities specifically provided or used, the costs of installation, including design preparation, engineering, supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

Where the Customer or applicant cancels an Application for Service prior to the start of installation of service, lease of network elements, or prior to the start of special construction, no charge applies. Where installation of service has been started prior to the cancellation, a cancellation charge equal to the costs incurred by Sage shall apply, but in no case shall such charge exceed the charge for the minimum period of the service ordered, including applicable installation charges, if any. The costs incurred by Sage will include the direct and indirect costs of facilities specifically leased, provided or used; the cost of installation, including design preparation, engineering, supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

Credit Requirement

Sage may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the end-user from complying with Sage's policy regarding the prompt payment of bills. Any applicant who previously has been an end-user of Sage and whose service has been discontinued for nonpayment of bills shall be required, before service is rendered, to pay all amounts due Sage.

Deposits and Interest

In cases where Sage requires a deposit, the deposit shall not exceed an amount equal to twice the average estimated monthly bill for service, including toll service. An existing customer may be required to post a deposit as a condition of continued service if undisputed charges have become delinquent. In this context "delinquent" describes a payment not received on or before the due date as posted on the bill, in two (2) out of the last twelve (12) billing periods or if the customer has had service disconnected during the last twelve (12) months or has presented a check to Sage that was subsequently dishonored.

Interest on cash deposits, if any, shall be paid by Sage at no less than the rate calculated pursuant to Commission rules. Sage shall provide payment of accrued interest for all end-users annually by negotiable instrument or by credit to the end-user's account. The amount of the deposit, with accrued interest, if any, shall be applied to any unpaid charges at the time of a discontinuance of services. The balance if any shall be returned to the end-user within thirty (30) days after settlement of the consumer's account by mailing it to the end-user's last known address.

The deposit made by the end-user with Sage at the time of application for telephone service shall not constitute an advance payment to cover service bills, but for all purposes it is to be considered as security for payment of monthly bills or other proper charges.

Advance Payments

At the time an application for service is made, an applicant may be required to pay an advance payment amount equal to one month's service charges and/or the service connection and/or equipment charges plus applicable taxes, fees, and surcharges as well as nonrecurring charges for any required special construction. Sage will not accept Advance Payments made in funds other than credit card, Moneygram, or Western Union Quick Collect. The amount of the first month's service is credited to the Customer's account on the first bill rendered. An advance payment may be required in addition to a deposit.

Payment of Charges

The Customer is responsible for the payment of all charges for facilities and services furnished by Sage to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons. For billing of monthly charges, service is considered to be established upon the day in which Sage notifies the Customer of installation and testing of the Customer's services. Except where otherwise specified, usage charges will be billed monthly in arrears. Customer will be billed for all usage accrued beginning immediately upon access to the service. Customers will be billed for usage occurring during their specific 30-day billing cycle, which for purposes of computing charges shall be considered a month. The rates charged to a Customer will be the rates in effect on the first day of the Customer's billing cycle.

Monthly charges for all access service components, provided hereunder, are billed in advance of service and reflect the rates in effect as of the date of the invoice. A Customer's first invoice may contain charges from previous periods for service provided from the date of installation through the current invoice period. Invoices are available electronically and in paper form at the Customer's discretion. The Paper Invoice Fee of \$0.99 per month shall be waived for any Customer who elects Sage's Green Electronic Billing Option and forgoes receipt of paper bills.

Bills are due and payable as specified on the bill. Bills may be paid by mail to: Sage Telecom, P.O. Box 79051, Phoenix, AZ 85062-9051, on line at www.sagetelecom.net/account.html, or by calling the Sage Interactive Voice Response Payment Number at 866-729-7243, or by phone at 1-888-449-4940, or at a Moneygram or Western Union Quick Collect agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by check, money order, cashier's check, or certain major credit cards, Discover, VISA, and MasterCard. Customer may also establish a recurring credit card or electronic payment which will automatically apply the total monthly bill amount to their account 3-4 days prior to the due date. Customer payments are considered timely when received by Sage or its agent not more than 3 days after the due date on the bill. Amounts not paid within eighteen (18) days after the mail date of the invoice will be considered past due. If Sage becomes concerned at any time about the ability of a customer to pay its bills, Sage may require that the customer pay its bills and make such payments in cash or the equivalent of cash.

If any portion of the payment is not received by Sage by the due date, or if any portion of the payment is received by Sage in funds that are not immediately available, then a late payment penalty may be assessed. Charges left unpaid after the bill due date will be subject to a late payment charge. A charge of \$6.00 will be applicable on all residence and business bill for charges greater than \$10.00 left unpaid after the bill due date or if any portion of the payment is received by Sage in funds that are not immediately available. The charge shall only apply on undisputed amounts or if the dispute is resolved in favor of the Company.

Any disputed charge may be brought to Sage's attention by verbal or written notification. In the case of a billing dispute between the Customer and Sage that cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, or the service may be subject to disconnection. The Customer may request an in-depth investigation into the disputed amount and a review by a Sage manager. During the period that the disputed amount is under investigation, Sage shall not pursue any collection procedures or assess late fees with regard to the disputed amount. The Customer shall be required to pay the undisputed part of the bill, and if not paid, Sage may discontinue service. In the event the dispute is not resolved, Sage shall inform the customer that the customer has the option to pursue the matter with the Public Utility Commission.

The Customer is responsible to pay Sage for all toll calls or other third party charges resulting from the origination of calls to points outside the local exchange and for charges or calls billed to the Customer's number.

Sage may assess up to a twenty-five (\$25) charge for each returned check or credit card chargeback. The Company may refuse to honor any Customer's personal check, draft, or other instrument if, in the preceding twelve (12) months, the Customer had twice submitted payments through the use of personal checks, drafts, or other instruments that were subsequently dishonored. Exceptions shall be made when the payment(s) had been dishonored due to bank error.

If service is suspended/disconnected by Sage in accordance with the provisions of the Terms and Conditions of Service and later restored, restoration of service will be subject to all applicable installation charges. In addition to the installation charges, the customer will be required to pay all charges due, including the charges for the period of denial. For nonusage sensitive charges, Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates.

When circumstances prevent customers from paying their invoices in full, Sage may make special accommodations to assist customers by setting up a regular payment plan. Payment plans are only set up at the request of the customer. Payment plans are intended to function as a short-term solution and will be reviewed and approved on an individual case basis.

All payments received by Sage will first be allocated to local exchange telephone service. For purposes of this allocation, local exchange telephone service shall be flat rate, single party residential and business local exchange telephone service, including primary directory listings; tone dialing service; access to operator services; access to directory assistance services; access to 911 service where provided by a local authority; dual party relay service; the ability to report service problems seven days a week; availability of an annual local directory, and access to toll services.

If a Customer chooses to place Information Services Provider (ISP) calls or receives calls via a non-Sage affiliated carrier, customer will be liable for all charges related to such calls; including without limitation, charges billed to the Company or Customer by ISP or other carriers, plus an applicable 10% rebilling charge.

Customer calls made with free minutes will be marked as FREE in the long distance portion of your Sage bill. Calls where free minutes are used for some portion of the call will be marked with a symbol based on the type of free minutes used. Unused free minutes during a billing period are lost. The free minutes do not apply to calling cards, operator assisted calls, and calls made to Directory Assistance.

Interruption of Service

Credit allowance for the interruption of service that is not due to Sage's testing or adjusting, negligence of the Customer or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth herein. It shall be the obligation of the Customer to notify Sage immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer or end-user shall ascertain that the trouble is not being caused by any action or omission by the Customer within his or her control, or is not in wiring or equipment, if any, furnished by the Customer and connected to Sage's facilities.

Cancellation, Suspension and Termination of Service

Where the customer or applicant cancels an Application for Service prior to the start of installation of service, lease of network elements, or prior to the start of special construction, no charge applies. Where installation of service has been started prior to the cancellation, a cancellation charge equal to the costs incurred by Sage shall apply. The costs incurred by Sage will include the direct and indirect costs of facilities specifically leased, provided or used; the cost of installation, including design preparation, engineering. Supply expense, labor and supervision, general and administrative, and any other costs resulting from the preparation, installation and removal effort.

By giving advance written notice, Customer may disconnect service at any time following its minimum service requirement(s). Sage will have up to 30 days to complete the disconnect. Customer will be responsible for all charges for 30 days or until disconnect is effected, whichever is sooner. This 30 day period will begin upon receipt of the written notification from the Customer. However, in the event that Customer continues to utilize Sage's services beyond the date upon which the services are to be disconnected, the Customer will be liable for the usage charges incurred. For nonusage sensitive charges, Customer will be liable for the entire monthly recurring charge during the month Customer's service terminates. If the Customer disconnects service prior to the end of a term plan, the termination liabilities associated with the term plan will apply.

If a customer purchases Sage's bundled offering and subsequently disconnects Sage's local service and purchases local service from a different carrier, the customer can contact Sage to obtain the proper PIC code for the third-party provider of long-distance services.

A customer may, at any time designate in writing a third person to receive notice of any pending termination of the service of the customer. A person so designated is not, because of that designation liable for any obligation of the customer. Customers who provide notice to the company that they are elderly or handicapped shall be notified of this provision.

Unless extraordinary circumstances exists, if the local service of a customer is being terminated, Sage shall postpone the termination for 30 days after it receives both of the following: a) A statement from a licensed physician or public health official certifying that the termination would be especially dangerous to the health of the customer or other person who is a

permanent resident of the premises affected. (1) The address where service is provided; (2) The name of the person whose health would be especially endangered; (3) A clear description of the nature of the emergency; and (4) The name, title, and signature of the physician or official making the statement. The statement may be made by telephone if a written statement is sent for confirmation to Sage within 5 days after the oral statement is made. b) A statement signed by the customer that he is presently unable to pay the bill or installment. Before the period of postponement expires, the customer must arrange with the utility to pay the bill or installment. The postponement may be extended once for an additional 30 days if the utility receives a renewed medical certificate before the expiration of the original period of postponement.

If there is an agreement for payment in installments the service may be terminated for failure to pay any part of the deposit or connection fee as agreed and in such case, the customer may be required to pay the full amount of the deposit and connection fee, plus any other money owed the company before service is restored.

Cancellation for Cause

Sage, by giving prior written notice to the Customer or applicant, may cancel the application for or discontinue service without incurring any liability for any of the following reasons:

- For non-residential customers, nonpayment of any charges due to Sage for service for more than 18 days beyond the mail date of the bill for such service, but not less than 10 days after a notice of Suspension of service has been issued. In the event Sage terminates service for nonpayment, the Customer may be liable for all reasonable costs of collection including reasonable court costs, expenses and fees; or
- For non-residential customers, nonpayment of any charges due to Sage for service for more than 18 days beyond the mail date of the bill, but not less than 10 days after a notice of suspension of service has been issued on any Sage account regardless of whether the application or service being canceled is related or unrelated to the account or service for which the sum is past due; or
- For residential customers, nonpayment of local exchange telephone service as defined in the Terms and Conditions of Service due to Sage for service more than 18 days beyond the mail date of the bill for such service, but not less than 10 days after a notice of suspension of service has been issued. Service may be terminated for nonpayment of the local exchange telephone service, or any costs arising therefrom based on the listing of services in the Terms and Conditions of Service. If the customer subscribes to a package of bundled services that includes some amount of toll minutes, and the customer does not pay the bill in full, Sage reserves the right to remove the toll services from the packaged bundle and institute toll blocking. If the customer then does not pay for toll services incurred after toll blocking is instituted, full service may be disconnected. If a customer incurs fees associated with operator service use or directory assistance use and does not make full payment for those services, service may be terminated for nonpayment. In the event Sage terminates service for nonpayment, the Customer may be liable for all reasonable costs of collection including reasonable court costs, expenses and fees; or
- For residential customers, nonpayment of local exchange telephone service due to Sage for service for more than 18 days beyond the mail date of the bill, but not less than 10 days after a notice of suspension of service has been issued on any Sage account regardless of whether the application or service being canceled is related or unrelated to the account or service for which the sum is past due; or
- A violation of or a failure to comply with, any regulation of the Terms and Conditions of Service. The discontinuance of service(s) by Sage pursuant to this section does not relieve the Customer of any obligation to pay Sage for charges due and owing for service(s) furnished up to the time of discontinuance; or
- Sage confirms that both a phone number and mailing address are no longer valid for the Customer; or
- Sage is prohibited from furnishing service by order of a court or other government authority having jurisdiction; or
- Avoidance of toll blocking by incurring long distance charges after toll blocking was implemented due to non-payment of long distance charges; or
- Failure to make deferred payment arrangements by the suspend/disconnect date; or
- The company reserves the right to discontinue service, limit service, or to impose requirements as necessary to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by the company in its reasonable judgment; or
- Failure of the customer to pay a delinquent bill or any installment due on such bill, including a bill for service received at a previous location, or if the customer receives service at more than one location, at any such location; or
- Failure of the customer to pay any required deposit or connection fee or any installment due on either; or
- Failure of the customer to pay toll charges appearing on the bill.

Sage, without giving prior written notice, may discontinue service without incurring any liability for:

- Tampering with Sage's equipment; or
- Evidence of theft of Sage service; or
- Acts by the customer that indicates intention to defraud Sage, Inc. in any manner; or
- Failure to make a security deposit; or
- If an unsafe or hazardous condition related to the service exists on the premises of the customer; or
- If the company determines, based upon the acts of the customer or the condition of his premises that the customer has defrauded, is defrauding, or intends to defraud the company. This includes fraudulently placing and receiving calls and/or providing false credit information, or misrepresentation of the customer's identity for the purpose of obtain local exchange service; or
- The use of service or facilities of the Company for a call or calls anonymous or otherwise, if in a manner reasonably to be expected to frighten, abuse, torment or harass employees of the Company and/or others; or
- The use of profane or obscene language; or
- The impersonation of another with fraudulent intent; or
- Use of telephone service in such manner as to interfere with reasonable service to other end-users; or
- Any use of service or known plans to use the service in a manner contrary to the security of the United States of America or contrary to the safety or security of its citizens; or
- Comply with the order of any court of competent jurisdiction or the Commission; or
- Probable cause, as determined by a magistrate, that there is probable cause to believe that the service is prohibited by law, or is used or to be used, directly or indirectly, to violate or assist in a violation of the law; or
- An event in the nature of force majeure or vis major occurs that requires the termination of the service; or
- A location at which the service is provided has been abandoned.
- Violation of or noncompliance with any provision of law, or of the terms and conditions of service of the Company; or
- Refusal to permit the Company reasonable access to its telecommunications facilities for recovery, maintenance, and inspection thereof; or
- Interconnection of a device, line, or channel to Company facilities or equipment contrary to the Company's terms and conditions of service on file with and approved by the Commission; or
- Use of telephone service in such manner as to interfere with reasonable service to other end-users; or

If service is terminated by Sage for any cause set forth above and the Customer has subscribed to service under a term plan, the Customer will be charged the termination liability associated with the term plan. Service may also be discontinued if the Customer fails to post the deposit required by the Terms and Conditions of Service. If service is disconnected for nonpayment, the Customer may restore service by full payment in cash or cash-like funds. There is a charge for restoration of service after disconnection; if, however, the equipment necessary for service has been removed, a complete activation fee will apply.

Restoration of Service

If service is disconnected for non payment, call your Sage representative at the number below. You may restore service with full payment by credit card, MoneyGram, or Western Union Quick Collect. There is a charge for restoration of service after disconnection; if, however, the equipment necessary for service has been removed, a complete installation fee will apply. For Residential service, please call 1-888-449-4940. For Business service, please call 1-877-619-3969. Payments made to an unauthorized payment agent may result in the untimely or improper crediting of the subscriber's account.

Your Repair Representative

For Residential service, please call 1-888-449-4940. For Business service, please call 1-877-619-3969.

Disputed Bills and Steps for Filing a Complaint

Customers may dispute a billed charge or service by contacting Sage to investigate the matter. Sage will review your dispute and report its determination to you. If you are not satisfied with Sage's response, you may contact the Nevada Public Utilities Commission, Consumer Complaint Resolution Division to file a complaint or to contest the suspension of service; Nevada Public Utilities Commission, Consumer Complaint Resolution Division, 1150 E. William Street, Carson City, Nevada 89701-3109, or call 1-775-684-6100 for the Reno extended area. In the Las Vegas area call 1-702-486-2600, for all other areas call 1-800-992-0900. If you file a complaint with the Division you may be required to pay any disputed amount

to Sage pending the resolution of the complaint unless Sage waives this requirement. If such payment is made, Sage will refund any money found by the Commission to have been charged improperly.

Service for Customers with a Disability

Customers with physical disabilities and those who care for such customers may identify themselves to Sage. In this way, special action can be taken to inform you of your rights, where necessary and appropriate to the particular situation. When required by the Commission, Sage will participate in telephone relay service for handicapped or hearing impaired customers, and will comply with all regulations and requirements relating thereto.

Notice and Communication

The Customer shall designate on the Application for Service an address to which Sage shall mail or deliver all notices and other communications, except that Sage may also designate a separate address to which Sage's bills for service shall be mailed. Sage shall designate on the Application for Service an address to which the Customer shall mail or deliver all notices and other communications, except that Sage may designate a separate address on each bill for service to which the Customer shall mail payment on that bill. All notices or other communications required to be given pursuant to the Terms and Conditions of Service shall be made in writing to Sage at 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789 or by calling (214) 495-4700. Notices and other communications of either party, and all bills mailed by Sage, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U. S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first. Sage or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

Taxes, Surcharges and Utility Fees

Customer is responsible for the payment of all federal, state and local taxes, surcharges, utility fees, or other similar fees (*i.e.*, gross receipts tax, sales tax, municipal utilities tax, 911 surcharges or fees) that may be levied by a governing body or bodies in conjunction with or as a result of the service furnished under the Terms and Conditions of Service. These charges will appear as separate line items on the Customer's bill and are not included in the rates contained in the Terms and Conditions of Service. There shall be added to the Customer's bill for service, an additional charge equal to the pro rata share of any occupation, franchise, business, license, excise privilege or other similar charge or tax, now or hereafter imposed upon the gross receipts or revenue of Sage by any municipal taxing body or municipal authority whether by statute, ordinance, law or otherwise, and whether presently due or to hereafter become due. The charge applicable to each Customer will appear as a separate line item on the Customer's regular monthly bill and shall be determined on a basis equal to the tax levied by each municipal taxing body or municipal authority.

Customer Billing Inquiries

Any customer who has a question regarding his/her telephone bill may contact Sage in writing at: Attn: Customer Relations, 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789, or toll free at 1-888-449-4940.

Public Switched Network Recovery Charge

The Public Switched Network Recovery Charge is a monthly recurring charge which is applied on a per customer access line basis. This fee is intended to recover costs to access the public switched network for local service.

Telecommunications Services

Telecommunications Services consist of the services offered pursuant to these Terms and Conditions of Service, either individually or in combination. Intrastate interexchange services are provided in conjunction with the Company's local exchange services. Each service is offered via Sage's facilities, conventional network elements purchased from other local exchange carriers, or via resale of facilities of other local exchange carriers for the transmission of one-way or two-way communications, unless otherwise noted. A connection to Sage's switching network enables the Customer to:

- receive calls from other stations on the public switched telephone network;
- access Sage's Local and intraLATA calling services as set forth in these Terms and Conditions of Service;
- access intrastate, interstate and international calling services provided by Sage and other certified common carriers;
- access toll-free telecommunications services such as 800 NPA;
- access 9-1-1 service for emergency calling; and
- access other operator and directory assistance services.

Local Exchange Service - Sage concurs with the applicable ILEC's exchanges for all customers. The Company provides Residential and Business Customers with the ability to originate calls from a Sage-provided access line to all other stations on the public switched telephone network bearing the designation of any central office exchanges included in the Customer's local calling area. Calls to destinations outside the local calling area but within the same state and LATA will be charged the intraLATA toll rates. IntraLATA services are available on a switched basis only. Following are types of orders for Local Exchange Service that Sage will accept:

Conversions

Sage will convert customers with active AT&T local telephone service on AT&T access lines ("local loops"). Subscribers of AT&T's Prepaid Local Telephone Service (PLTS) or Prepaid Home Service (PHS) do not qualify under this definition.

New Installations

Following are types of new line installations that Sage will perform:

- Additional new lines for Sage customers who have service or are in the process of converting existing service at that location to Sage.
- Physical move of lines and service for existing Sage customers to a new location.
- Installation of lines at locations that have never had local telephone service.
- New installations where the customer is not converting existing local telephone service.

Residential and Business Customers may choose from one of the Local Service Plans in these Terms and Conditions of Service and are assessed a flat monthly fee based on their local service plan(s) and originating exchange that entitles the customer to unlimited local voice usage.

Residential Services

Residential Services cannot be used to originate calls to other telephone companies' caller-paid information services (e.g., N.A. 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller-paid information services will be blocked by Sage, unless otherwise requested by the customer to be unblocked. Residential service offerings that include unlimited usage are limited to use for residential voice applications. This includes service offerings providing for unlimited local usage, unlimited intraLATA usage and/or unlimited interLATA usage. No commercial use of any form is permitted for such unlimited service offerings. Incidental calling for dial-up Internet access, for data and fax type applications and for other restricted uses reflected in these Terms and Conditions of Service is permitted up to a maximum of 1200 minutes within any consecutive thirty-day period; any such usage beyond this threshold shall be presumed to be non-residential in nature. If, at any time, the Company determines that the Customer's usage is non-residential or is not consistent with use for residential voice applications, the Company may immediately take actions to enforce adherence to the Terms and Conditions of Service and to the Company's Statement of Terms and Conditions of Service that are applicable to interLATA and international long distance. Such actions may include the transition to a higher tier within the customer's existing service plan and the application of the High Usage Charge as specified in the following.

The High Usage Charge is applicable to all Residential service plans whenever usage thresholds established in these Terms and Conditions of Service are exceeded, including plans that offer unlimited usage and plans that do not offer unlimited usage. The existence of the High Usage Charge shall be communicated to the customer in advance of its initial application, and shall thereafter apply automatically whenever the threshold is exceeded. Upon request, usage information will be provided pursuant to these Terms and Conditions of Service.

For residential service offerings that include unlimited usage, the Company will notify the Customer in writing when the previous month's usage exceeds that normally associated with residential voice applications. Such written notice will inform the Customer that a higher tier rate will apply if, after two additional months, the usage remains above usage thresholds established in the existing service plan. Customers whose excessive usage levels resulted in a higher rate will, upon request, qualify for the lower-tier rate(s) after three consecutive months of usage below usage thresholds established in the existing service plan. The High Usage Charge is a separate element and applies independently of any unlimited plan rate tier.

Business Services - Business Services provide the Customer with the general telecommunications services listed in the Terms and Conditions of Service with the following modifications, limitations and restrictions:

Business Services cannot be used to originate calls to other telephone companies' caller-paid information services (e.g., N.A. 900, NXX 976, etc.). Calls to those numbers and other numbers used for caller-paid information services will be blocked by Sage, unless otherwise requested by customer to be unblocked. Service is furnished only for use by the Business Customer, guests, employees and business associates.

Service is available whenever the use of the service is primarily or substantially of a business, professional institution or otherwise occupation nature, or where the listing required is such as to indicate business use. Business rates are applicable to: a) Offices, stores, factories, boarding houses, offices of hotels and apartment houses, colleges, public, private or parochial schools, hospitals, nursing homes, libraries, institutions, churches and all other establishments of a strictly business nature; b) Any location where a business is listed; 3) Service terminating solely on the answering service facilities of a telephone answering firm will carry business rates; 4) Residential locations where the Business customer has no regular business telephone service and the use of the service by the business customer, members of the household, or guests is of a business nature as may be indicated by advertising through newspapers, handbills, circulars, business cards, or otherwise.

Business service offerings that include unlimited usage are available to business customers with ten or fewer business lines. Unlimited long distance offers apply only to domestic direct-dialed live voice calls. Inbound calls using Sage Toll Free Service (8xx), operator assisted calls, calling card calls, information service calls and other similar calls are not included and incur additional charges. Certain applications, e.g., auto-dialing, broadcast FAX, modem to modem, long distance Internet or Intranet access, call center and certain switching applications are not permitted above incidental levels under unlimited service plans.

Sage-to-Sage Long Distance Calling

Residential Sage customers may place unlimited 1+, direct-dialed long distance calls to other residential Sage customers at no additional charge. The called party must have an active Sage telephone number at the time the call is placed. Sage-to-Sage Long Distance Calling minutes are not deducted from allotted long distance usage allowances in Sage bundled packages. Calls will be itemized on the customer's bill as Sage-to-Sage calls. No credits will be issued for unused long distance minutes. Sage-to-Sage Long Distance Calling is limited to use for residential voice applications. Customers must be subscribed to Sage's local, intraLATA toll and interLATA long-distance services. No commercial use of any form is permitted for this unlimited service offering. If, at any time, the Company determines that the Customer's usage is non-residential or is not consistent with use for residential voice applications, the Company may immediately take actions to enforce adherence to the Terms and Conditions of Service and to the Company's Statement of Terms and Conditions of Service that are applicable to interLATA and international long distance.

Intrastate Inter-Exchange Service

The Company provides intrastate inter-exchange services, including direct-dialed message telecommunications services and 800/888/877/866 service to residential and business customers who also subscribe to the Company's Local Exchange Telecommunications Services, as described in Sage's Terms and Conditions of Service. Intrastate inter-exchange services are only provided in conjunction with the Company's local exchange services, and no alternative arrangements will be made to provide these services to a customer that is not subscribed to the Company's local exchange service. Each service is offered via Sage's facilities, conventional network elements purchased from other local or inter-exchange carriers, or via resale of facilities of other local or inter-exchange carriers for the transmission of one-way or two-way communications, unless otherwise noted. Calls are rated based on the duration of the call. Services are available twenty-four (24) hours a day, seven (7) days a week.

Local Service Plans

Monthly Local Service Plan Charges - All rates are per line.

Super Savings Plan – Monthly Rate: \$18.99. Includes the following calling features at no additional charge: Call Waiting, Caller ID, Call Waiting ID and Toll Restriction. Toll Restriction, which will prevent all long distance and directory assistance calling except to toll-free numbers, is required on this plan.

Super Savings Plus Plan – Monthly Rate: \$19.99. Includes the following calling features at no additional charge: Call Waiting, Caller ID, and Call Waiting ID. Long Distance service is available on this plan at no additional monthly charge. The long distance per minute rate on this plan is \$0.15 per minute. This applies to direct dialed, 1+ long distance and direct dialed 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands.

Sage Simply Savings Essentials * - Monthly Rate: \$24.99

Sage Simply Savings Essentials includes Basic Local Exchange Service, Unlimited Local Voice Calling, Free Caller ID, and Free Call Waiting. Sage Simply Savings Essentials also includes a choice of one of the following Custom Calling Features at no additional cost: Wait & See, Three-way Calling, or Call Forwarding. Plus 90 Sage 1+ long distance minutes each month. This applies to direct dialed 1+ long distance and direct dialed 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands. Eligibility: This plan is available to residential customers only. Sage Simply Savings Essentials cannot be used for long distance access to the Internet, or for business purposes such as telemarketing or autodialing. Unlimited long distance only applies to the telephone line to which this plan is assigned.

Sage Simply Savings Preferred * - Monthly Rate: \$29.99

Sage Simply Savings Preferred includes Residential Basic Local Exchange Service, including Unlimited Local Voice Calling, Free Caller ID, and Free Home Wire Maintenance. Sage Simply Savings Preferred also includes a choice of any of the following Custom Calling Features - Free: Repeat Dialing, Call Waiting, Call Screen, Speed Calling 8, Call Forwarding, Three-Way Calling, Automatic Callback, Wait & See, and MultiRing. Additional services are available at discounted rates as follows: Basic Voice Mail - \$4.95, Enhanced Voice Mail - \$5.95, eSageLink Dial Up - \$12.95.

300 Sage 1+ long distance minutes each month. This applies to direct dialed 1+ long distance and direct dialed 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands.

Eligibility: This plan is available to residential customers only. Sage Simply Savings Preferred cannot be used for long distance access to the Internet, or for business purposes such as telemarketing or autodialing. Unlimited long distance only applies to the telephone line to which this plan is assigned.

Expanded area service where available, at additional cost. **

The rate for additional minutes is provided at a discounted \$0.04 rate per minute.

Sage Simply Savings Unlimited * - Monthly Rate: \$39.99

Sage Simply Savings Unlimited includes the following services: Basic Local Exchange Service, Unlimited Local Voice Calling, Free Caller ID, and Free Home Wire Maintenance. Sage Simply Savings Unlimited also includes the following Custom Calling Features - Free: Repeat Dialing, Call Waiting, Call Screen, Speed Calling 8, Call Forwarding, Three-Way Calling, Automatic Callback, Wait & See, and MultiRing. Additional services are available at discounted rates as follows: Basic Voice Mail - \$4.95, Enhanced Voice Mail - \$5.95, eSageLink Dial Up - \$9.95.

Unlimited Sage 1+ long distance minutes each month. This applies to direct dialed, 1+ long distance and direct dialed 1+ intraLATA toll calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands.

Eligibility: This plan is available to residential customers only. Sage Simply Savings Unlimited cannot be used for long distance access to the Internet, or for business purposes such as telemarketing or autodialing. Unlimited long distance only applies to the telephone line to which this plan is assigned.

Non-Recurring Service Charges

Service charges may apply to all residential and business customers who subscribe to any of Sage's local service plans or request a move and/or change of certain types of telecommunications services.

The Installation Charge is a per order, nonrecurring charge that applies as follows:

- Installation of local exchange service to a customer's premises for the first time.
- Installation of additional local exchange access lines to a customer's premises.
- A change in location of customer's equipment or service from one premise to another.
- A restoration of service due to disconnection from nonpayment of bill for telecommunications services.

An Order Processing Fee applies as follows, on a per order basis:

- A telephone number change made at the customer's request.
- A change of local service plan.
- The addition or deletion of any Custom Calling Feature, Caller ID Service, Multi-Line Hunting Service, or Toll Restriction Service listed below.
- A change of bill cycle dates made at the customer's request.
- The splitting of single accounts into multiple bills at the customer's request.
- A name change, at the customer's request, to the account name, Caller ID, or the directory listing.

A Copy of Call Records Fee applies when a customer requests a copy of these records for their own personal use. A Copy of Call Records is not a copy of the customer's invoice. Call Records include numbers called, duration of calls, and timing of such calls from incoming and outgoing of local, long distance, international, and operator service calls.

A Referral Message Fee applies to active Sage customers who request a referral message as a result of a customer initiated telephone number change.

A Reconnect Fee will be applied on a per line basis for service that is restored due to suspension from nonpayment of bill for telecommunications services.

A Duplicate Invoice Charge will be applied on a per invoice basis to a Customer who requests a copy of a bill that has already been issued to such Customer, unless the Customer informs the Company, within 15 days of the issuance of the bill, that the original bill was not received. If a Customer or the Customer's representative, thereafter, requests additional copies of bills, a charge will apply for each requested bill.

Operator Assisted Services (IntraLATA)

- Operator Handled Calling - Operator Handled Calling Service is provided to Customers and Users of Sage's local exchange service. In addition to charges that would otherwise apply pursuant to other sections of these Terms and Conditions of Service, each operator call will be assessed a charge(s) as set forth within.
- Person-to-Person - Calls completed with the assistance of a Sage operator to a particular person, station, department or PBX extension specified by the calling party.
- Station-to-Station - Operator assisted calls other than Person-to-Person, including intraLATA collect and third party billed calls. Collect calls to coin telephones and transfers of charges to third telephones that are coin telephones will not be accepted.
- Directory Assistance - A service provided to Customers and Users of Sage's local exchange service that allows them to obtain directory assistance by calling the Directory Assistance operator (1-411).
 - Directory Assistance charges apply for all requests for which Sage's facilities are used.
 - A maximum of two requested telephone numbers is permitted per Directory Assistance call. Requests for information other than telephone numbers will be charged the same rate as shown for the applicable request for telephone numbers.
 - Non-published telephone numbers are not available from Directory Assistance Service.
 - No credit will be given for requested numbers that are non-published, or for requested telephone numbers that are not found in the directory.
 - A credit will be given for calls to Directory Assistance when the Customer experiences poor transmission or is cut-off during the call;
 - To receive a credit, the Customer must notify Sage, through the Customer Service number, of the problem experienced.
- Directory Assistance Call Completion - Where available, provides customers the option of having their local or intraLATA calls automatically completed when they request a telephone listing from the Directory Assistance operator. The call may be completed automatically or by the Directory Assistance operator.
- Busy Line Verification and Line Interrupt Service - Upon request of a calling party, the Company will verify a busy condition on a called line.
 - The operator will determine if the line is clear or in use and report to the calling party.
 - The operator will interrupt the call on the called line only if the calling party indicates an emergency.
 - A charge will apply when:
 - The operator verifies that the line is busy.
 - The operator verifies that the line is available for incoming calls.
 - The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption
 - No charge will apply:
 - When the calling party advises that the call is to or from an official public emergency agency.
 - Under conditions other than those specified within, preceding.

Busy verification and interrupt service is furnished where and to the extent that facilities permit. The Customer shall identify and save Sage harmless against all claims that may arise from either party to the interrupted call or any person.

Telephone Directory Service - Sage, through its interconnection agreement AT&T, will provide telephone directory services to its customers. This includes listings in AT&T's White Pages directory and directory assistance database. Services indicated by an * may be subject to set-up charges for newly created listings. The following telephone directory services are offered:

- **Primary Listing** – Primary directory listing in both AT&T White Pages and Directory Assistance database. The listing is the actual name of the customer to whom the service is rendered, with the following exceptions:
 - For residential customers, the listing may be in the name of a member of the customer's family or household. A dual name listing may be provided for two (2) persons who share the same surname and reside at the same address (*i.e.*, John and Jane Doe), or for a person known by two first names.
 - For business customers, the listing may be in the name of the business or of a member, officer, employee, or representative of the business. The listing may also include the name of a division, branch or department.
 - In the case of a business line operating at a residence, a dual name listing may be provided as described in #1 above.
- **White Pages Directory(s)** - This service provides for the annual delivery of the White Pages directory. One (1) directory per residential household and one (1) directory per business line will be provided at no charge. Additional directories can be purchased at the request of the customer.
- **Non-Listed Service** - For customers who desire their telephone numbers to be omitted from AT&T's White Pages directory, but NOT the directory assistance database.
- **Non-Published Service** - For customers who desire their telephone number to be omitted from AT&T's White Pages directory, as well as the directory assistance database.
- **Regular Extra Listing*** - An additional listing tied to the same Listing number and address as the primary listing. For residential customers, the listing may be the names of members of the customer's family or of other persons residing in the customer's household. For business customers, additional listings may be requested for such things as names of partners or members of the firm, officers of a corporation, or the names of employees of the customer.
- **Extra Line Listing*** - Extra line material may be provided in the alphabetical directory when, in the opinion of Sage, it facilitates the use of telephone service. Ordinarily, an extra line will be provided only when a customer has more than one listed telephone. An extra line consists of five words or any fraction thereof. When a customer needs more than five words to properly direct calls, he may arrange for two or more extra lines. If the customer requests separate lines consisting of less than five words, the extra listing charge applies to each line. If two items of supplemental address information appear on the same line, two extra listing charges apply.
- **Alternate Listing*** – Listing of an alternate telephone number to be called in case no answer is received at the primary call number or indicating an alternate telephone number to be called during certain periods or under certain circumstances in preference to the primary call number is permitted for customers to all classes of service. A phrase necessary to direct the method of calling and giving the number to call may be provided as an alternate listing. Special types of alternate listings include: Access Service Listing, Additional Address Listing, and Night Number Listing.
- **Secretarial Listing*** - A customer engaged in furnishing service of a secretarial nature may contract for telephone secretarial listings for the benefit of patrons under the following conditions: (A) No physical facilities shall be provided for the use of such patrons or tenants, other than public telephone service; (B) The customer subscribing for the secretarial listings is not to permit the use of his telephone service by such patrons; (C) Secretarial listings will be accepted only upon written authorization to Sage from the patron to be listed.
- **Additional Listing for Rotary Number Group*** - Where a customer is served by two or more main lines in a series completion group arranged for a hunting operation, additional listings may be provided on any of the lines other than the first number in the group.
- **Foreign Listing*** - Used when a customer desires a listing in a directory published in an exchange other than the exchange serving the customer.
- **Residence Signature Listing** – Distinctive directory listings available to residential customers.

A directory listing is furnished per telephone number. When a customer requests the dependent numbers to be nonpublished or nonlisted, Sage will provide without charge. However, if the master number and all dependent numbers are nonpublished and/or nonlisted, the appropriate monthly rate is applicable to the master number.

Custom Calling Features

Service Offerings available to Customer's and End Users of Sage's local exchange service on local access lines only, subject to availability at Sage's discretion from the central office serving the customer.

Calling features are subject to availability of facilities and compatibility with central office equipment, access lines, and customer premises equipment.

Repeat Dialing, Call Screen, Call Return, Call Trace, Priority Call, Selective Call Forwarding and Caller ID are functional when both the call originating customer and the call terminating customer are served from central offices capable of sending and receiving the Calling Party Number (CPN) and are linked by appropriate facilities.

Services with call forwarding capabilities (including Call Forwarding, Call Forwarding-Busy Line, Call Forwarding-Don't Answer) cannot be used on a continual basis to expand the local calling scope beyond that available to a customer's premises.

Caller ID Service - Display of Calling Number and/or Name on customer provided equipment. Available to Customers and End Users of Sage's local exchange service on local access lines only. Service includes:

- **Calling Number Delivery** - Allows the transmission of Calling Party Number (CPN) to the subscriber's access lines. When a Calling Number Delivery equipped line is on-hook, CPN is transmitted across the line during the silent interval between the first and second ring.
- **Calling Name Delivery** - Enables the Caller ID subscriber to identify the calling party by a displayed name before the call is answered. The displayed name is the name associated with the CPN. When a Calling Name Delivery equipped line is on-hook, the Calling Party Name is transmitted across the line during the silent interval between the first and second ring.
- **Anonymous Call Rejection** - Allows customer to automatically reject all calls that have been marked anonymous by the calling party. When ACR is active, the called party receives no alerting (ringing) for a call that has been rejected. The call is routed to a denial announcement and subsequently terminated.
- **Calling Name and Number Screen** - Any Sage calling party may prevent the delivery of CPN and of Calling Party Name to the called party by dialing an access code (*67 on their touch-tone pad or 1167 from a rotary telephone) immediately prior to placing a call. The access code activated per call blocking is available at no charge. If a calling party activates screening, the CPN and Calling Party Name will not be transmitted across the line. Instead, the Caller ID subscriber will receive an anonymous indicator. This anonymous indicator notifies the Caller ID subscriber that the calling party chose to screen name and number delivery.

Per-line screening will be offered at no charge to a requesting customer if Sage receives from the customer written certification that the customer has a compelling need for per-line screening.

Caller ID subscribers must provide and connect their own compatible customer premises equipment (CPE) to process the Calling Number and/or Calling Name transmission. Subscribers will automatically be provided with both Calling Number and Calling Name delivery, subject to availability in the central office that is servicing the subscriber. If the combination of the two is not available, the subscriber will receive whatever is available, either Calling Number OR Calling Name. Caller ID features are subject to availability of facilities and compatibility with central office equipment (for both the calling and the called parties), access lines, and customer premises equipment. Caller ID information will not be displayed under the following conditions: (a) if the called party is off-hook; or (b) if the called party answers during the first ring interval.

Multi-Line Hunting Service

This service is used to establish hunting arrangements between two or more of a customer's local exchange service access lines, and is available to Business and Residential Customers.

Maintenance of Service

The Customer shall be responsible for the payment of all related charges for each service call which requires Sage to dispatch a technician or contractor or employee to the customer's premises where the service difficulty or trouble results from the use of terminal equipment, communications systems or premises cable and wire on the customer's side of the demarcation point.

- **Trouble Ticket Trip Fee** - Applies for each dispatch when a technician is dispatched and no trouble is found on the Company's side of the demarcation point. This charge also applies when a technician does not have access to the customer's premises to repair the problem during the prescheduled window or when the technician isolates the problem to the Customer-Provided-Equipment (CPE).

- Emergency Service Call Charge – Applies for each dispatch outside a normally scheduled work day where an off duty technician is called in to perform the work. If more than one technician is dispatched in conjunction with the same trouble report, the charge applies to each technician.
- NID Move Charge – Applies for each dispatch related to relocating the customer's Network Interface Device (NID). This charge is in addition to the Trouble Ticket Trip Fee, which will be determined based on the time of the dispatch.

Individual Case Basis (ICB) Arrangements

For special situations, rates for specialized services will be determined on an Individual Case Basis and specified by agreement between Sage and the Customer.

9-1-1 Telecommunication Service

- When requested by local government authorities, the Company will provide 9-1-1 Telecommunications Service (9-1-1 Service) for the purpose of voice reporting emergencies by the public.
- A Public Safety Answering Point (PSAP) is the answering point for a 9-1-1 call. A PSAP may be designated as Primary or Secondary, which refers to the order in which calls are directed for answering. Primary PSAP's answer first; Secondary PSAP's receive calls on a transfer basis only.
- Any person dialing 9-1-1 from a telephone that is usable for local exchange telephone network access and arranged to provide 9-1-1 Service will be automatically connected to the appropriate Public Safety Answering Point (PSAP) for that telephone.
- For the purposes of these Terms and Conditions of Service, a Responding Agency is an agency that is prepared to provide one or more specific emergency services via calls received from a PSAP.
- 9-1-1 Calls originated from Sage's Local Exchange Service access facilities shall be completed to the appropriate PSAP without a charge being assessed to the calling party by Sage.
- 9-1-1 Service may be classified as one of two types: Basic Service and Enhanced Service.
 - Basic 9-1-1 Service provides for routing all 9-1-1 calls originated by telephone having telephone numbers beginning with a given central office prefix code or codes to a single PSAP that is prepared to receive those calls. Basic 9-1-1 Service has certain inherent features and optional features that may or may not be available with Enhanced 9-1-1 Service.
 - Enhanced 9-1-1 Service provides certain features such as selective routing of 9-1-1 calls to a specific PSAP that is selected from the various PSAP serving Business Customers within that central office area. Enhanced 9-1-1 Service has certain other inherent and optional features that may or may not be available with Basic 9-1-1 Service.

Regulations (These regulations apply to both Basic and Enhanced Service, as appropriate.)

- This offering is limited to the provision and use of the digits 9-1-1 as the Universal Emergency Telephone Number (Code).
- 9-1-1 Service is one-way service only.
- Sage shall not incur any liability, direct or indirect, to any person who dials or attempts to dial, the digits 9-1-1 or to any other person who may be affected by the dialing of the digits 9-1-1. Sage's entire liability arising out of the provision of 9-1-1 Service under these Terms and Conditions of Service shall be limited as set forth in this Section and in the Rules.

Toll Restriction Service

Toll Restriction Service prohibits anyone from originating a direct dialed (1+0) or an operator assisted (0 or 0+) outgoing long distance call from a designated local exchange access line. Toll Restriction Service can be placed on any Sage local access line where the customer has subscribed to one of Sage's local Service plans. Toll Restriction Service is subject to availability in the central office service the Sage customer. The types of outbound long distance calls that are restricted are as follows: 1) Any direct dialed 1+ long distance call; 2) Any local or long distance 0 or 0+ call, even in the event of an emergency; 3) any Directory Assistance call for local or long distance numbers; 4) any call placed to an emergency telephone number if it is a long distance call. The customer indemnifies and save harmless Sage Telecom from any and all claims, losses and damages that may be caused by Toll Restriction fro any and all claims, losses and damages that may be caused by Toll Restriction Service.

Dual Service

Dual Service, as part of an outside/physical move of telephone service, provides Sage business customers the ability to have service at both the old and the new location at the same time. At the time a service order is placed to physically move telephone service, the customer may specify a period of time, not to exceed 30 days, that they want to receive Dual Service.

Dual Service can be provided as long as the customer's new location is served by the same Central Office, which is normally the case when the customer is able to keep their existing phone number(s). Dual service begins on the Service Order Completion (SOC) date of the new service, and extends for the number of days specified by the customer at the time of the order. The number of days specified by the customer at the time of the order cannot be changed. When Dual Service is disconnected after the specified period of time, there may be a slight outage. The outage, if there is one, should not be significant. The per line rate of \$25 is the same whether the service period is one day or 30 days. This is a non-recurring charge.

Free Sage 1+ Long Distance Minutes

Sage Local Service Plans that include a fixed number of free Sage 1+ long distance minutes will be governed by the Company's Terms and Conditions of Service. The per minute rate for all direct dialed, 1+ long distance or 1+ intraLATA toll calls is \$0.05 per minute unless otherwise noted and applies to calls made to points within the continental U.S., Alaska, Hawaii, Puerto Rico, and U.S. Virgin Islands and outside the customer's local (free) calling area. The duration of each call is rounded to the next full minute. Customer calls made with their free minutes will be marked as FREE in the long distance portion of their Sage bill. Calls where free minutes are used for some portion of the call will be marked with a symbol based on the type of free minutes used. Unused minutes in a billing period are lost. The free minutes do not apply to calling card calls, operator assisted calls, and calls made to Directory Assistance.

Customers earn a monthly credit against their 1+ long distance and 1+ intraLATA toll charges based on the Company's Terms and Conditions of Service. If the total dollar amount of usage is less than the maximum credit allowed, then the customer earns a credit only to their actual usage. The credit is offered on a per line basis for the purposes of calculating the monthly allowable credit. There is no carry forward of unused credits. The credit does not apply to calling card calls, operator assisted calls, and calls made to Directory Assistance.

Rates and Charges

Local Exchange Service - The following rates and charges are applicable to Residential and Business Customers.

Non-Recurring Service Charges - All rates are per service order, except as noted.

Service Charge Type	Residence	Business
Installation Charge: 1st line on order	\$33.50	\$50.00
Trip Charge	\$15.00	\$15.00
Copy of Call Records*: Per customer request	\$25.00	\$25.00
Order Processing Fee:	\$25.00	\$25.00
Telephone Number Change		
All Others	\$ 9.50	\$ 9.50
Referral Message Fee	\$10.00	\$10.00
Reconnect Fee	\$31.00	\$64.00
Duplicate Invoice Charge, per invoice	\$ 5.00	\$ 5.00

* This fee applies to requests from customers for a copy of call records.

Operator Assisted Service Rates

Operator Handled Calling

In addition to applicable usage charges, the following operator-assisted charges will apply:

Person-to-Person

Local is \$1.00 per call. IntraLATA is \$1.00 per call.

Station-to-Station

Local is \$3.00 per call. IntraLATA is \$2.00 per call.

The term "Local" is meant to mean a call placed to a point within the customer's local calling area as defined by the applicable local service plan.

Telephone Directory Service Rates (Per Month)

<u>Service Type</u>	<u>Rate</u>
Additional Directories	\$18.00
Non-Listed Service	
Primary Line	\$ 2.00
Additional Line	\$ 2.00
Non-Published Service	\$ 3.00
Regular Extra Listing	
Residential	\$ 2.00*
Business	\$ 3.00*
Extra Line Listings	
Residential	\$ 2.00*
Business	\$ 3.00*
Alternate Listings	
Residential	\$ 2.00*
Business	\$ 3.00*
Secretarial Listings	\$ 3.00*
Add'l Listings - Rotary No. Group	\$ 3.00*
Foreign Listings	
Residential	\$ 2.00*
Business	\$ 3.00*
Additional Address Listing	
Residential	\$ 2.00
Business	\$ 3.00
Night Number Listing	\$ 3.00
Residence Signature Listing	\$ 3.00

Directory Assistance Service

Directory Assistance	
Direct Dialed (1-411)	\$ 1.50 per call
Via Operator (1-411)	\$ 1.50 per call
InterLATA Directory Assistance call (1 + (Area Code) 555-1212)	\$1.99 per call

Busy Line Verification and Line Interrupt Service

Busy Line Verification	\$ 1.00 per request
Line Interrupt	\$ 2.00 per request

Telephone Directory Service Rates (Per Month)

* Set-up Charges for newly created listings apply as follows:

	<u>Rate</u>
Residential	\$10.00
Business	\$15.00

Custom Calling Features Rates (Monthly rates unless otherwise noted.)

Feature	Residential Rate	Business Rate
Anonymous Call Rejection	\$ 2.75	\$ 3.75
Repeat Dial	\$ 5.00	\$ 7.00

Feature	Residential Rate	Business Rate
Repeat Dial (per occurrence)	\$ 1.25	\$ 1.25
Call Screen	\$ 5.00	\$ 8.00
Call Forwarding	\$ 5.00	\$ 8.50
Call Return	\$ 5.00	\$ 5.00
Call Return (per occurrence)	\$ 1.25	\$ 1.25
Call Trace (per occurrence)	\$ 5.00	\$ 5.00
Call Waiting	\$ 4.00	\$ 8.00
Call Waiting ID Options	\$ 5.75	\$ 5.50
Call Waiting ID	\$ 4.00	\$ 3.38
Personalized Ring	\$ 5.75	\$ 6.00
Priority Call	\$ 4.00	\$ 4.75
Remote Access to Call Forwarding	\$ 2.75	\$ 3.75
Selective Call Forward	\$ 2.75	\$ 5.00
Speed Calling 8	\$ 4.75	\$ 6.50
Three-Way Calling	\$ 5.00	\$ 7.50
Three-Way Calling (per occurrence)	\$ 1.25	\$ 1.25

Caller ID Service - Monthly Rate - Residential: \$ 8.00; Business: \$13.50

Toll Restriction Service - Monthly Rate per Local Access Line: \$15.00

Dual Service - Monthly Rate per Local Access Line: \$25.00

Multi-Line Hunting Service Rate

Per local access line additive to monthly Local Exchange service plan rates: Residential \$ 5.75; Business \$10.75.

Maintenance of Service

Trouble Ticket Trip Fee* \$ 75.00

Emergency Service Call Charge \$300.00

NID Move \$100.00 plus Standard or Emergency Charge

*The Trouble Ticket Trip Fee applies when no trouble is found on the Company's side of the demarcation point, when a technician does not have access to the customer's premises to repair the problem, or when the technician isolates the problem to the Customer's Provided Equipment (CPE).

Public Switched Network Recovery Charge¹ \$1.33 per Month

¹Applicable to all Residential and Business service plans on a per line basis.

High Usage Charge \$0.0025 per MOU

All service plans are subject to the application of the High Usage Charge; per MOU in excess of 6,000 MOUs during any consecutive thirty-day period.

Switched Outbound (1+)

Switched Outbound (1+) service provides Sage customers with the ability to originate calls from a Sage provided access line to all other stations on the public switched telephone network bearing the designation of any central office exchanges outside the customer's local calling areas. This service is available on a switched basis only. This service is available to Local Exchange Telecommunications Service customers of Sage pursuant to Sage's Terms and Conditions of Service. For all customers who choose Sage as their intraLATA toll and interLATA long distance provider the Standard Rate per Minute is \$0.05 unless otherwise noted, the Discounted* Rate per Minute is \$0.04. The Super Savings Rate per Minute is \$0.15. The duration of each call is rounded up to the nearest minute.

*Discount is available on select plans as identified in Sage's Terms and Conditions of Service. For customers who do not choose Sage as their intraLATA toll and interLATA long distance provider the rate per minute is as follows:

- IntraLATA Toll Calls \$0.15 per minute where Sage is the carrier.

- InterLATA Long Distance \$0.15 per minute where Sage is the carrier.

Inbound Only Toll Free Service (8xx)

The rate per minute is \$0.10. A \$0.50 per call surcharge will apply to all calls placed from a payphone. The duration of each call is rounded up to the nearest minute. Sage Business customers are charged \$1.00 per month per toll free number. Toll Free Service is an inbound-only service that allows callers located anywhere in the State of Nevada to place Toll Free Calls to Customers by dialing an assigned telephone number with an 8XX area code. This service may be used as a replacement for more expensive collect call options.

IntraLATA Rates

For customers who do not choose Sage as both their intraLATA and interLATA long distance provider the Rate per Minute for IntraLATA Toll Calls is \$0.15 per minute where Sage is the carrier. InterLATA Long Distance Calls are \$0.15 per minute where Sage is the carrier. Each IntraLATA carrier change to a carrier other than Sage the charge is \$9.50 per line. The Per Minute Rate is \$0.05 for customers who have selected Sage for their InterLATA and IntraLATA carrier, unless otherwise noted. All calls are rounded up to the next full minute.

General – Sage may make promotional offerings of the services included in its Nevada Terms and Conditions of Service that may include reducing or waiving applicable charges of the promoted service. All offerings will be extended on a non-discriminatory basis to any customer similarly classified who requests the specific offer.