



Tab 9 – Financial Requirements

Contractors must submit a complete and detailed description of the financial requirements that it will provide for system B and C as requested in RFP Section 2.5-G Financial.

MCI Response:

MCI has read, understands and has complied in the pages to follow. Per Commonwealth requirements no cost data has been included in the responses.

2.5-G. Financial:

1. Best Offer Commission Percentages:

a. A percentage of the gross billed revenue from the telephone services requested by this RFP shall be offered in the form of commissions to the Commonwealth as a result of competitive bidding in response to this RFP. For inmate collect and prepaid telephone service, all accepted calls would be considered "billable, therefore, "billed" and commissionable," which includes all surcharges and taxes. (Removed per September 9, 2005 amendment 3)

MCI Response:

MCI has read understands and will comply.

MCI agrees that all accepted calls would be considered billable and therefore billed and commissionable. MCI further offers that "Commissionable Revenue" is the revenue derived from the "billed and commissionable" calls billed at the rates and per call surcharges as proposed by MCI within the Commissions Section of this RFP and accepted by the Commonwealth of Pennsylvania under any resulting contract.

"Commissionable Revenue," is to be defined as gross billed revenue (with no deduction for fraudulent, uncollectible or unbillable calls) from DOC collect calls generated by the telephones covered under any Contract resulting from this RFP response, handled by MCI Operator Services and carried on the MCI network, but excluding: (i) Taxes (as defined in the Guide) and agreed to by the Commonwealth; (ii) credits issued to DOC called parties and (iii) Governmental Charges (as defined in the Guide), including but not limited to Federal Universal Service charges and Carrier Access charges.

b. Contractors shall submit proposals based upon their best offer commission percentages.

MCI Response:

MCI has read understands and has complied in the separately sealed Commission Section with its best offer commission percentages.

2. Commission Data Submission: Contractors shall provide the commission data in a separately sealed section of the proposal. Refer to Part 2, Paragraph 2.2-2.

MCI Response:

MCI has read understands and has complied with a separate sealed Commission Section as described in Part 2, Paragraph 2.2-2.

3. Revenue Generation: The commissions will not apply to calls resulting from using 800 to access live or automated operator services, i.e. 800-COLLECT, 800-CALL ATT, etc. nor to calls dialed to, and terminating on, toll free 800/888/877/etc numbers. The Commonwealth requires the Contractor to provide commission payments based upon a percentage of the gross billed revenue, which includes all surcharges and taxes (removed per September 9, 2005)



amendment 3) on non-coin inmate station. Gross revenue is defined as revenue for all billed calls without exception. The following shall be required of each Contractor:

MCI Response:

MCI has read understands and will comply.

MCI agrees to process commission payments based upon a percentage of gross billed revenue. MCI further offers that "Commissionable Revenue" is the revenue derived from the "billed and commissionable" calls billed at the rates and per call surcharges as proposed by MCI within the Commissions Section of this RFP and accepted by the Commonwealth of Pennsylvania under any resulting contract.

"Commissionable Revenue," is to be defined as gross billed revenue (with no deduction for fraudulent, uncollectible or unbillable calls) from DOC collect calls generated by the telephones covered under any Contract resulting from this RFP response, handled by MCI Operator Services and carried on the MCI network, but excluding: (i) Taxes (as defined in the Guide) and agreed to by the Commonwealth; (ii) credits issued to DOC called parties and (iii) Governmental Charges (as defined in the Guide), including but not limited to Federal Universal Service charges and Carrier Access charges.

- a. Only the following payment options and service shall be available to the inmates when placing calls from the inmate stations: collect station-to-station and prepaid. The system must be capable of handling both collect and prepaid calling.

MCI Response:

MCI has read understands and will comply.

MCI's proposed solution will allow for Station-to-Station Collect and Prepaid calling. Due to the fact that there are many industry terms used to describe the various payment options available in the market today, it is important to note that for the purposes of this RFP the term "Prepaid", is being used to describe a payment option that would allow the Inmate, not the called party, the ability to advance purchase minutes of use through the Department of Corrections canteen. It is also important to note that as described throughout this RFP response, MCI will offer its V-Connect solution. This solution is a Called Party PrePaid billing option.

- b. The Contractor shall submit the projected annual gross billed revenue, the commission percentage, the projected annual dollar commission payment, and the minimum annual dollar guarantee for each service to the Commonwealth on Attachment 25-A and 25-B – Section 2 only.

MCI Response:

MCI has read understands and has provided the requested data in the separately sealed Commission Section.

c. Each Contractor shall explain in detail, on Attachment 25-A and 25-B –Section 2 only, how all commissions are determined or calculated. Specify all factors that the Contractor shall use and include them in the response to the RFP.

MCI Response:

MCI has read understands and has complied with the requested data in its financial response document.

d. The Contractor must maintain complete and accurate call accounting records for the initial five (5) years of the contract, plus any extensions to it, which shall be available for audit at the request of the Office of Administration and the Department of Corrections or designees. All information should be retrievable in a print format and electronic media. These records shall be retained by the contractor for the life of the contract and transferred to the Commonwealth at the termination of the contract. The electronic media required to read the data may not be proprietary.

MCI Response:

MCI has read understands and will comply.

MCI will retain this information for the requested five (5) years of the contract plus an additional seven (7) years following contract termination.

e. The Contractor shall explain, and diagram, a call from off-hook to completion normally used by each Contractor in the operation of its business for collect calling and for prepaid call.

MCI Response:

MCI has read, understands and has provided below the call flow of a standard Collect and Prepaid call process.

The proposed Focus 100 ITS provides fully automated operator services. The automated operator gives dialing instructions, call-type and language options, error prompts, makes initial contact with the called party and provides information about the call, including the inmate's name and the name of the correctional facility. The automated operator does not connect the call until the called party positively accepts it.

The Focus 100 provides clear voice prompts to assist and instruct an inmate from the time he or she lifts the receiver until the call is completed and disconnected. The inmate never has access to a live operator. The System requires that all calls must return to the equivalent of a primary dial tone, by hanging up the phone before another call can begin. Following are the default prompts and events that occur during an inmate call. Wording of prompt messages may be changed at the Commonwealth's request.

The standard "Call Flow" for dialing a station-to-station call is as follows:

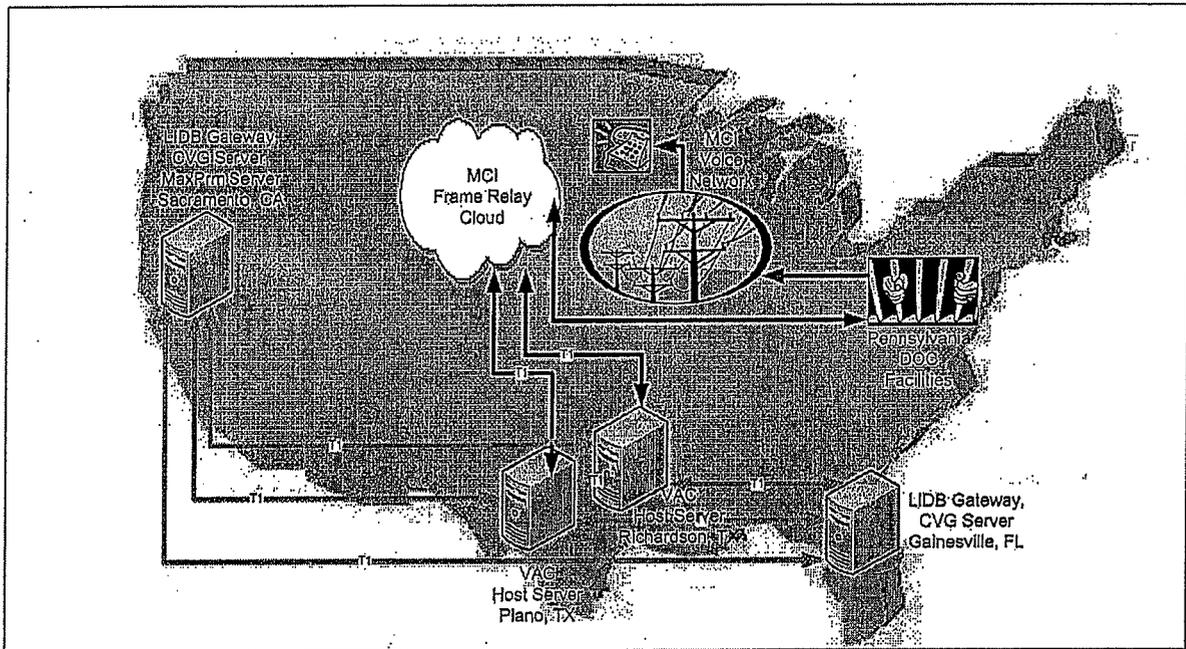
1. Pick up the telephone handset
2. Return dialtone.
3. Dial "0" + the AREA CODE + NUMBER for collect calls.
Dial "1" + the AREA CODE + NUMBER for debit calls.
4. At Prompt, Dial Inmate Identification Code (PIN) If the inmate dials an incorrect PIN number the system prompt will state ""The PIN you have entered is invalid. Please hang up and try your call again."
5. At Prompt State YOUR FULL NAME (for first time users only, all proceeding calls will play stored recorded name)
6. The system will prompt the inmate with the message
7. "Your call is being processed." The inmate does not hear the called party

until the call is accepted.

If installed Voice Verification (V-PIN) will provide an additional level of verification at the PIN input level item 4 above.

Upon completion of the above process, MCI will begin the call validation process. All calls are validated using the following procedure.

1. The destination number is checked first against the Focus 100's facility-wide Call Block, Call Schedule, and Call Allow lists. (Collect and PrePaid)
2. The number is checked against the inmate's personal Call Block, Call Schedule, and Call Allow lists associated with his / her PIN. (Collect and PrePaid)
3. For Collect Calls, The destination number is passed to MCI CVG application which checks, for billing blocks, call party request blocks, and Line Information Database (LIDB) blocks. If the destination number is valid, a signal is returned to the phone to authorize the call. If the destination number is not valid, the automated operator will inform the inmate of this and terminate the call. The listed below diagram shows that MCI provides redundant links to the CVG. This extra added connection ensures for call completion. (Collect Only).
4. For Pre Paid Calls, the system will ping the inmates account balance to insure that enough funds exist to complete a 1minute call.



If the called number fails any of the above listed validation procedures, the inmate will be prompted with an appropriate message stating that the call could not be completed. A complete listing of validation error messages is as follows:

- A. Insufficient Funds in Prepaid Account. *"You have insufficient funds to place this call."*
- B. Casual Block Denied, Or LIDB Block. *"This number has been blocked at the customers request."*
- C. No number associated with the speed dial bin selected *"The speed dial number selected does not have a phone number assigned."*
- D. Global Block, E.g. Director DOC, Governor etc. *"The phone number you have dialed is not allowed."*
- E. Unable to Validate for LIDB *"The system is not available for collect calling. Please try your call again later."*
- F. Denied Phone Privileges by the D.O.C. *"Your account has been restricted by the correctional facility."*
- G. Problem with Debit Server. *"The system is not available for debit calling. Please try your call again later."*
- H. Number Blocked by MCI *"The number you are calling is blocked by MCI."*
- I. Inmate's PIN is currently in use. *"You have a call already active."*



If the call passes each of the above listed validation processes the call is then processed to the called party for acceptance. It is important to not that all calls completed will be station-to-station announced calling (collect and prepaid calls). Station-to-station calling is the placement of calls from one telephone number to another telephone; not to a specific person at a telephone number, known as person-to-person.

The Focus 100 is set up only to call a specific telephone number. Connection of the call is based on the positive acceptance of the offenders call by whoever answers the phone at the offender dial telephone number. Until the call is accepted by the called party, no communications are allowed to take place between the offender and the individual who answers the call on the other end. The guarantee of station-to-station calling is set up with customized voice prompts reflecting the name of the facility, the offender's name, and instructions for accepting the call, etc. This announcement also states that the call will be monitored and recorded and that the use of 3-way or call waiting will disconnect the call. The announcement can be customized to meet most any customized announcement requirements that the PADOC may have.

When the called party answers an offender placed collect call, both the offender and called party will hear an announcement similar to the following:

"This is an MCI Collect Call from "Offender Name" at the "Commonwealth DOC Facility Name". This call will be monitored and recorded. The use of 3-way or call waiting will disconnect the call. *To hear the cost of this call, dial 8 now.* If you wish to block any future collect calls dial, 7. To refuse this call, hang up. If you wish to accept and pay for this call, dial 5 now."

For offender paid prepaid calling the same answer applies. The only thing that changes within the automated announcement is the call type, and any call cost related information as the called party is not responsible for the costs associated with an offender prepaid call. When the called party answers an offender placed debit call, both the offender and called party will hear an announcement similar to the following:

"This is an MCI Prepaid Call from "Offender Name" at the "Commonwealth DOC Facility Name". This call will be monitored and recorded. The use of 3-way or call waiting will disconnect the call. If you wish to block any future collect calls dial, 7. To refuse this call, hang up. If you wish to accept this call, dial 5 now."

If the call is accepted by the called party the connection is made and the recording and billing process is started.

During the above Call Setup process several factors can occur that will keep the call from completing a connection. The following is a listing with the automated system prompt.

- A. Ring No Answer. "Your call has not been answered. Please try your call again later." <Hang up >



- B. Busy. "The line is busy. Please try your call again later." <Hang up>
- C. S.I.T Tone "Your call cannot be completed as dialed. Please check the number and dial again." <Hang up>
- D. Inmate hung up during hold. "No system response"
- E. All lines busy (Outbound Circuits). "All lines are busy. Please try your call again later."
- F. called party hangs up. "Your call was not accepted."

During the call process the Department of corrections may choose to implement overlay message to be played at random times during the call. The message will state that *"This call Originates from a Pennsylvania Correctional Facility."*

- f. The Contractor, shall explain in detail, and diagram, how IntraLata and InterLata calls shall be handled.

MCI Response:

MCI has read and understands.

The call procedures listed in response to item F above are the procedures for all call types Local, IntraLata and InterLata:

- g. The Contractor shall explain the billing process for all billed calls and the collection process for the bills for all calls including uncollectible calls.

MCI Response:

MCI has read, understands and has complied with MCI billing procedures below.

For the processing of billing Called Party Paid Collect Calls, MCI will utilize the following billing methods.

Local Exchange Carrier (LEC) Billed: The most common billing method, this process allows the called party to receive his/her billing on their LEC invoice. The LEC must have a billing arrangement with MCI. All collection is processed on a monthly basis between MCI and the Billing LEC.

Competitive Local Exchange Carrier (CLEC) Billing: MCI currently has several billing arrangements with CLECs across the US. In cases where MCI does have a billing arrangement in place, calls will be billed on the customer's CLEC invoice. All collection of funds is processed on a monthly basis between MCI and the Billing CLEC.



It is important to note that the lack of a billing arrangement with MCI for the above two billing options above, will not impact the called party's ability to accept an offender call as detailed below.

Called Party Prepaid (V-Connect) Billing: For called parties that are in a LEC or CLEC that does not have a billing agreement with MCI, the called party will be able to accept offender collect calls via MCI's proposed VAC V-Connect program. Further information regarding this program is provided in MCI response to Tab 6.

MCI Direct Remit Billing: For any customer that does not meet any of the above billing methodologies, MCI will direct bill this customer. MCI invoices each customer on a monthly basis and the customer remits payment back to MCI.

In each of the above billing processes the customer's invoice will be noted with a Toll Free number that will direct customer to MCI's Dedicated Inmate Customer Service Center located in Gainesville Florida. This call center supports only MCI's Corrections customers and can assist the customer in payment arrangements, billing options and general billing or service questions.

h. The Contractor shall provide commission checks on a monthly basis to the Department of Corrections. Checks will be accepted from one Contractor who is the prime contractor. The checks shall be sent to the Department of Corrections and shall be accompanied by a report in paper that as a minimum includes 1-5 below. Contractor shall also provide monthly the inmate collect and prepaid call records sent electronically.

For reference, see Attachments 22 and 23, the current Contractor's reports for the DOCs monthly usage of prepaid (monthly-prepaid details, site codes, deposits, velocity, debit calls and collect cut off reports) and collect commission reports.

Total Commission

Total Revenue

Total Messages

Total Minutes

Total Stations

MCI Response:

MCI has read, understands and will comply.

As the prime contractor, MCI will be solely responsible for the calculation and delivery of all commissions checks to Department of Corrections. Each check will be accompanied with a report providing, at a minimum, the above listed information in a format acceptable to the Department of Corrections.

In addition to the requested monthly reports, the proposed Focus 100 system's Shadow application provides robust investigative and administrative reporting

capabilities, producing immediate, real-time reports. The Shadow application has approximately forty standard reports that are available and are easily accessible using a user friendly GUI interface on the system workstation or via the web browser. Listed below are the available financial reports that can be utilized at any time by an authorized user.

Financial Reports	Description
Call Refund	Generates and prints a summary transaction report when a Call Refund transaction is performed.
Daily Call Charges	Provides a list of collect and debit call activity for a day or date range.
Financial Transactions	Provides a record of the total number of financial transactions for an individual offender.
Offender Deposit	Provides a record of individual offender debit deposits.
Offender Reconciliation	Offers a detailed reconciliation of an individual offender's debit account.

- i. The selected Contractor will be provided the name and address of each payee location, the total number of stations, and the telephone numbers after award of the contract.

MCI Response:

MCI has read, understands and will comply.

- j. The Contractor shall maintain an accurate recording and tracking system for substantiating commission payments. A complete explanation of this recording and tracking system such as where it shall be located, how to access it, etc., shall be provided in the response to this RFP.

MCI Response:

MCI has read, understands and will maintain an accurate recording and tracking system for substantiating commission payments.

MCI maintains several levels of call detail storage offering the ability to Audit and Substantiate the "Commissionable Revenue". This data is stored within Value Added Communications (VACI) and MCI-redundant systems located in Richardson and Plano Texas as well as Sacramento California. The data is provided to the Commonwealth each month in the form of paper Commission Reports. MCI can make arrangements to have the data provided to the Commonwealth on a monthly basis to be stored on Commonwealth maintained systems. Additionally, the Commonwealth can access any and all call detail information directly from the ITS via any Administrative WorkStation.

MCI understands the Commonwealth's desire to have access to this data and will work with the Department of Corrections to insure the data is provided in an acceptable format.

.k It is solely the Contractor's responsibility to collect the revenue on the billed calls generated through the non-coin collect-only inmate telephones. Uncollected or uncollectible calls are not to be subtracted from the gross revenue base for the purpose of determining the commission payments to the Commonwealth. The Contractor shall state what action(s) are taken in the event that, after a collect call is billed, the billed party refuses to pay the charges.

MCI Response:

MCI has read, understands and has complied with MCI billing procedures below.

As the prime contractor, MCI will be solely responsible for the collection of billed calls generated through the non-coin inmate telephones. Uncollected or uncollectible calls will not be subtracted from the "Commissionable Revenue" for the purposes of determining the commission payments to the Commonwealth.

With regard to billing actions taken by MCI for customers that refuse to pay for billing, MCI will block the person's ability to receive calls. In a LEC BILLED environment this occurs upon notification from the LEC to MCI and is generally 6 to 9 months after the original calls were made. These customers will be sent to a collections agency for handling at that time.

Direct Remit and V-Connect billed customers are considered past due 30 days past the invoice due date. Customers will be blocked at that time and if no payment is made within 120 days the account will be sent to a collections agency.

Any customer who has had their account blocked for non payment can contact MCI's Florida Customer Service to make payment arrangements and have their account unblocked.



- l. The Commonwealth shall bear no responsibility for fraudulent calls.

MCI Response:

MCI has read, understands and agrees.

- m. The Commonwealth shall bear no responsibility for theft of funds, and furthermore, no stolen or lost funds shall be deducted from revenue on which commissions are paid to the Commonwealth.

MCI Response:

MCI has read, understands and agrees.

- n. The Commonwealth shall bear no responsibility for unbillable or uncollectible calls.

MCI Response:

MCI has read, understands and agrees.

4. Service Revenues and Commissions:

- a. The total amount of revenue to be generated by this RFP will depend upon the Department of Corrections policy on inmate use of the inmate telephones.

The Commonwealth of Pennsylvania cannot guarantee the rate of usage of the inmate telephone system, or the number of calls to be processed because of fluctuation in inmate usage, inmate population or sound correctional practices.

See Attachment 24-A through 24-D for the monthly number of messages and minutes billed by the incumbent InterLata carrier, IntraLata and local carrier. Changes occurred in long distance services from the original carrier AT&T in a transition to T-Netix during February 6, 2002 through February 21, 2002, when the inmate services at all DOC-SCIs were changed to T-Netix. In May, 2003 the inmate services were changed from T-Netix long distance (LD) carrier service to Verizon Select Services, Inc. (VSSI) LD services. The figures are provided in Attachments 24-A through 24-D is for calendar years 2001, 2002, 2003 and 2004.

Contractors are also urged to refer to Attachment 9, the Department of Corrections Inmate Policy, pertaining to inmate access to the inmate telephone system. To some extent, this policy statement, limits the minutes of calling for specific classes of inmates as noted. Again, refer to the statistics in Attachments 22, 23 and 24. Contractors should note that the DOC inmate access-to-telephone policy is an issue of periodic review.

MCI Response:

MCI has read, understands and has reviewed the provided data. MCI understands that the Commonwealth of Pennsylvania makes no guarantees to the rate of usage of the ITS.

- b. The Commonwealth retains the right to audit the calling data and revenues resulting in commissions for System B. The Contractor shall commit to this in its response. The



Commonwealth shall furnish the Contractor ten (10) days written notice prior to executing its right to audit. All information necessary for the Commonwealth to complete such an audit shall be maintained within the Commonwealth of Pennsylvania. If travel is required within the Commonwealth of Pennsylvania, the Commonwealth will be responsible for the travel expenses of Commonwealth personnel. All other expenses of the audit will be the responsibility of the Contractor.

MCI Response:

MCI has read, understands and agrees.

MCI will support the Commonwealth's right to audit the calling data and understands that the MCI will be responsible for the Commonwealth's expense associated with the Audit less travel.

5. Commission Data: Attachment 25-A Section 2 and 25-B Section 2 establishes the content and format of the commission data required to be included in the proposal.

MCI Response:

MCI has read, understands and has provided the requested data in the Financial Response to the RFP.

6. Commission Payments: Each Contractor shall make commission payments to the Commonwealth or to the designated using agency in this RFP the Department of Corrections, or organizational elements thereof, which participate in the contract as designated by the Office of Administration.

Checks from the prime Contractor for payments representing commissions from inmate telephones for collect calls and prepaid calls, shall be paid monthly by the 30th calendar day (or last day of the month if the month has less than 30 days) of the following month to the DOC. These payments shall be accompanied by the management report as noted in paragraph 2.5-G, 3.i. above.

MCI Response:

MCI has read, understands and will comply with the payment time frame listed above and will provide the reports as listed in 2.5-G, 3.i above.

7. System Responsibility: The Contractor shall be responsible for the installation of the complete tested Systems B, and C. Any required interface equipment, although not specifically mentioned in this RFP, must be provided by the Contractor without cost to the Commonwealth. It is to be understood that complete operating systems accepted by the Office of Administration and the Department of Corrections are required in all cases.

MCI Response:

MCI has read, understands and will comply.

8. Contract Requirements - Disadvantaged Business Participation and Enterprise Zone Small Business Participation:

All contracts containing Disadvantaged Business participation and/or Enterprise Zone Small Business participation must also include a provision requiring the Contractor to meet and maintain those commitments made to Disadvantaged Businesses and/or Enterprise Zone Small Businesses at the time of proposal submittal or contract negotiation, unless a change in the commitment is approved by the BMWBO. All contracts containing Disadvantaged Businesses participation and/or Enterprise Zone Small Business participation must include a provision requiring Small Disadvantaged Business subcontractors, Enterprise Zone Small Business subcontractors and Small Disadvantaged Businesses or Enterprise Zone Small Businesses in a joint venture to perform at least 50 percent of the subcontract or Small Disadvantaged Businesses/Enterprise Zone Small Business participation portion of the joint venture.

Commitments to Disadvantaged Businesses and/or Enterprise Zone Small Businesses made at the time of proposal submittal or contract negotiation must be maintained throughout the term of the contract. Any proposed change must be submitted to BMWBO which will make a recommendation as to a course of action to the contracting officer

If a contract is assigned to another Contractor, the new Contractor must maintain the Disadvantaged Businesses participation and/or Enterprise Zone Small Business participation of the original contract

The Contractor shall complete the Prime Contractor's Quarterly Utilization Report (or similar type document containing the same information) and submit it to the contracting officer of the agency that awarded the contract and BMWBO within 10 workdays at the end of each quarter the contract is in force. If there was no activity, the form must also be completed, stating "No activity in this quarter." This information will be used to determine the actual dollar amount paid to Small Disadvantaged Business and/or Enterprise Zone Small Business subcontractors and suppliers, and Small Disadvantaged Businesses and/or Enterprise Zone Small Business participation involved in joint ventures. Also, it is a record of fulfillment of the commitment your firm made and for which it received Disadvantaged Businesses and Enterprise Zone Small Business points

NOTE: EQUAL EMPLOYMENT OPPORTUNITY AND CONTRACT COMPLIANCE STATEMENTS REFERRING TO COMPANY EQUAL EMPLOYMENT OPPORTUNITY POLICIES OR PAST CONTRACT COMPLIANCE PRACTICES DO NOT CONSTITUTE PROOF OF DISADVANTAGED BUSINESSES STATUS OR ENTITLE A PROPOSER TO RECEIVE CREDIT FOR DISADVANTAGED BUSINESSES UTILIZATION.

MCI Response:

MCI has read, understands and has provided details regarding its participation with Disadvantaged Business Participation and Enterprise Zone Small Business within MCI's response to Disadvantaged Business Participation Tab within this RFP response.

Tab 10 – Objections and Additions to Standard Terms and Conditions

Contractor will identify which, if any, of the terms and conditions contained in Part 6 it would like to negotiate, and what additional terms and conditions Contractor would like to have included in the terms and conditions. Contractor's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the

Commonwealth may consider late objections and addition requests if it is in the best interest of the Commonwealth to do so. The Commonwealth may, in its sole discretion, reject any changes requested by the Contractor. Requested changes must be to the terms and conditions set out in Part 6. Requests to change other provisions of the RFP will not be considered. A request that Contractor's terms and conditions be substituted for Part 6 will not be considered. All terms and conditions must appear in one integrated contract. References to online guides or online terms and conditions will not be accepted. The proposal and the commission must be submitted on the basis of Part 6.

MCI Response:

Paragraph 10, Warranty. Upon expiration or termination of the Contract, MCI will no longer be providing these services, so a one-year warranty is inapplicable to the Contract scope of services. MCI respectfully requests this provision be replaced with the following: MCI warrants it will provide Inmate Phone Services and equipment as described in MCI's proposal response to RFP #2005-081-011.

Paragraph 12, Ownership Rights. MCI respectfully proposes this provision be deleted. It does not apply to the Contract scope of services.

Paragraph 14, Hold Harmless Provision. MCI accepts this term with the understanding that neither party shall be liable to the other for any indirect, consequential, exemplary, special, incidental or punitive damages, including without limitation loss of use or lost business, revenue, profits, or goodwill, arising in connection with this Contract, under any theory of tort, contract, indemnity, warranty, strict liability or negligence, even if the party knew or should have known of the possibility of such damages.

Paragraph 15, Audit Provisions. Due to the highly sensitive and proprietary nature of MCI's records, MCI accepts this provision with the understanding that (1) the documents and records subject to audit are limited to Contract documents and reports specifically created for the Contract; and (2) any third party acting on behalf of the Customer under this provision must execute MCI's standard Non-Disclosure Agreement prior to examining, inspecting, copying or auditing MCI's records.

Paragraph 16, Default. MCI proposes the following clause to replace Paragraph 16: Either party may terminate this Agreement for default. Default shall mean a failure of the other party to perform a material obligation under this Agreement which failure is not remedied by the defaulting party within thirty (30) calendar days after receipt of written notice thereof. In the event of default, the non-defaulting party may pursue all legal and equitable remedies for breach.

Paragraph 20, Assignability and Subcontracting. MCI requires the freedom to assign contracts in the event of a merger, acquisition or reorganization without seeking consent from its thousands of customers. Therefore, MCI reserves the right to assign or otherwise transfer this contract, in whole or in part, to its parent or any other controlled subsidiary or affiliate thereof, or to any purchaser of all or substantially all of its assets.

Paragraph 28, Integration. MCI's offer is predicated upon acceptance of its clarifications offered with its proposal. However, MCI is willing to negotiate in good faith with the Commonwealth to determine mutually agreeable terms and conditions for any of the provisions to which MCI has requested modification.

Paragraph 31, Liquidated Damages. As described elsewhere in MCI's proposal, this offer is predicated upon removal of the Liquidated Damages clause related to payphone service. MCI respectfully notes that the Commonwealth would retain all other remedies under the Contract, including recovery of actual damages. Notwithstanding the foregoing, MCI is willing to negotiate in good faith to determine a mutually agreeable liquidated damages schedule for payphone service that reasonably reflects the actual damages to the Commonwealth if MCI were not to perform in accordance with the payphone portion of the Contract. Acceptance of such provision will require MCI to change its proposed rates for payphone service.