PRIVILEGED AND CONFIDENTIAL
FOR SETTLEMENT DISCUSSION PURPOSES ONLY

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telscape Communications, Inc. (U 6589 C),	)	
	)	
Complainant,	)	
	)	
vs.	)	Case No. 02-11-011
	)	
Pacific Bell Telephone Company (U 1001 C)	)	
	)	
Defendant.	)	
	)	

SETTLEMENT AMONG SBC CALIFORNIA (PACIFIC BELL TELEPHONE COMPANY), AT&T COMMUNICATIONS OF CALIFORNIA, INC. AND WORLDCOM, INC. (MCI) OF SLAMMING AND WIN BACK ISSUES DESIGNATED FOR HEARING BY THE ADMINISTRATIVE LAW JUDGE AND ASSIGNED COMMISSIONER IN CASE NO. 02-11-011

WHEREAS Telscape Communications, Inc. ("Telscape") filed a formal complaint at the California Public Utilities Commission ("Commission") on November 5, 2002 alleging, *inter alia*, that SBC California (also referred to as Pacific Bell Telephone Company) is engaging in unfair win back activities and is misreporting allegations of slamming against Telscape; and

WHEREAS AT&T Communications of California, Inc. ("AT&T") and WorldCom Inc. ("MCI") petitioned to intervene in the Telscape Complaint as party Complainants and were granted intervenor status by the Commission; and

WHEREAS AT&T's and MCI's interventions included the slamming and win back issues designated for hearing in the Telscape Complaint case; and

WHEREAS AT&T and MCI and SBC California have agreed to resolve their dispute with respect to the win back and slamming issues identified in the pleadings in this case (including but not limited to the January 15, 2003 scoping memorandum of Assigned Commissioner Geoffrey Brown) and any witness testimony on these subjects;

IT IS THEREFORE AGREED:

(1) SBC California will do a thorough review of its direct mail win back marketing material and win back telemarketing scripts and training material and will remove any language that suggests to customers that a customer's telephone service was transferred without authorization,

that the customer was "slammed," or that the transfer of telephone service may have been unknown to, or unintended by, the customer.

(2) SBC California will do a thorough review of its direct mail win back marketing material and win back telemarketing scripts and training material and will remove any language that suggests a need by SBC California to verify information about a recent change in the customer's service.

(3) SBC California will do a thorough review of its direct mail win back marketing material and win back telemarketing scripts and training material and will remove any language that suggests that a customer's decision to change his or her service was based on inadequate or misleading information.

(4) SBC California will instruct its telemarketing representatives engaged in win back activities that they cannot make any of the foregoing suggestions to customers whose business they are soliciting.

(5) SBC California's telemarketing representatives will not record a slam allegation unless the authorized person with whom they are speaking indicates that they did not authorize the previous service change and answers the following question in the negative: "Is it possible that someone else in your home/business may have authorized the prior service change?"

(6) SBC California will implement the procedures set forth in paragraphs 1-5 above in a reasonable amount of time not to exceed four weeks from the date on which notice is received that this settlement agreement has been adopted by the California Public Utilities Commission.

(7) Intervenor Complainants AT&T and MCI will withdraw the testimony served and/or filed in this complaint case pertaining to the slamming and win back issues (*i.e.*, the Joint Intervenor Testimony of Lori K. Vehmas-Falkin and Lisa M. Tyler for AT&T and Sally A. McMahon for MCI on the Subject of SBC Win Back Practices and the Reply Testimony of Lori K. Vehmas-Falkin and Lisa M. Tyler for AT&T on the Subject of SBC Slamming and Win Back Practices) and will dismiss with prejudice all claims relating to reports of slamming allegations by SBC California and improper SBC California win back practices as set forth in the pleadings in this case (including but not limited to the January 15, 2003 scoping memorandum of Assigned Commissioner Geoffrey Brown) and any witness testimony on these subjects.

(8) Nothing in this settlement agreement, or the dismissal with prejudice, shall affect, or should be interpreted as pertaining to LPIC, PIC and access line dispute charges that SBC California has assessed to AT&T, to AT&T's defenses to those charges, or, in the event that SBC California seeks to collect or enforce such charges, AT&T's claims related to SBC California's activities giving rise to those charges. Nothing in this settlement agreement, or the dismissal with prejudice, can be construed as precluding either SBC California or AT&T from asserting any and all claims and defenses pertaining to outstanding LPIC, PIC and access line dispute charges assessed to AT&T and still outstanding through the period ending on the date on which this settlement agreement is entered.

(9) This settlement agreement shall not be deemed to be an admission of any liability by SBC California with respect to the claims relating to reports of slamming allegations and improper win back practices as set forth in the pleadings in this case (including but not limited to the January 15, 2003 scoping memorandum of Assigned Commissioner Geoffrey Brown) and any witness testimony on these subjects. This settlement agreement does not address the merits, or the lack thereof, of any position of any party in the action, and is entered into solely because the parties wish to resolve the disputes between them without the burdens of further litigation. Each party bears the risk that its position could materially improve (or deteriorate) through further pursuit of the litigation. This settlement agreement shall not be admissible in any court hearing or administrative proceeding except for the purpose of proving and/or enforcing the terms of the settlement agreement itself.

Entered into this _____ day of _____, 200_ at San Francisco, California.

_____
SBC California

_____
AT&T Communications of California, Inc.

_____
Worldcom, Inc./MCI