

1. AMENDMENT/MODIFICATION NO. N62470-68-C-0694-P001

2. EFFECTIVE DATE o/a 2/28/68

3. REQUISITION/PURCHASE ORDER NO. _____

4. PROJECT NO. (If applicable) _____

5. ISSUED BY Commander, Atlantic Division
Naval Facilities Engineering Command
Norfolk, Virginia 23511 CODE _____

6. ADMINISTERED BY (If other than block 5) _____ CODE _____

7. CONTRACTOR NAME AND ADDRESS CODE _____ FACILITY CODE _____

Carolina Telephone and Telegraph Company
122 E. Saint James Street
Tarboro, N. C. 27886

(Street, city, county, state, and ZIP Code)

8. AMENDMENT OF SOLICITATION NO. _____

DATED _____ (See block 9)

MODIFICATION OF CONTRACT/ORDER NO. NOy(U)28287

For: telephone service

DATED 1 Jul 1963 (See block 11)

Locations: Various

9. THIS BLOCK APPLIES ONLY TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in block 12. The hour and date specified for receipt of Offers is extended, is not extended.

Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation, or as amended, by one of the following methods:

(a) By signing and returning _____ copies of this amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE ISSUING OFFICE PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If, by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided such telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

10	Appropriation and Subhead	Obj. Cl.	Bureau Cont. No.	Sub-Allot.	Authorization Acct'g Act'y	Trans. Type	Property Acct'g Act'y	Country	Cost Code	Amount
Not applicable										

11. THIS BLOCK APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS

(a) This Change Order is issued pursuant to _____

The Changes set forth in block 12 are made to the above numbered contract/order.

(b) The above numbered contract/order is modified to reflect the administrative changes, such as changes in paying office, appropriation data, etc.) set forth in block 12.

(c) This Supplemental Agreement is entered into pursuant to authority of _____

It modifies the above numbered contract as set forth in block 12.

12. DESCRIPTION OF AMENDMENT/MODIFICATION

Pursuant to the Armed Services Procurement Regulations a Procurement Instrument Identification Number, N62470-68-C-0694, is hereby assigned to Contract NOy(U) 28287 for the purpose of placing orders under the contract by this Command.

→ Copy to:
NAVFAC
NFC CLEVELAND 44114
NAVREGFINCEN NORVA 23511
CENTRAL FILES

Except as provided herein, all terms and conditions of the document referenced in block 8, as heretofore changed, remain unchanged and in full force and effect.

13. CONTRACTOR/OFFEROR IS NOT REQUIRED TO SIGN THIS DOCUMENT CONTRACTOR/OFFEROR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN _____ COPIES TO ISSUING OFFICE

14. NAME OF CONTRACTOR/OFFEROR _____

BY _____ (Signature of person authorized to sign)

17. UNITED STATES OF AMERICA

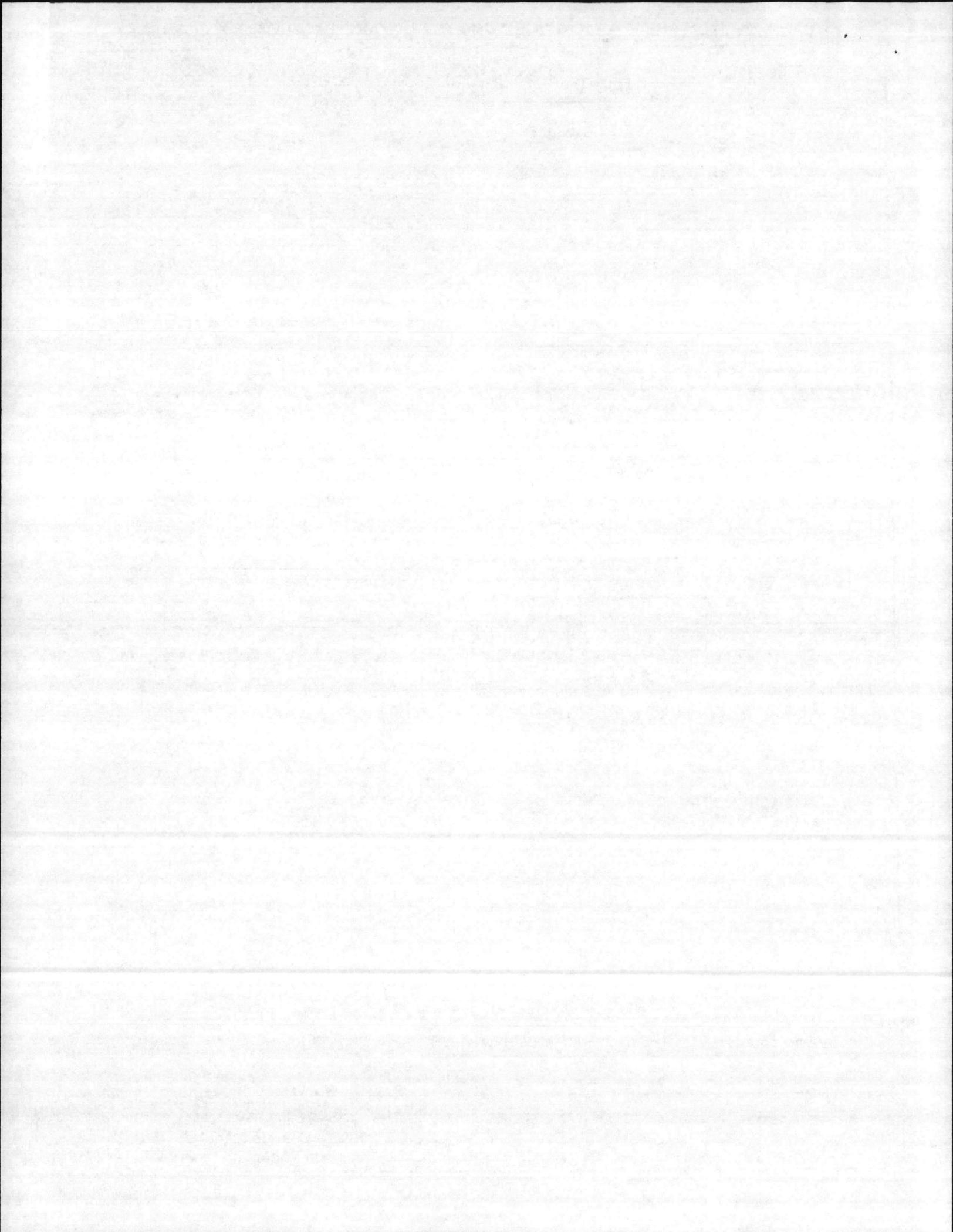
BY C. A. Barco (Signature of Contracting Officer)

15. NAME AND TITLE OF SIGNER (Type or print) _____

16. DATE SIGNED _____

18. NAME OF CONTRACTING OFFICER (Type or print) E. A. BARCO, for Commander, Naval Facilities Engineering Command

19. DATE SIGNED 27 Feb 1968



THIS SUPPLEMENTAL AGREEMENT entered into this 1st day of October 1954, by the United STATES OF AMERICA, acting through the DEPARTMENT OF THE NAVY (hereinafter called the "Department"), represented by the contracting officer executing this Supplemental Agreement, and the CAROLINA TELEPHONE AND TELEGRAPH COMPANY, a corporation organized and existing under the laws of the State of North Carolina, (hereinafter called the "Company").

WITNESSETH THAT:

WHEREAS, the said Department and the Carolina Telephone and Telegraph Company have entered into a contract numbered NOy(U)28287 under the date of 1 July 1953, (hereinafter referred to as "the contract"): and

WHEREAS, the following clause is desired to be included by the Company

NOW, THEREFORE, the parties hereto mutually agree as follows:

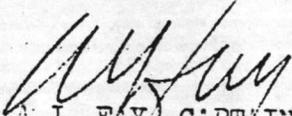
The contract is hereby amended to include the following Clause 32 entitled "COMPANY'S FACILITIES" which clause shall be effective 1 October 1954.

32. COMPANY'S FACILITIES. (a) The Company, as contemplated in Paragraph 3 and in accordance with Paragraph 11, shall furnish, install, operate and maintain all facilities required to furnish service where such service is not provided through a Department system.

(b) The Government hereby grants to the Company, free of any rental or similar charge, but subject to the limitations specified in this contract, a revocable permit to enter the service location for any proper purpose under this contract, including use of the site or sites agreed upon by the parties hereto for the installation, operation and maintenance of the facilities of the Company required to be located upon Government premises, all of which facilities shall be and remain the sole property of the Company and shall, at all times during the life of this contract, be operated and maintained by the Company at its expense; and all taxes and other charges in connection therewith, together with all liability arising out of the negligence of the Company in the construction, operation or maintenance of such facilities shall be assumed by the Company. Authorized representatives of the Company will be allowed access to the facilities of the Company at suitable times to perform the obligations of the Company with respect to such facilities. Such facilities shall be removed and Government premises restored to their original condition by the Company at its expense within a reasonable time after the Government shall revoke the permit herein granted and in any event within a reasonable time after termination of this contract, provided, that in the event of termination due to fault of the Company such facilities may be retained in place at the option of the Government until service comparable to that provided for hereunder is obtained elsewhere. It is expressly understood, however, that proper military or Governmental authority may limit or restrict the right of access herein granted in any manner considered by such authority to be necessary for the national security.

IN WITNESS WHEREOF, the parties hereto have executed this supplemental agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA


By A.J. FAY CAPTAIN, CEC USN

By direction of Chief of Bureau,
Contracting Officer, Department of the Navy

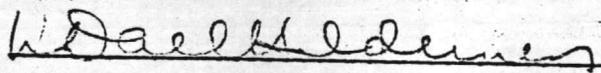
CAROLINA TELEPHONE AND TELEGRAPH
COMPANY

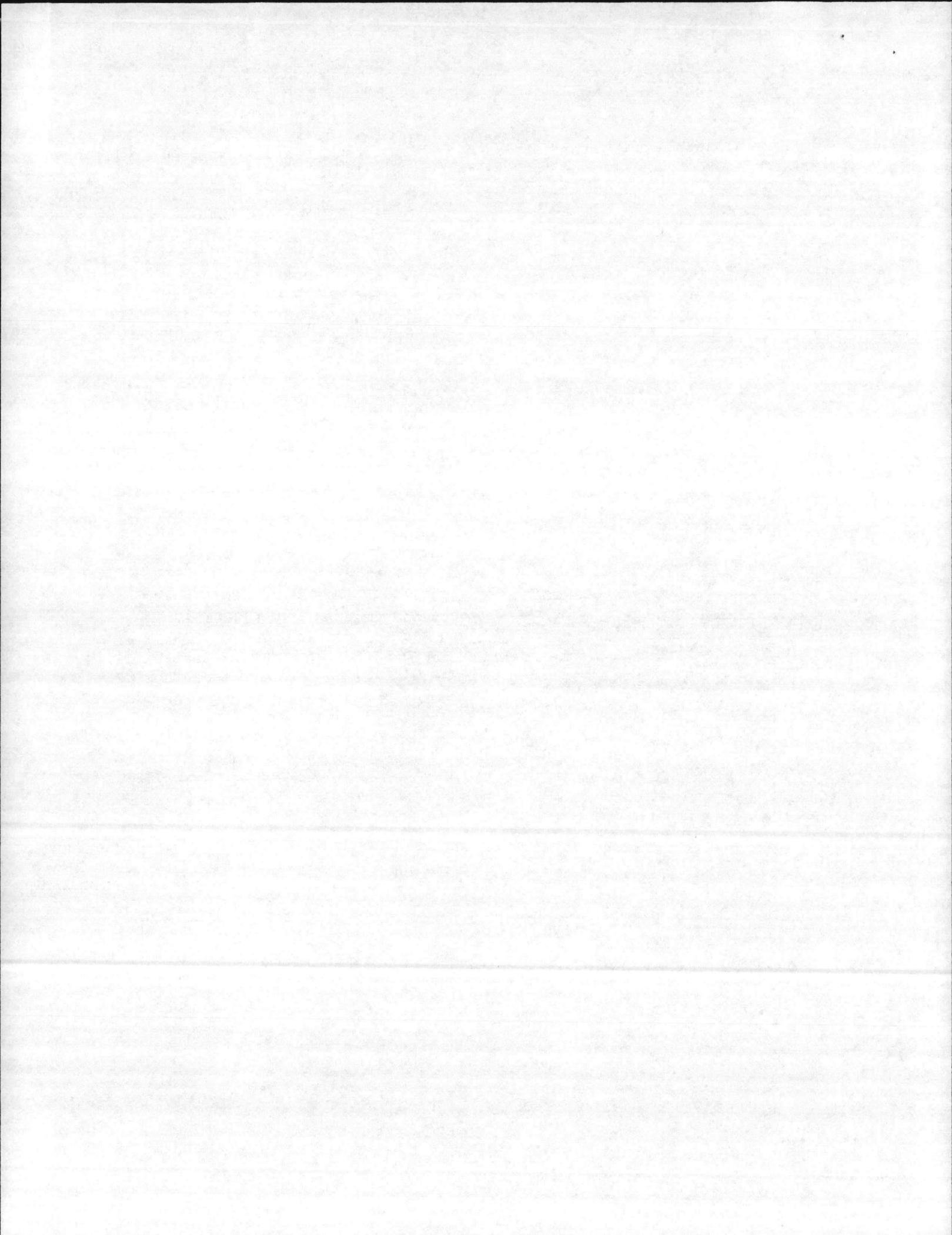
By L. W. Hill L. W. HILL
Title President

CERTIFICATE

I, H. Dail Holderness certify that I am the Secretary of the Corporation named as the Company herein; that L. W. Hill who signed this contract on behalf of the Company was then President of said corporation; that said contract was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

(CORPORATE SEAL)


H. Dail Holderness



GENERAL CONTRACT

FOR

COMMUNICATION FACILITIES AND SERVICES

THIS CONTRACT, entered into this 1st day of July 1953,
by the UNITED STATES OF AMERICA, acting through the DEPARTMENT OF THE
NAVY (hereinafter called the "Department"), represented by the Contract-
ing Officer executing this contract, and the Carolina Telephone and Tele-
graph Company, a corporation organized and existing under the laws
of the State of North Carolina, hereinafter called the "Company," witnesseth:

1. As used in this contract, the following terms shall have the meanings set forth below:

(a) The term "Department" means the Department of the Navy (including the United States Marine Corps), with respect to activities under its jurisdiction and control.

(b) The term "Contracting Officer" means the person executing this contract on behalf of the Department, and any other officer or civilian employee who is a properly designated Contracting Officer thereof, and the term includes, except as otherwise provided in this contract, the authorized representative of a Contracting Officer acting within the limits of his authority.

(c) The term "Secretary" means the Secretary, the Under Secretary, or any Assistant Secretary of the Department; and the term "his duly authorized representative" means any person or persons or board (other than the Contracting Officer) authorized to act for the Secretary.

(d) The term "the Company's established regulations" means (i) the rates, terms and conditions in regularly established tariffs, or, in the absence of established tariffs applicable to the services or facilities being furnished, the same rates, terms, and conditions applicable to others for similar services or facilities, or (ii) special charges, terms and conditions agreed upon by the Department and the Company and specifically enumerated in the written order covering such services and facilities.

(e) The term "Department telephone system" means a telephone system owned in whole or in part by the Department which meets the requirements of Paragraph 4 or Paragraph 5 and Paragraph 6 of this contract. The term also includes a temporary telephone system of the Department which is located off a permanent establishment for maneuvers, mobilization tests, or technical service tests and as to which the certification requirements of Paragraph 6 do not apply.

2. It is the policy of the Company to furnish, own, maintain and control all of the instrumentalities necessary to the furnishing of the service offered to the public. This policy is deemed by the Company to be in the public interest and fundamental to the furnishing of uniformly adequate, dependable and satisfactory telephone service.

3. In accordance with this policy, the Company shall furnish, install and maintain upon the premises of the Department at any establishment of the Department located within the area directly and regularly served by any telephone exchange operated by the Company such of its regular classes of service, including the facilities therefor on and off said premises, as the Company may then regularly offer or furnish within said area to the subscribers of such exchange, and as may from time to time be requested in the manner provided for in Paragraph 9.

4. For reasons of military necessity, however, it is deemed by the Department to be essential that certain establishments be served by Department telephone systems owned in their entirety by the Department and that these systems be connected by suitable trunks with the nearest available central offices of the Company.

5. Also at certain naval establishments in connection with telephone systems existing at the date of this contract, a portion of the telephone system consisting in general of the outside distribution plant has been owned by the Department, with the Company owning the remainder of the system including the switchboard equipment and telephone station equipment. Such Department telephone systems are subject to the conditions enumerated in the following paragraphs of this contract except as modified by Appendix A of this contract. Appendix A also includes the additional provisions peculiar to these Department telephone systems. It is agreed by the Department and the Company that ordinarily no additional systems of this type will be established.

6. The establishments which will be served by Department telephone systems, as contemplated in Paragraphs 4 or 5, shall be limited to establishments with respect to which reasons of military necessity require Department ownership of the telephone system and the Secretary of the Department shall in each case so certify in writing; provided, however, that nothing herein shall be construed as requiring certification with respect to a Department telephone system connected prior to the date of this contract by suitable trunks with the nearest available central office of the Company. Such Department telephone systems shall in all cases be limited to establishments which are operated and administered under the direction of the Department and commanded by authorities of such Department.

7. The Company, within its territory, will furnish and maintain trunking facilities and general exchange and toll service in connection with Department telephone systems, provided said systems are so designed, constructed, maintained and used so as to operate satisfactorily in conjunction with the facilities of the Company.

8. The Company, within its territory, will furnish any of the following regular or special services or facilities, where available, for use where there is a Department telephone system:

(a) Circuits on a rental basis, with or without battery supply, for the interconnection of Department-owned communication equipment or of such equipment with equipment rented from the Company, including but not limited to circuits for such uses as;

(1) Tie lines between telephone switchboards serving Department establishments.

(2) Extension lines to telephones connected to a Department telephone system in cases where facilities for such connections may be required off the Department establishment.

(3) Teletypewriter channels.

(4) Channels required in connection with maneuvers, mobilization tests, or technical service tests.

(5) Channels for the remote control operation of radio transmitting and receiving stations where such use does not impair the facilities furnished or interfere with the proper functioning of the Company's plant.

(b) The rental of pole line attachments or duct space for the installation either of temporary communication circuits required in connection with military maneuvers, mobilization tests, or technical service tests, or of permanently constructed circuits to a remote part of a permanent Department establishment.

(c) Any other special services or facilities regularly offered to the general public by the Company.

(d) Work of an engineering, technical or specialized nature involved in the design, installation, alteration, repair or maintenance of Department telephone systems and Department-owned teletypewriter communication facilities. The work contemplated by this provision to be performed by the Company is that which only specially trained employees of the Company are qualified to perform. It is intended that the more common types of telephone work which either the Department or outside contractors are qualified and in a position to perform, such as placing telephone poles, stringing wires, placing cables and similar telephone installation and construction work, including maintenance of Department-owned facilities, would not ordinarily be undertaken by the Company under this contract except under emergency conditions. In specific cases, however, the Company may at its option accept orders under this contract for the common types of telephone work.

9. All facilities and services furnished in accordance with this contract shall be requested by the Contracting Officer or his duly authorized representative through the medium of serially numbered orders, making due reference to this contract and specifying the facilities or services desired and designating the premises involved.

10. Subject, if required by law, to approval by governmental regulatory agencies having jurisdiction with respect to telephone companies, the Department shall pay to the Company for facilities and services furnished by it under this contract amounts determined as follows:

(a) For any of the regular classes of service furnished in accordance with the provisions of Paragraph 3, an amount equal to the rates and charges for the service under the Company's established regulations.

(b) For trunking facilities and services furnished in connection with a Department telephone system in accordance with the provisions of Paragraph 7-

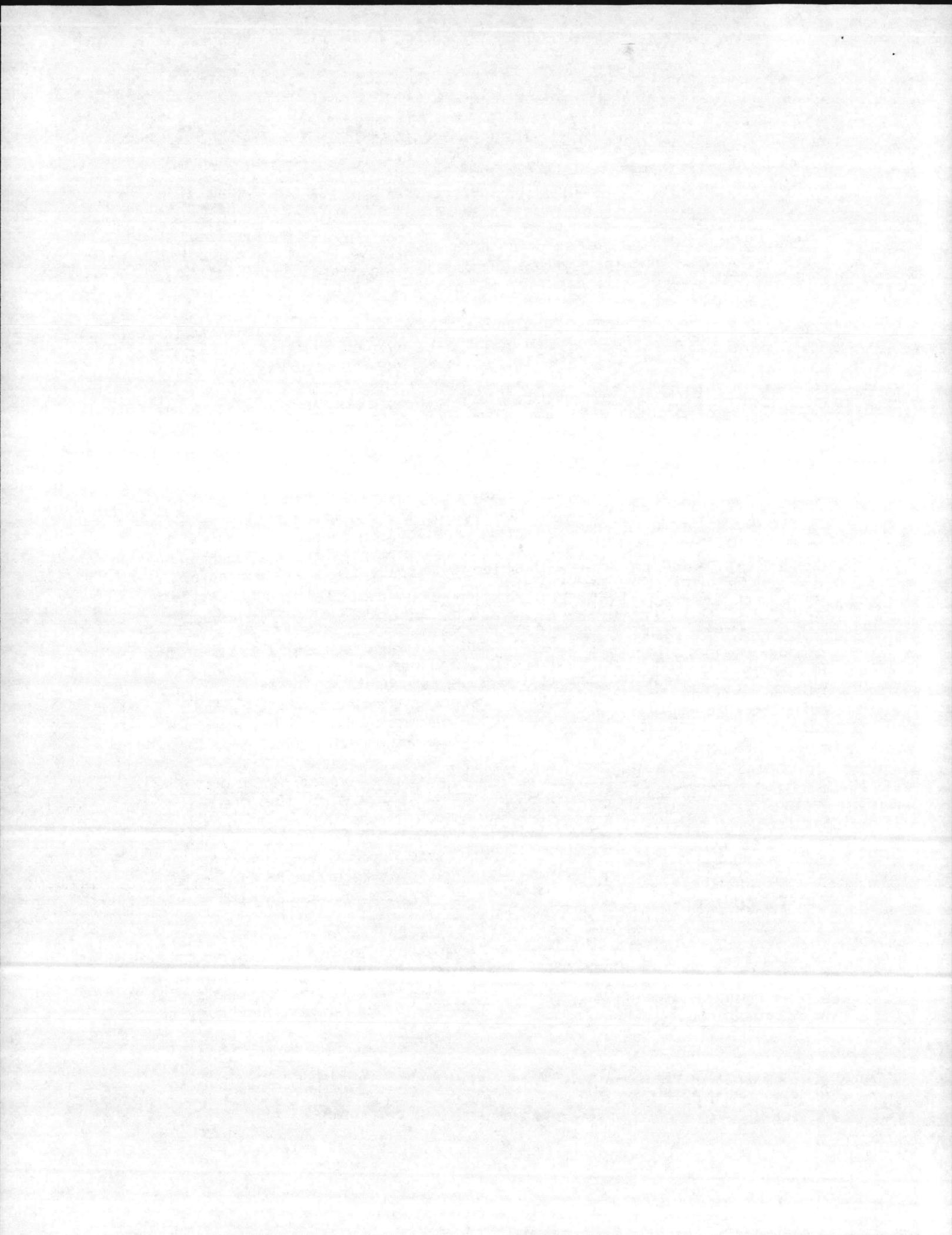
(1) Where the Department telephone system is located within the base rate area of an exchange in which business private branch exchange trunks are furnished on a flat rate basis, the charges for flat rate trunks connected with such system and services in connection therewith shall be the established business flat rate private branch exchange trunk rate in the exchange with which such trunk lines are connected, plus 50 per cent to compensate for the absence of terminal charges, for each trunk line connected with the Department telephone system.

(2) Where the Department telephone system is located inside the base rate area of an exchange in which business private branch exchange trunks are furnished on a message rate basis, charges for message rate trunk lines and local exchange messages thereover shall be the established business message rate private branch exchange trunk and message rates in the exchange with which such trunk lines are connected.

(3) Where the Department telephone system is located outside the base rate area of an exchange but within the area regularly or directly served by the central office with which such system is connected, charges for trunking facilities shall include, in addition to the basic trunk rate in Paragraph (1) preceding, or the basic trunk rate and message rates in Paragraph (2) preceding, the regular extra exchange line mileage charges and also construction charges, if any, in accordance with the local tariff applicable to such exchange.

(4) Where the Department telephone system is located outside the base rate area of an exchange and beyond the area regularly served by the central office with which such system is connected, arrangements will be made by agreement between the Department and the Company according to the circumstances in each case.

*Modified by
L.A. COT
17 Mar.*



(5) The charges above specified cover, in addition to the foregoing trunking facilities, switching services in establishing connection between the Department telephone system and subscribers of the exchange with which such system is in each case connected. Toll service will be furnished over such trunk lines at the regular toll rates from time to time established.

(c) For regular and special services and facilities contemplated in (a), (b), and (c) of Paragraph 8, charges shall be based upon the Company's established regulations, provided that where foreign exchange service is furnished, the regular foreign exchange charges and construction charges, if any, apply except that, when such service is furnished on a flat rate basis, ~~50 per cent shall be added to the basic exchange service rate to compensate for the absence of terminal charges for each foreign exchange trunk line connected with the Department telephone system.~~

*str 5⁴
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(d) For the engineering, technical or specialized work contemplated in (d), Paragraph 8, charges shall be the total cost thereof to the Company including labor and incidental material, supervision and general overhead, and any other incidental charges.

11. Non-recurring charges such as construction, installation, service connection, move and change charges or charges applicable in connection with cancellations or changes in installations prior to the establishment of service, and charges for the work of an engineering, technical, or specialized nature provided for in (d), Paragraph 8, are to be payable upon the rendition of itemized bills therefor. All other charges for facilities and services furnished under this contract on a rental basis, as herein provided, shall, in each case, commence with the satisfactory establishment of services or provision of facilities, and are payable monthly. The Department shall have the right to discontinue the use of any facility or service furnished hereunder at any time. Upon such discontinuance, the Department shall pay to the Company all charges for such facilities and services, adjusted to the date of discontinuance, subject, however, to the Company's established regulations pertaining to termination of service.

12. Where trunking facilities and services are furnished as provided in Paragraph 7, or where any of the facilities or services contemplated in (a) and (c) of Paragraph 8, are furnished by the Company, the Department shall furnish and maintain the plant facilities for the connecting circuits located on the establishment. The plant facilities for such connecting circuits located off the establishment will be furnished by the Company and will be connected with the circuit facilities furnished by the Department at a point located as close to the actual boundary of the establishment as is consistent with the standard Company engineering practices applicable to the type of construction involved, except that Department-owned circuit facilities located off the establishment may be utilized in

establishing trunking and other circuit connections referred to above and the circuit facilities furnished by the Company will be connected at the nearest terminal of the facilities furnished by the Department in the following described cases:

(a) Where an establishment may be connected in part by a submarine cable, the Department at its option may provide the necessary submarine cable facilities.

(b) Where Department-owned circuit facilities off an establishment have already been provided prior to the date of this contract.

(c) Where a Department-telephone system is so located with reference to the established facilities of the Company that it is mutually agreed by the Department and the Company to be more feasible for the Department than for the Company to furnish any part of the circuit facilities for such connections off the establishment.

(d) Where circuit facilities constituting a part of the fire control communication system of a harbor defense or where facilities provided primarily for military purposes (other than for use in connection with the commercial telephone systems) are available for connection with the Company's system without regard to the location of such facilities.

13. Where trunking facilities and services as provided in Paragraph 7 or any of the facilities or services contemplated in (a) and (c) of Paragraph 8 are furnished in connection with a temporary Department telephone system which is located off a permanent establishment and is being used for maneuvers, mobilization tests or technical service tests, and the Company does not have existing circuit facilities for temporary connections available in close proximity thereto, the Department may at its option extend its circuit facilities from such temporary telephone system to a point where connection may be made with the circuits of the Company. The physical connection of such facilities shall, however, be made by or in cooperation with the Company. The duration of such temporary use shall be determined by mutual agreement between the Company and the Department.

14. The trunking connections to Department telephone systems for general exchange and toll service will normally be made with the Company's central office which serves the area in which the Department telephone system is located, provided, however, nothing herein shall be construed to prevent the Company, upon the Department's request, from furnishing foreign exchange service connecting any Department telephone system to additional exchanges, through foreign exchange trunks between such Department telephone system and each additional exchange. No trunk line shall be directly or indirectly connected by the Department with any telephone line or station other than those employed in the Department telephone system with which such trunk line connects, except that such Department trunking connections may be extended to any telephone line or station located on a separate military establishment or forming a part of a separate Department telephone system in the following cases:

(a) Where a tie line between such separate Department telephone systems is furnished by the Company.

(b) Where a tie line or extension line circuit between such separate military establishments or Department telephone systems is provided through the use of Government-owned plant facilities which may be available by reason of any condition provided for in Paragraph 12.

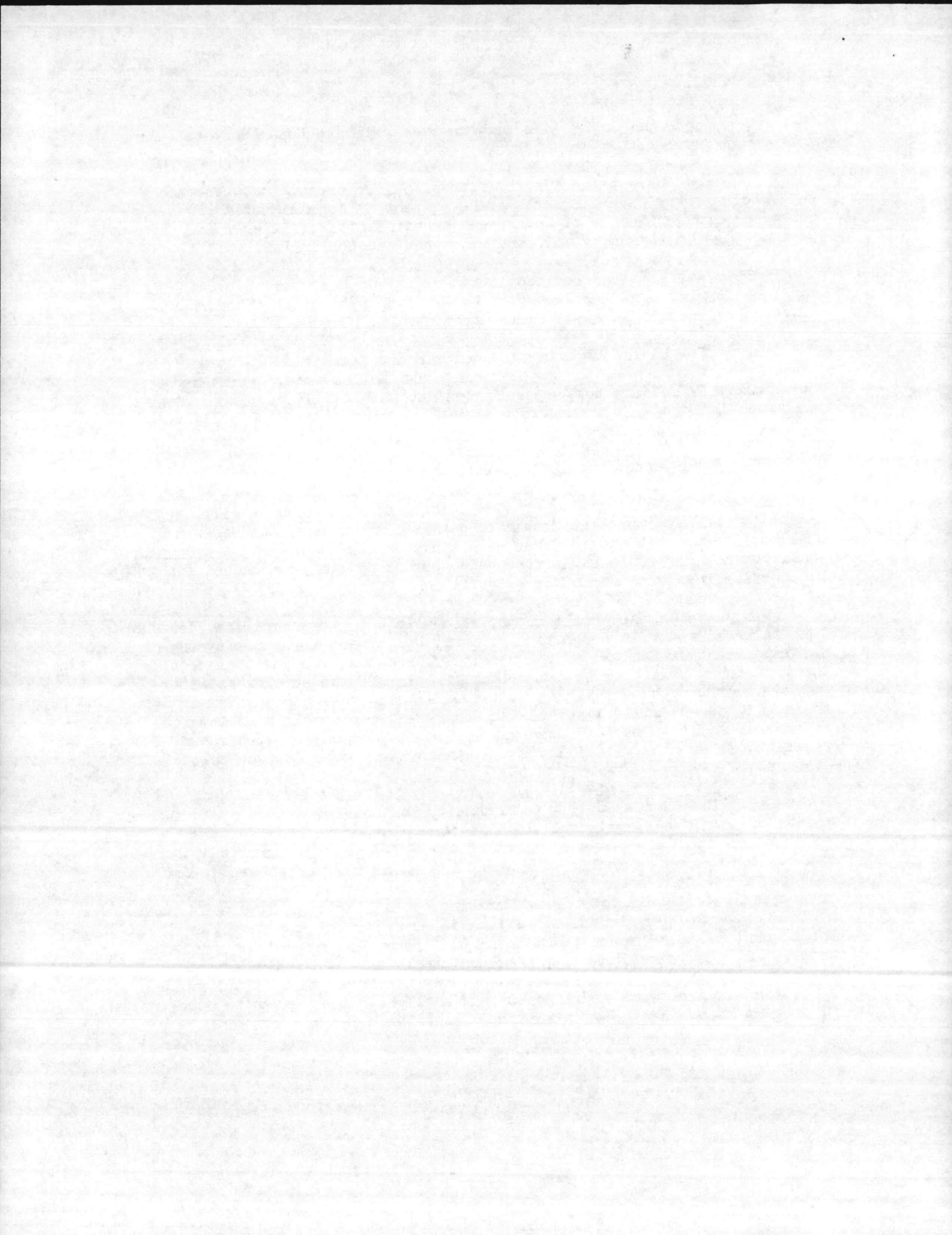
15. All services and facilities of the Company herein provided for shall be furnished and used subject to the Company's established regulations unless otherwise specifically provided for herein.

16. The use of Department-owned circuit facilities located off an establishment in connection with exchange and toll services furnished by the Company is subject to the condition that such facilities when so used will function properly in accordance with the usual standards applicable to such use.

17. The Department shall permit the Company access at all reasonable times to the facilities furnished by the Company for the purpose of inspecting and maintaining them provided, that, if by reason of military necessity the Department is unable to permit such access, the Department shall at its own risk and expense maintain such facilities and the Company shall not be held responsible during the period of such non-access for the service involving any of such facilities.

18. The Company shall not be responsible for any accident, death or loss incurred at or in connection with any Department telephone system or the impairment or failure of the service, where such are due to faults in the Department telephone system or facilities. If the service is interrupted otherwise than by faults in the Department telephone system or by the negligence or willful act of the Department personnel, an allowance in charges shall be made in accordance with the Company's established regulations; no other liability shall, in any such case, attach to the Company.

19. The Company agrees to indemnify the Government and its officers, agents and employees against liability, including costs and expenses, for infringement upon any Letters Patent of the United States (except Letters Patent issued upon an application which is now or may hereafter be, for reasons of national security, ordered by the Government to be kept secret or otherwise withheld from issue) arising out of the repair or maintenance by the Company of Government-owned facilities or out of the use by or for the account of the Government of facilities furnished by the Company hereunder. The foregoing indemnity shall not apply unless the Company shall have been informed as soon as practicable by the Government of the suit or action alleging such infringement and shall have been given an opportunity to present recommendations as to the defense thereof; and further,



such indemnity shall not apply in any one of the following situations: (i) any infringement resulting from the addition to any such facilities of other facilities not furnished by the Company for the purpose of such addition; (ii) any settlement of a claim of infringement made without the consent of the Company, unless required by final decree of a court of competent jurisdiction; (iii) any claim of infringement arising from use of such facilities for a purpose other than the purpose for which they are furnished under the contract; (iv) any infringement necessarily resulting from changes (other than the substitution of another standard commercial part of component manufactured or supplied by the Company) ordered pursuant to this contract, or from specific written instructions given by the Contracting Officer directing a manner of performing the contract not normally utilized by the Company.

20. (a) The Company agrees to report to the Contracting Officer, promptly and in reasonable written detail, each claim of patent infringement based on the performance of this contract and asserted against it, or against any of its subcontractors if it has notice thereof.

(b) In the event of litigation against the Government on account of any claim of infringement arising out of the performance of this contract or out of the use of any supplies furnished or construction work performed hereunder, the Company agrees that it will furnish to the Government, upon request, all evidence and information in its possession pertaining to the defense of such litigation. Such information shall be furnished at the expense of the Government except in those cases in which the Company has agreed to indemnify the Government against the claim being asserted.

21. No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

22. The Company warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Company for the purpose of securing business. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

23. In connection with the performance of this contract, the Company agrees not to employ any person undergoing sentence of imprisonment at hard labor.

24. In connection with the performance of this contract, the Company agrees not to discriminate against any employee or applicant for employment because of race, creed, color, or national origin; and further agrees to insert the foregoing provision in all subcontracts hereunder except subcontracts for standard commercial supplies or for raw materials.

25. Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Company. Within 30 days from the date of receipt of such copy the Company may appeal by mailing or otherwise furnishing to the Contracting Officer a written appeal addressed to the Secretary, and the decision of the Secretary or his duly authorized representative for the hearing of such appeals, shall, unless determined by a court of competent jurisdiction to have been fraudulent, arbitrary, capricious, or so grossly erroneous as necessarily to imply bad faith, be final and conclusive; provided that, if no such appeal is taken, the decision of the Contracting Officer shall be final and conclusive. In connection with any appeal proceeding under this clause, the Company shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending a final decision of a dispute hereunder, the fact of the dispute shall not affect the provision of facilities and services under this contract.

26. The provisions of the foregoing paragraph 25 shall not apply to disputes which are subject to the jurisdiction of a governmental regulatory agency and such provisions shall be subject to the requirements of the law with respect to the rendition of communication service and the collection of tariff charges.

27. This contract shall take effect on 1 July 1953 and shall continue until 1 July 1954 and thereafter until further notice, but may be terminated by either party at any time upon thirty (30) days' written notice to the other party of such proposed discontinuance.

28. There will be maintained in the office of the Department, and for convenience, in the office of the Carolina Telephone and Telegraph Company at Tarboro, North Carolina, a list of the Department telephone systems in the Carolina Telephone and Telegraph Company service area. Accordingly, the Department will notify the Carolina Telephone and Telegraph Company of any change in the status of any system or of any additional systems certified as contemplated in Paragraph 6.

29. GRATUITIES. (a) The Government may, by written notice to the Company, terminate the right of the Company to proceed under this contract if it is found after notice and hearing by the Secretary, or his duly authorized representative, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Company, or any agent or representative of the Company, to any officer or employee of the Government with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with respect

to the performing, of such contract: Provided, that the existence of the facts upon which the Secretary or his duly authorized representative makes such findings shall be in issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the Government shall be entitled (i) to pursue the same remedies against the Company as it could pursue in the event of a breach of the contract by the Company, and (ii) as a penalty in addition to any other damages to which it may be entitled by law, to exemplary damages in an amount (as determined by the Secretary or his duly authorized representative) which shall not be less than three nor more than ten times the costs incurred by the Company in providing any such gratuities to any such officer or employee.

(c) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

30. EXAMINATION OF RECORDS. (a) The Company agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under this contract, have access to and the right to examine any directly pertinent books, documents, papers, and records of the Company involving transactions related to this contract.

(b) The Company further agrees to include the following provisions, with appropriate insertions, in all subcontracts hereunder:

(Name of subcontractor) agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment under prime contract (contract symbol and number) between the United States of America and (Carolina Telephone and Telegraph Company) have access to and the right to examine any directly pertinent books, documents, papers and records of (name of subcontractor) involving transactions related to this contract.

31. The following contracts between the United States Government and the Company are hereby terminated as of the effective date of this contract:

NOj-1394: Commercial telephone service
NOj-1395: Trunkline and other telephone service

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By /s/ T. A. Mason
By direction of Chief of Bureau,
Contracting Officer, Department of the Navy

CAROLINA TELEPHONE AND TELEGRAPH COMPANY

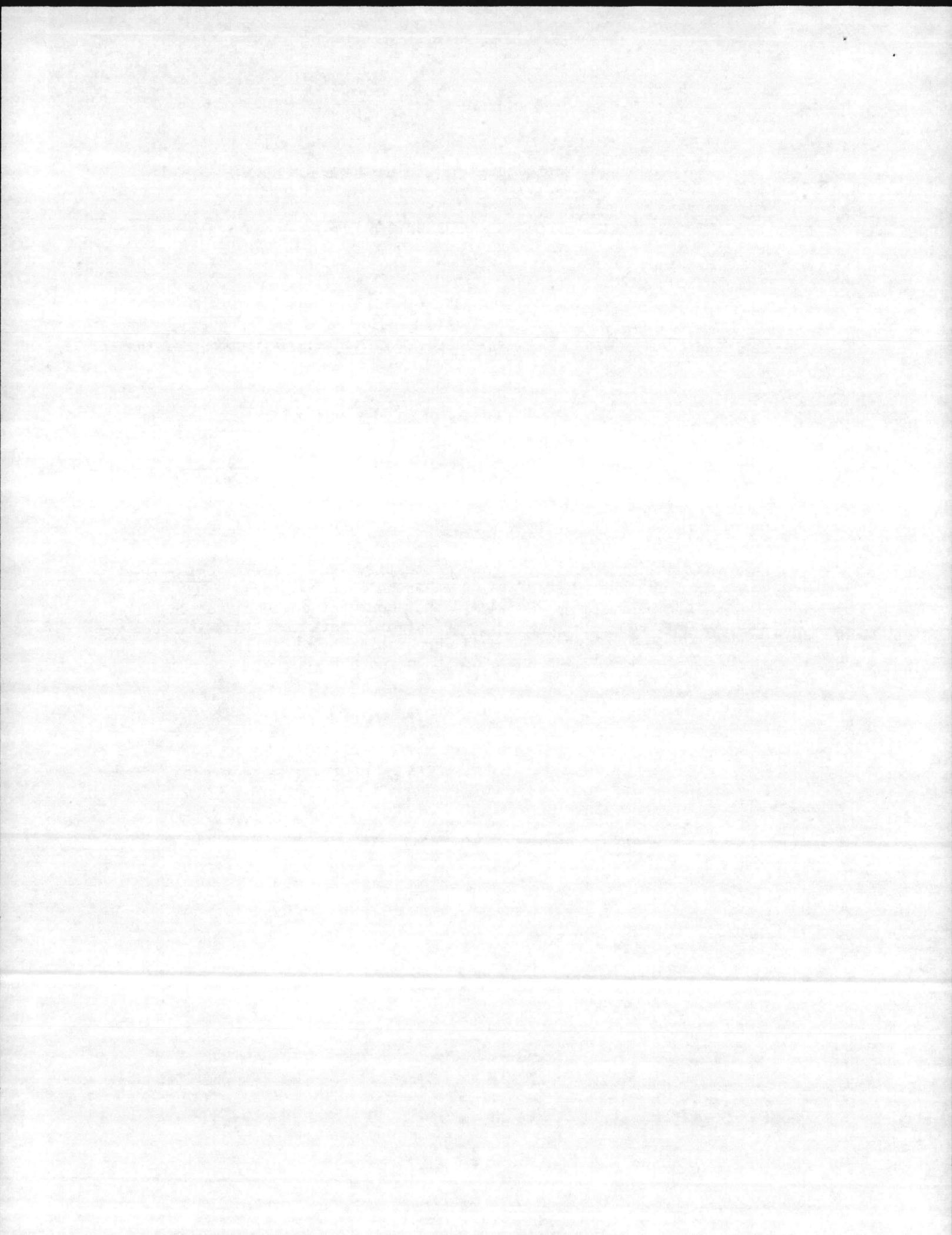
By /s/ L. W. Hill
Title L. W. Hill, President

CERTIFICATE

I, H. Dail Holderness certify that I am the Secretary of the Corporation named as the Company herein; that L. W. Hill who signed this contract on behalf of the Company was then President of said Corporation; that said contract was duly signed for and in behalf of said Corporation by authority of its governing body and is within the scope of its corporate powers.

(CORPORATE SEAL)

/s/ H. Dail Holderness
H. Dail Holderness



APPENDIX A

Where, at a naval shore establishment within the territory of the Company, a Department telephone system is owned jointly by the Department of the Navy and the Company in accordance with the provisions of Paragraph 5 of this contract, the following provisions apply:

1. The Company shall:

(a) Furnish, install and maintain a suitable switchboard or switchboards, completely equipped for operation (including switchboard operators' sets of telephones) and of such line capacity as the needs of the Department may require.

(b) Furnish, install and maintain the necessary distributing frames and connecting wires between such frames and the switchboards referred to in (a) above, and shall connect to such frames all wires and cables connecting thereto the telephone stations furnished under this contract and all trunk lines connecting such switchboards with the Company's exchanges.

(c) Provide the necessary current supply for the operation of the Department telephone system, furnishing, installing and maintaining storage batteries and battery equipment where necessary.

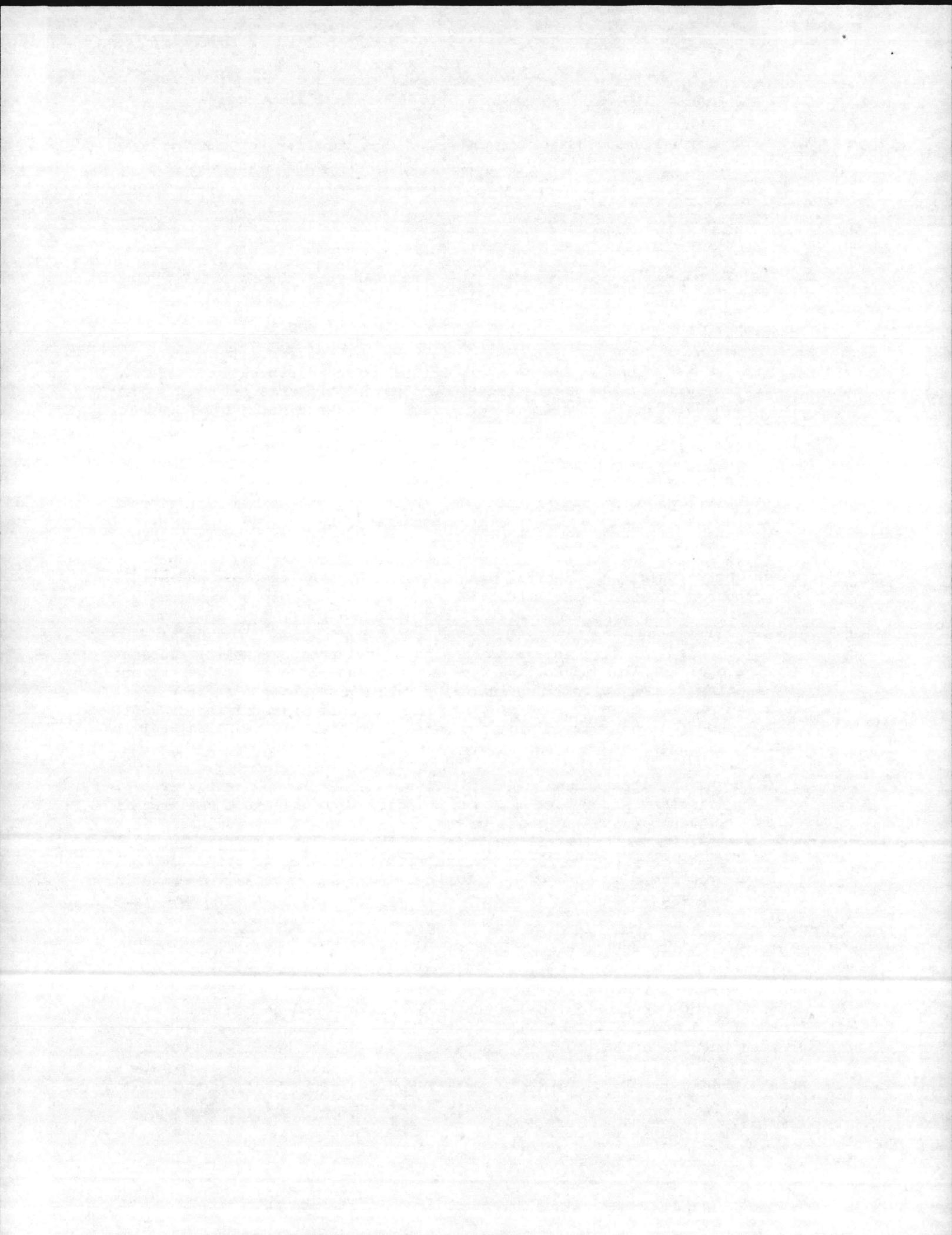
(d) Furnish, install and maintain such protective devices and such other apparatus and appliances, both at the telephone stations and at the switchboards of such Department telephone systems, as may be reasonably necessary for the safe and efficient operation thereof.

(e) Furnish, install and maintain sets of telephones with the necessary station equipment of appropriate type at such locations as the Department may specify from time to time, including making any changes in location of such equipment. However, the placing, removing and transferring of sets of telephones on vessels at the particular establishment involved shall be handled as specified in 2 (e) below.

(f) Furnish, install and maintain wires, whether in open wires or cable, and the necessary floor terminals and building terminals in a building in which a switchboard is located. In buildings in which a switchboard is not located, furnish, install and maintain the station wiring necessary to connect stations with the floor terminals, the building terminals or the station protectors in case of open wiring. Furnish, install and maintain telephone circuits not wholly located within the limits of any establishment.

2. The Department of the Navy shall:

(a) Furnish, install and maintain, without expense to the Company, the outside plant, whether in open wires or in cable, used to connect a switchboard of the Department telephone system with the telephone stations located outside of the building containing such switchboard. In buildings in which a switchboard is not located or on any vessel at the particular establishment involved, furnish, install and maintain wires, whether in open wires or cable, and the necessary floor terminals and building terminals.



All telephone circuits shall be constructed, so far as practicable, in accordance with the usual practice of the Company as shown by its standard specifications for the construction of similar circuits.

(b) Suitably terminate all wires and cables provided by it and make them ready for attachment to distributing frames without expense to the Company.

(c) Provide, without expense to the Company, the necessary power leads for charging batteries furnished by the Company and the requisite current therefor.

(d) Provide, without expense to the Company, within the limits of the establishment, space in suitable underground conduits and upon suitable poles for all wires and cables furnished by the Company, but only so far as may be necessary for the installations contemplated hereby. The Department shall maintain such conduits and poles.

(e) Place, remove and transfer sets of telephones and station equipment therefor (except telephone sets for pay stations) which are furnished for vessels at the particular establishment involved, without expense to the Company. This equipment shall be connected by means of jack and plug connection at the wharf with a switchboard of the Department telephone system or shall be directly wired to such switchboard by means of suitable extensions of the wires on overhead or in underground construction on the establishment. Such sets of telephones shall be paid for by the Department, whether on vessels or not.

3. (a) The charges of the Company for the telephone equipment, circuits, apparatus and service specified in Paragraph 1 of this appendix shall be based upon the Company's established regulations.

(b) For trunking facilities and services the charges of the Company shall be as covered in Paragraph 10 (b) of this contract except that the provision for the addition of 50 per cent to the flat rate private branch exchange trunk rate to compensate for absence of terminal charges shall not be applicable.

(c) In situations where the Department has gratuitously provided the inside cabling or wiring in the building in which a switchboard is located, such cabling or wiring shall be maintained by the Company without expense to the Department, provided that in every case in which it shall become necessary in performing such maintenance to reconstruct either in whole or in part the telephone circuits provided by the Department or to make repairs to any such circuits that would involve an expenditure for labor used and material and appliances incorporated in the particular job exceeding the sum of \$25.00, such repairs shall be made by the Department or by the Company at the expense of the Department, in accordance with Paragraph 10 (d). The Company shall not undertake such work without having first obtained written authorization therefor by the Commandant of the naval district in which the establishment is located.

