

SALES OF COMPANY PROPERTY OUTSIDE OF  
SOUTHWESTERN BELL TELEPHONE COMPANY

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1. GENERAL

- 1.01 This instruction provides guidelines for use by Logistics Services of the Procurement Department when the method for disposing of retired material is by direct sale. The different sales methods covered in this practice include: sales of reusable Central Office Equipment (COE), sales of miscellaneous material, and consignment sales. This practice also provides information about the use of bills of sale and the application of sales tax when sales are made of company material.
- 1.02 This practice has been reissued to reflect changes in the accounting associated with sales of central office equipment. Specifically, Account 1220.192 has been deleted. Also, the section covering the re-application process has been deleted. The re-application of non-stock OCS data equipment is covered in SW747-100-903 (Procedures For Re-applying Non-stock OCS Data Equipment).
- 1.03 When Logistics Services handles material for disposal or sale, the disposition is handled in accordance with Operating Practice No. 123, Disposition Services Policy and Procedures.

2. RESPONSIBILITIES

- 2.01 This section provides information about the responsibilities associated with sales of company property.

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2.02

Logistics Services has the following responsibilities related to sales of retired, surplus, or obsolete material:

- (a) Handling the sale or disposal of surplus, obsolete, and reusable material when such material is transferred to Logistics Services for disposition;
- (b) Issuing salvage credit to user organizations for an estimate of the salvage value of the material received for disposal;
- (c) Processing payments and salvage transactions and then forwarding the transactions to the St. Louis Disbursement Office or the St. Louis Treasury Office;
- (d) Maintaining a system called the Account Management and Invoicing System (AMIS) which performs inventory, accounts receivable, report generating, and invoicing functions;
- (e) Retaining documentation about sales and salvage transactions in accordance with Operating Practice No. 47, Records Retention;
- (f) Engaging in effective marketing efforts to ensure the optimum method for disposition is used; and
- (g) Coordinating with the following groups when disposition is required: user organizations, the Materials Distribution Center (MDC), St. Louis Disbursement and Treasury Offices, and the Material Reprocessing and Consolidation (MARC) Centers.

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- 2.03 Employees within Logistics Services must maintain the highest moral, legal, and ethical standards as set forth in Southwestern Bell Telephone Company's booklet entitled, A Code of Business Conduct. In an effort to ensure compliance with these standards and to avoid any conflict of interest or the appearance of any such conflict, management personnel within Logistics Services involved in the pricing of retired material may not purchase material held for disposal or sale by Logistics Services.
- 2.04 As part of Logistics Services, the Disposition Services Control Center (DSCC) performs accounting and administrative functions incidental to the disposition process. The DSCC handles the following:
- (a) Invoicing;
  - (b) Processing of salvage credits, payments, and transactions involving account adjustments and transfers;
  - (c) Managing the Account Management and Invoicing System (AMIS); and
  - (d) Coordinating with the St. Louis Disbursement Office and the St. Louis Treasury Office as necessary.
- 2.05 User Departments are responsible for the following related to the disposition process:
- (a) All departments requiring disposition of material shall adhere to procedures as established in Operating Practice No. 123, Disposition Services Policy and Procedures.
  - (b) When material is released to the Logistics Services District for disposition, the user organization must furnish the supporting documentation associated with the material. This documentation normally consists of Returned Material Notices (RMNs), Material Transfer Reports, or retirement documents. If supporting documentation is not available, the proper accounting information must be provided to Logistics Services verbally.

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- 2.06 Procurement Contracting is responsible for providing contract support for Logistics Services when contractual agreements are required as part of the disposition process. The responsibilities of the Procurement Contracting group related to such support are defined in Operating Practice No. 123.
- 2.07 Transportation Control Center (TCC) of the Logistics Services District is responsible for all transportation services related to the disposition process. The procedures for using transportation services are available in guidelines established in Operating Practice No. 122, Transportation Policies and Procedures. Contact information for the TCC is listed in Attachment A.

### 3. RECEIPT OF MATERIAL

- 3.01 Logistics Services receives material for disposal from the Materials Distribution Center (MDC) as a result of the normal returns process. For example, non-stock, junk, surplus, and destocked materials are forwarded to a Logistics Services disposition facility on an ongoing basis. Material is also received from Material Reprocessing and Consolidation (MARC) Centers. Material is shipped to the Retail Outlet from MARCs when material is identified as having a resale value higher than the intrinsic value of the material.
- 3.02 Material which is classified as reusable consists of two categories:
- (a) Central Office Equipment (COE); and
  - (b) Miscellaneous material.
- 3.03 Central Office Equipment (COE), for purposes of this practice, includes equipment located at central office facilities and which has been classified as reusable. COE equipment is declared surplus, obsolete, or retired by Network Engineering before COE is released to Logistics Services.

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- 3.04 Miscellaneous material sold by Logistics Services generally includes, but is not limited to, the following:
- (a) Surplus or obsolete material;
  - (b) Miscellaneous test equipment or components of such equipment;
  - (c) Private Branch Exchange (PBX) switches, station apparatus or components (i.e., Customer Premises Equipment) which include telephone sets, housings, cords, jacks, data sets, teletype equipment, etc.;
  - (d) Furniture or miscellaneous office equipment;
  - (e) Computer equipment; and
  - (f) Company motor vehicles.
- 3.05 The procedures for returning stock and non-stock material are covered in the following practices: SWBT Practices SW745-011-901, Returned Material Notice, FA Form SW6381 and SW745-011-902, Returning Stock Material.
- 3.06 Material must be retired before being released to Logistics Services. When material is received by Logistics Services, a salvage credit is issued to the field authority that provided the material. The credit is predicated on an estimate of the salvage value of the material. This value is based on: the weight of the material (scrap value); historical data (records of previous sales); or the estimated sales value of the material.

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- 3.07 In order for salvage credit to be issued to a user, the material must be returned accompanied with an FA Form SW6381, Returned Material Notice (See Exhibit 1); a Material Transfer Report (See Exhibit 2); or the proper accounting information must be provided to Logistics Services by the user. When material is received and it is not accompanied by an associated RMN or supporting documentation, the credit for such material will be allocated to the Responsibility Code (RC) of the state's president originating the shipment. When the originating location cannot be determined, credit will be allocated equally among all SWBT states.
- 3.08 The required accounting data used for crediting by Logistics Services consists of the following:
- (a) Responsibility Code Originating (RCO);
  - (b) Responsibility Code Charged (RCC);
  - (c) Account code;
  - (d) Geographic location code; and
  - (e) Estimate number (if an estimate number is available).
- 3.09 When material is received, information about the material is documented on a Product Receiving Report (SW1715, see Exhibit 3). This information is input into the Account Management and Invoicing System (AMIS). AMIS produces a report called a Logistics Services Credit Memorandum (SW4113, See Exhibit 4) which is a salvage credit. This salvage credit is issued to field organizations for the material or scrap transferred to Logistics Services for disposal.

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4. INVENTORY CONTROL

- 4.01 All material (excluding material sold through the Retail Outlet which is covered in SW747-100-900, Retail Outlet Sales and Operating Guidelines) processed by Logistics Services for disposal or sale must be inventoried. Material inventoried by Logistics Services is added to the Account Management and Invoicing System (AMIS). When changes (such as additions or deletions) to the inventory are required in AMIS, the completion of the proper forms is required. The documents used to make these changes or adjustments to the inventory include:
- (a) Product Receiving Report, Form SW1715 (adds to the inventory, Exhibit 3);
  - (b) Product Shipping Report, Form SW6022A (deletes from the inventory, Exhibit 5); and
  - (c) Product Adjustment/Modification Report, Form SW1716 (adjusts the existing inventory, Exhibit 6).
- 4.02 Material inventoried by Logistics Services is tracked within AMIS by product code (an alpha numeric code used to designate the type of material). Changes to the inventory are made when required and as determined by Logistics Services personnel. When changes are made in AMIS to product code quantities, the inventory within the AMIS data base is updated.
- 4.03 A physical inventory for material held for resale will be conducted by Logistics Services on an annual basis (on or before the end of September). The results of the physical count will be compared to quantities in the AMIS data base. Any discrepancies found during the physical inventory must be adjusted using the Product Adjustment/ Modification Report (SW1716). Completed SW1716s must be approved by a level of authority that conforms to the Schedule of Authorization for the value of the adjustment.

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- 4.04 The actual physical count of all reusable material located at disposition facilities is the responsibility of Logistics Services personnel.
- 4.05 Activities should be held to a minimum throughout the performance of the inventory. The basic functions required for the inventory consists of: a physical count of material held for resale, comparing the result of the physical count to an AMIS inventory report, and then reconciliation of the AMIS data base when discrepancies are identified. Material arriving during the inventory should be received but staged separately and held until completion of the inventory.
- 4.06 AMIS input must be brought up to a current status on or before the day inventory is to begin. When it is determined that AMIS is current, the product inventory report is to be pulled from AMIS. After a physical count is obtained of all material held for resale, the physical balance must be compared to the current AMIS balance. All gains/shortages are to be investigated and an explanation (if applicable) documented. The AMIS report and any explanation for inventory discrepancies are to be filed at the disposition facility where the inventory was conducted and retained for a minimum of two years.
- 4.07 Overages and Shortages identified during inventory of the 1220.193 account are handled as specified in SW747-111-917, Logistics Services Accounting and Administration for Disposition of Company Material. This practice also addresses "write-off" procedures (for losses or invoices not paid) as well as the procedures to use for making adjustments to the inventory within AMIS. Overages and Shortages identified related to the inventory should be resolved by reconciliation which involves the review of past transactions.

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- 4.08 When adjustments are made to the inventory and the value of an adjustment exceeds \$1,000.00, a copy of the Product Adjustment/Modification Report must be forwarded to Area Mgr.-Disposition Operations. It should be noted that deletions from the inventory made by using Adjustment/Modification Reports impact the company books. A deletion from the AMIS inventory does not delete the salvage credit value previously recorded on the company books (FG85 Report).

## 5. LOGISTICS SERVICES SALES METHODS

- 5.01 Sales of surplus, obsolete, or retired material made by Logistics Services are conducted by one of the following methods:
- (a) Competitive Bidding;
  - (b) Single Source Negotiations; or
  - (c) Competitive Quoting.
- 5.02 The sales methods listed above are described in more detail in Operating Practice No. 123, Disposition Services Policy and Procedures. Most sales conducted by Logistics Services are made as a result of Competitive Quoting. This sales process involves Logistics Services making a statement to the market of a price for retired material as an offer to sell to prospective buyers. Material is then sold at the price quoted to buyers on a first come, first served basis.
- 5.03 When sales of inventoried material are made by Logistics Services, a bill of sale is used to record the transaction if the sale is within the limits of the Schedule of Authorizations. A Record of Procurement of Goods or Services (Form SW1887) is used to document sales when the amount of a sale exceeds the limits of the Schedule of Authorizations.

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- 5.04        Logistics Services is required to collect sales or use tax when sales of tangible property are made unless the buyer has a tax exempt status. Section 10 of this practice addresses the application of sales tax when sales are made by Logistics Services.

## 6. CENTRAL OFFICE EQUIPMENT (COE) SALES

- 6.01        This section outlines the flow of the sales process used by Logistics Services when sales of Central Office Equipment (COE) are made.
- 6.02        Network Central Office Engineering releases to Logistics Services retired or surplus COE in reusable condition for disposition. This equipment (also known as "hardwired" equipment) is sold to interests outside SWBT on a competitive quote basis.
- 6.03        When a central office removal occurs, the equipment from the central office removal is entered into the Reusable Equipment Utilization/Engineering (REUSE) System by Network Central Office Engineering. The equipment is assigned a specific restriction code. Reusable equipment entered into REUSE is assigned one of the following codes:
- (a)    Assigned to Procurement = 1;
  - (b)    Available to all SWBT = 2;
  - (c)    Available to all Engineering Sections = 3;
  - (d)    Reserved by Section (future reuse) = 4; and
  - (e)    Assigned = 5.

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- 6.04        Logistics Services can sell equipment contained in REUSE with the Restriction Codes of 1 and 2. Equipment under Restriction Codes 3 or 4 may only be sold by Logistics Services when authorization to sell has been given by the Network Reuse Coordinator who initially reserved the equipment. Sales of central office equipment can also be made by Logistics Services when such material resides in the 1220.1412 or the 1220.191 account. The Manager-Reuse Sales within the Logistics Services District is responsible for sales of COE. Contact information for this individual is listed in Attachment A.
- 6.05        Logistics Services is notified of surplus reusable equipment via the REUSE system. Also, a monthly report in REUSE (See Exhibit 7) called, "RGDEM01 - SUMMARY OF UNASSIGNED EQUIPMENT BY ECC," lists the surplus equipment.
- 6.06        Central office equipment which is sold by Logistics Services is processed through the 1220.193 account (Equipment and Material Salvage). Central office equipment is transferred into the 1220.193 account via the use of a mechanized Material Transfer Report (REUSE Form FASW 5015, See Exhibit 2).
- 6.07        When reusable central office equipment no longer has reuse potential within the company and Logistics Services deems that no market exists for such equipment, then that equipment is declared scrap and is forwarded to a MARC Center for normal scrap processing.
- 6.08        Sales of central office material are made in accordance with the Schedule of Authorizations. Sales exceeding the limits as set forth within the Schedule of Authorizations are documented on Form SW1887, Record of Procurement of Goods or Services (See Exhibit 8). Preparation of Form SW1887 is covered in Operating Practice No. 112 entitled, Purchasing and Contracting Policies.

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- 6.09      Logistics Services establishes pricing for central office equipment using the information out of the REUSE data base. Central office equipment is priced by Logistics Services using original adjusted material cost as a guide. Generally hardwired materials are sold at a price different from original adjusted material cost with considerations given to market conditions, equipment availability, and quantities of material on-hand. Logistics Services generates account adjustments and transfers at the time the COE material is sold.
- 6.10      The Competitive Quoting process is the method of sale used by Logistics Services when central office equipment is sold. This procedure involves making a statement to the market about the material as well as a statement about the price, and then selling the material on a first come, first served basis. Logistics Services makes sales of COE by responding to customer requests for equipment, by initiating customer contacts, and by various advertising methods. Central office equipment is advertised via electronic media (i.e., national electronic bulletin boards. Logistics Services also advertises in telecommunications journals and other publications.
- 6.11      When sales of COE are made, a Bill of Sale (SW2008, See Exhibit 9) is completed and signed by the customer and the sales representative from Logistics Services. Also in conjunction with the sale, a Product Receiving Report (SW1715, See Exhibit 3) and a Product Shipping Report (SW6022A, See Exhibit 5) are completed. When the Product Receiving Report is processed through AMIS, a salvage credit is generated on Form SW4113 for the amount of the sale. The credit is applied to the field authority which released the equipment to Logistics Services.

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- 6.12 The accounting information required to process COE sales is derived from the Network Reuse Coordinator and is provided via a Returned Material Notice, a Material Transfer Report, or verbally. The proper accounting data must include: Responsibility Code Charged, Responsibility Code Originating, Account Code, Geographic Location Code, quantity, and the estimate or authority number.
- 6.13 When sales of COE are finalized, Logistics Services will contact Network Central Office Engineering at General Headquarters with the buyer's shipping and billing information. A mechanized Material Transfer Report is generated and forwarded to the specific Reuse Section that has the equipment to be shipped. After receiving the mechanized Material Transfer Report, the Network Reuse Coordinator ensures shipment of the equipment. Shipments are coordinated with the Transportation Control Center (TCC). Contact information for the TCC is listed in Attachment A.
- 6.14 When a Shipping Report is processed through AMIS, an invoice is generated. This invoice is mailed to the customer by the Disposition Services Control Center (DSCC).
- 6.15 When payment is received, the payment and supporting transactions are forwarded to the St. Louis Treasury Office for processing.

## 7. CONSIGNMENT SALES

- 7.01 This section provides information about the consignment sales process as used by Logistics Services.

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- 7.02 For the purpose of this practice, consignment can be defined as the process of consigning (releasing to the care of another) SWBT's surplus or obsolete material for an agent to sell the material based on mutually agreed terms and conditions. After the material is sold by the seller (SWBT's agent), the revenue is divided between the seller and SWBT or the seller is paid a fee based on an agreement which outlines the terms and conditions of the consignment. The proceeds from the sale which are paid to the seller by SWBT must be treated as a cost of removal. The cost of removal will be shown to EXTC 481 when proceeds are submitted to the St. Louis Treasury Office and an SW4490 is used to process the transaction.
- 7.03 When material is considered for a consignment arrangement, the terms and conditions are agreed to by SWBT and the consigning agent. A contractual agreement is developed by Logistics Services in conjunction with the Procurement Contracting group.
- 7.04 The following outlines the responsibilities related to the consignment process when it is used by Logistics Services for the disposition of retired surplus or obsolete material. These responsibilities include:
- (a) Determining which material has the potential for the consignment process;
  - (b) Providing Procurement Contracting with specifications for the consignment agreement, and approving the development of the agreement;
  - (c) Coordinating with Procurement Contracting to develop Request for Proposals (RFPs) which are to be mailed to prospective vendors in order to obtain a consignment agreement;
  - (d) Selecting the most qualified vendor after reviewing proposals from vendors considered for the consignment arrangement;

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- (e) Authorizing and implementing the consignment agreement. In conjunction with the implementation of the agreement, coordinating the shipment to the vendor of the material to be consigned;
- (f) Maintaining records of all material received by Logistics Services for disposition and subsequently transferred to a vendor for consignment;
- (g) Providing salvage credit to organizations which transferred material to Logistics Services for disposition. In conjunction with crediting field forces, completing the necessary account transfers and adjustments and submitting such transactions to the St. Louis Disbursement Office;
- (h) Notifying Procurement Contracting regarding any deficiencies related to the consignment agreement which were caused as a result of action by the vendor; and
- (i) Maintaining an inventory of the material transferred to a consigning agent. When sales are made and statements are furnished by the vendor to SWBT, Logistics Services must make monthly comparisons of the inventory shown on the statement and those quantities existing in the AMIS inventory. Discrepancies will be reconciled with the vendor (SWBT's agent) and changes will be made in the Account Management and Invoicing System (AMIS) by using a Product Adjustment/Modification Report.

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- 7.05      The following steps provide information about the general flow of the consignment process used by Logistics Services.
- (a)      Logistics Services receives retired material or equipment.
  - (b)      The equipment or material must have an accompanying retirement document, Returned Material Notice (SW6381), or accounting information associated with the equipment.
  - (c)      Logistics Services inputs into AMIS information about the material to receive it into the inventory and to generate salvage credit for the user.
  - (d)      The salvage credit is generated out of AMIS as a credit to the field for material transferred to Logistics Services for disposition. The salvage credit is based on a price list developed jointly by SWBT and the vendor. Salvage value is normally the same as the estimated sales price for the material. When material has been salvaged and cannot be sold, such material must be forwarded to the Retail Outlet or to the MARC Center. Future salvage credits are adjusted within AMIS to compensate for differences in salvaging and revenue received in attempts to balance the 1220.193 account.
  - (e)      Forms SW4113s (salvage credits) are sent by Logistics Services to the St. Louis Disbursement Office where the information is entered into DOPAC. DOPAC I/O bills the credit to the accounting center of the field user's Responsibility Code (RC) or authority that provided the material or equipment.

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- (f) The vendor provides to Logistics Services a monthly statement which includes the material on-hand (vendor's inventory of our material) and the material sold. A check for the amount of sales is also submitted to Logistics Services along with the statement.
- (g) Logistics Services issues a Product Shipping Report for the material sold. This will remove the equipment or material from the inventory. The Product Shipping Report causes AMIS to generate an invoice. This invoice is not sent to the vendor since payment has already been received.
- (h) The check is processed by Logistics Services as a credit to the 1220.193 account via an SW4490. The check and the transaction providing the credit are then forwarded to the St. Louis Treasury Office for processing and journalization.
- (i) Logistics Services makes a comparison monthly of the inventory held by the vendor (reflected on the monthly statement) and that inventory shown in AMIS. Discrepancies are resolved with the vendor. When necessary, Product Adjustment/Modification Reports are issued to correct the inventory if discrepancies are found.

## 8. MISCELLANEOUS EQUIPMENT/REUSABLE SALES

- 8.01 This section provides information about how Logistics Services handles sales of miscellaneous material in conjunction with the disposition process. As a matter of policy, miscellaneous material sales are handled as stated in Operating Practice No. 123, Disposition Services Policy and Procedures.

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- 8.02 Miscellaneous Sales are handled by the Manager-Specialized Sales. Contact information for this position is listed in Attachment A.
- 8.03 Miscellaneous material under the control of Logistics Services is inventoried within the Account Management and Invoicing System (AMIS). At the time material is received, information about that material is documented on a Product Receiving Report (SW1715, see Exhibit 3) and input into the AMIS data base to add the material to the inventory. A Logistics Services Credit Memorandum (SW4113, See Exhibit 4) is produced by AMIS which will provide a salvage credit to field organizations.
- 8.04 Material provided to Logistics Services for disposal or sale must be accompanied by supporting documentation or the proper accounting information to properly salvage the material. Such documentation generally consists of: an accompanying Returned Material Notice (SW6381); a Material Transfer Report; or a copy of a retirement document.
- 8.05 Sales made of miscellaneous material are recorded on Bills of Sale (SW2005, See Exhibit 10). Also at the time of sale, a Product Shipping Report (SW6022A, See Exhibit 5) is completed by Logistics Services. The Shipping Report will generate an invoice out of the AMIS data base.
- 8.06 Once payment is received by Logistics Services, the payment is processed using an SW4490, Notification of Miscellaneous Transfer (when taxes are not collected) or an SW4472, Authorization or Cancellation of Sundry Expenses (when taxes are collected). Logistics Services uses SW4490s and SW4472s to issue account adjustments and/or transfers.
- 8.07 All miscellaneous material sales are processed through the 1220.193 Account (Equipment and Material Salvage Account). Credits to user organizations are issued based on accounts and authorities provided to Logistics Services on supporting documents associated with the material to be disposed.

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9. BILLS OF SALE

9.01       The following information pertains to the bills of sale used by Logistics Services. Bills of Sale are used to document the terms and conditions when sales are made. There are two bills of sale currently used:

- (a) Bill of Sale for Reusable Central Office Equipment (SW2008, See Exhibit 9); and
- (b) Bill of Sale for Miscellaneous Material (SW2005, See Exhibit 10).

Note: There are two different bills of sale because COE sales are made with a warranty and miscellaneous material sales are made "AS IS-WHERE IS" with no warranties. Our Legal Department also recommends the use of two forms.

9.02       When the sales amount exceeds the amount specified within the Schedule of Authorizations, an SW1887, Record of Procurement of Goods or Services, is used to document the sale. Preparation of Form SW1887 is covered in Operating Practice No. 112.

9.03       Bills of sale express and clarify Southwestern Bell Telephone Company's limitations of liability. They protect SWBT from liability regarding sales transactions and also serve as a formal agreement between SWBT and the buyer. The bill of sale is also a vehicle used for the conveyance or transfer of title to goods and property sold by SWBT. All bills of sale should be approved in accordance with the Schedule of Authorizations established for the disposition of retired company material. The specific titles and approval amounts for disposition and sale of material can be found in Section 7.4 of the Schedule of Authorizations.

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9.04 Each bill of sale document will include the following sections of information which require completion after a sale is made:

- (a) Reference Information;
- (b) Buyer's Name;
- (c) Material and Purchase Price;
- (d) Special Conditions;
- (e) Terms of Payment;
- (f) Disclaimer of Warranties;
- (g) Signature Section; and
- (h) General Conditions.

9.05 Following is a brief summary of the major sections of a bill of sale:

- (a) REFERENCE INFORMATION - Located at the top right hand portion of the bill of sale. This section is used to record references to other documents related to the transaction.
- (b) BUYER'S NAME - The sole proprietor, president, or the responsible party financially accountable for the transaction should be listed in the buyer's name section.
- (c) MATERIAL AND PURCHASE PRICE - This section requires the completion of information related to the material being sold. Items in this section include quantity, product code/description, unit price, and total price. This section also has a place for subtotal, tax, freight, and total price.
- (d) SPECIAL CONDITIONS - This section allows for entry of unique conditions or other pertinent remarks which apply to the material sold. For example, this section can be used to indicate a specific tax number when taxes do not apply to the purchase because the customer has a tax exempt status. A tax certificate must always be obtained from a customer who claims that he is tax exempt.

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- (e) **TERMS OF PAYMENT** - This section deals with those terms of payment or special billing arrangements for material sold. All purchases are cash on delivery (COD) unless Logistics Services authorizes special billing (i.e., invoicing, or other arrangements).
- (f) **DISCLAIMER OF WARRANTIES** - This section covers the extent of warranty and/or liability for the material sold. This section is different for each bill of sale as follows:
  - (1) Bill of Sale (SW2005) - Material is sold "AS IS-WHERE IS" with all faults, latent and patent. The seller (SWBT) makes no warranties.
  - (2) Bill of Sale (SW2008) - Material is warranted by seller (SWBT) for a period of thirty days from the date material is placed in service, or one hundred and twenty (120) calendar days from the date of the sale, whichever is shorter.
- (g) **SIGNATURE SECTION** - This portion of the bill of sale provides an area where both responsible parties (buyer and seller) can endorse the agreement and make the contract binding.
- (h) **GENERAL CONDITIONS** - On the reverse side of each bill of sale, general conditions are listed which cover sales of SWBT material. These conditions basically address various facets of state and federal laws as well as warranty information related to the specific agreement or other conditions involving the buyer and seller. These conditions can be referenced in Exhibits 9 and 10 which cover the different Bills of Sale.

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10. TAX APPLICATION FOR SALES BY SWBT

- 10.01 This section provides information about tax application related to sales generated by Logistics Services. In accordance with Operating Practice No. 65, General Tax Administration, which is based on general state and federal tax law, SWBT is required to collect and remit sales tax when sales of tangible property occur.
- 10.02 A Local Tax Schedule for each state which includes the applicable state and local sales tax rates is available in Operating Practice No. 65 under Section 5, Attachment 2.
- 10.03 It is the responsibility of Logistics Services to determine the proper taxing situs (location) and to quote to customers the tax rate applicable to sales made of miscellaneous or reusable material. It is also the responsibility of Logistics Services to obtain a copy of a customer's tax exemption certificate when a customer has declared a tax exempt status. As a matter of business, Logistics Services will bill the tax unless a customer has provided a tax exemption certificate. It is not however the responsibility of Logistics Services to determine the validity of any tax certificate if it appears in proper order. For audit purposes, tax certificates are forwarded to the disposition facility where the sale was made.

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- 10.04 When sales tax applies, the rates for each state are different and are subject to change based on when the tax laws change. The applicable sales tax rate applies to the total taxable sales amount. Following are the different tax categories that could apply for each state. The sum of the applicable tax categories makes up the total sales tax rate.
- (a) State Tax
  - (b) County Tax
  - (c) City Tax
  - (d) Transportation or Metropolitan Transit Authority (MTA) Tax.
- 10.05 There are two situations when taxes do not apply on sales made by Logistics Services. These two cases are as follows:
- (a) Shipment of the material sold to a point outside of the SWBT five-state area (and the customer did not make an on-site purchase of the merchandise at some location within SWBT territory); or
  - (b) The customer has provided SWBT a valid tax exemption certificate.
- 10.06 When orders for Logistics Services material are placed within SWBT territory and shipment of the material is to another state within SWBT territory, the "use" tax which applies is the use tax applicable at the state where the material is being shipped. Because SWBT does business in the five-state territory, it must collect and remit applicable state and local use tax for the material sold within those states.

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- 10.07 Sales of in-place material may differ in tax treatment as far as the local tax applies (based on the state and location in which the order was placed). For example, in Kansas, Missouri and Texas, when the order is placed from a location within the state other than an in-place location, the tax location is the SWBT office where the order was placed. On orders placed outside an SWBT office, the office of the SWBT salesperson involved in the sale will be the tax point within Kansas and Missouri. In Texas, the place (outside the SWBT office) where the sales representative took the order will be the tax location. For Oklahoma and Arkansas, the tax point is always the location of the in-place material which was sold.

Note: When an out-of-state order is placed for in-place material, the local tax point is always the same as the location of the material.

- 10.08 Following are some definitions relative to the application of sales tax and can be used as a reference in understanding the proper tax treatment.
- (a) Sales Tax: A charge levied on the retail price of taxable material, and collected and remitted to the state by the seller.
  - (b) Use Tax: A tax corresponding to a sales tax and usually levied at the same amount as the state and local sales tax, except there are no local use taxes in Kansas and Missouri, Oklahoma has no county use tax, and Arkansas city and/or county sales tax does not apply when material is delivered outside a local taxing jurisdiction. It is a tax levied on the price of material which was purchased in one taxing jurisdiction, i.e., a state or county, but the material was shipped into another taxing jurisdiction (where the same retailer does business) for use, consumption, or storage. Texas is the only SWBT state in which local use tax may apply to an in-state purchase.

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- (c) Local Tax: A tax levied and imposed by a city, county, or regional transit district.
- (d) Exemption Certificate: A certificate provided to a retailer which exempts the buyer from paying tax on the sales price of material purchased. Three basic types of exemptions exist as follows:
  - (1) Resale Certificate - Material purchased for the purpose of resale to another buyer.
  - (2) Manufacturing Certificate - Material purchased for the purpose of using as ingredients or component parts of material in manufacturing products for sale.
  - (3) Exempt Organization - A business exempted from tax owed because of its identity as a political entity, i.e., the U.S., city, or county government, or a charitable organization or church qualified as tax exempt within a given state. Operating Practice No. 65 lists the requirements for tax exemptions for each state.

## 11. ACCOUNTING AND ADMINISTRATION

- 11.01 This section provides general information about the accounting used by Logistics Services when sales of surplus material are made. Logistics Services uses the 1220.193 account for the disposition process.

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11.02 Account 1220.193 (Equipment and Material Salvage - SPFC 5C5J), includes the estimated net salvage value of scrap material returned to MARC Centers or Logistics Services facilities for sale. It also contains the salvaged value of COE or other material which has been removed in usable condition and is held for sale to companies outside of Southwestern Bell Telephone Company. Net salvage is equal to gross salvage minus the costs of removal. Following are examples of material processed through the 1220.193 account:

- (a) Scrap material processed through MARC Centers;
- (b) Material sold through the Surplus Sales Outlet (i.e., nuts, bolts, wire, clamps, furniture, computers, etc.);
- (c) Miscellaneous material such as: PBX equipment, construction material, office equipment, major tools and test sets, station apparatus or components (i.e. Customer Premises Equipment (CPE) including telephone sets, data sets, teletypewriters, and other communications related equipment);
- (d) Reusable equipment such as Central Office Equipment (COE) and plug-in equipment; and
- (e) Other equipment or material released to Logistics Services for disposal.

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- 11.03      Logistics Services provides salvage credits to users for material received for disposal. A salvage credit is a credit to the user's "X" or other account and a debit to the 1220.193 account.
- 11.04      Salvage credits are applied to the geographic location code, account code, authorization, and Responsibility Code (RC) provided on the Returned Material Notice (RMN) or other documentation associated with the material. When supporting documentation is not received with material provided to Logistics Services for disposal, credit is allocated as stated in 3.07 of this practice. Salvage credits are generated by the Account Management and Invoicing System.
- 11.05      When AMIS generates an invoice, Logistics Services issues a transaction to debit the 1190.219A Account (Accounts Receivable - Debtors From Sale Of Scrap Material) and credit the 1220.193 account.
- 11.06      When payments for material sold are received, Logistics Services issues transactions, such as account transfers or adjustments via FA Form SW4472, Authorization or Cancellation of Sundry Expenses (Exhibit 11 if taxes apply). When taxes do not apply, Form SW4490, Notification of Miscellaneous Transfer or Adjustment (Exhibit 12) is used to process the transaction. These completed forms are forwarded by Logistics Services with the accompanying payments to the St. Louis Treasury Office for processing. These transactions will reflect a credit to the 1190.219A account.

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- 11.07      Logistics Services expenses are prorated via Account 6512.3 (Logistics Services Supply Expense Account) which includes that portion of costs which have been incurred in conjunction with material return operations and attributable to material handled in the disposition process. Logistics Services expense loading is covered in Southwestern Bell Telephone Company Practice SW747-111-917, Logistics Services Accounting and Administration for Disposition of Company Material. This practice also covers asset verification or reconciliation for the 1220.193 account.
- 11.08      A credit rating system for customers of SWBT surplus and obsolete material is maintained within the Account Management and Invoicing System (AMIS). This system consists of information or credit histories which describe a customer's credit status. This credit status is composed of a credit limit and a credit rating for each customer in the data base. The Logistics Services Sales group uses reports out of AMIS as a guide for making decisions relating to credit when sales are made.

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EXHIBIT 1  
RETURNED MATERIAL NOTICE (SW6381)


[illegible]

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**EXHIBIT 3**  
**PRODUCT RECEIVING REPORT (SW1715)**

 <b>Southwestern Bell Telephone</b>		<b>PRODUCT RECEIVING REPORT</b>		SW-1715 Rev. 7-66 P.L. 431	
Retention Period - 1 year				SERIAL NO _____ DATE _____	
LOCATION <input type="checkbox"/> MI DALLAS COE <input type="checkbox"/> MI DALLAS USP <input type="checkbox"/> MI HOUSTON <input type="checkbox"/> MI ST. LOUIS <input type="checkbox"/> AK RETAIL <input type="checkbox"/> OTHER _____					
SOURCE <input type="checkbox"/> MIN NO _____		HAULER _____		TC _____ H _____	
REC NO _____		B.C. WEIGHT _____			
<b>PRODUCTS RECEIVED</b>					
PRODUCT CODE/CLASS	WEIGHT/REEL LBS/REEL	REEL TYPE	SERIAL NO	PRODUCT CODE/CLASS	WEIGHT/REEL LBS/REEL
			12		23
			13		24
			14		25
			15		26
			16		27
			17		28
			18		29
			19		30
			20		31
			21		32
			22		33
NET WEIGHT _____			TARE WEIGHT _____		
CORRECT _____		DATE _____		APPROVED _____	
				DATE _____	
				INPUT _____	
				DATE _____	
(ORIGINAL FILE COPY REQUIRED)					

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EXHIBIT 4  
LOGISTICS SERVICES CREDIT MEMORANDUM (SW4113)

REPORT : SF012-001                      LOGISTICS SERVICES CREDIT MEMORANDUM                      FORM SW4113  
REF : OAP PART F SECT 22.1                      SOUTHWESTERN BELL                      RUN DATE : 12/03/88  
SWBT DP CTR: ST LOUIS                      RETENTION PERIOD: 3 YEARS  
MANAGER - SAN ANTONIO

PLEASE CREDIT THE ESTIMATED VALUES SET OUT BELOW TO THE ACCOUNTS INDICATED. QUESTIONS  
PERTAINING TO THE ACCOUNTING INFORMATION SHOULD BE REFERRED TO THE ORIGINATOR OF THE RMN ATTACHED.  
ALL OTHER QUESTIONS MAY BE REFERRED TO THE MANAGER-CABLE SALES ON (314) 235-2415.

AMOUNT	ACCOUNT	GEO. LOC CODE	RC ORIG	FUNC CODE	EC	EXTC	RC CHARGED	AUTH	YR PL	RMN	
1344.62CR	45X	XD6914	S4802A000	-	-	636	S82325250	-	00	6672049	
X 1344.62DB	1220.195	T44109	S4802A1B0	SC5J		CY1	S4802A1B0			X-ACCOUNT	T881203002
50.00DB	1220.195	T44109	S4802A1B0	SC5J		CY1	S4802A1B0			NON-X-ACCOUNT	T881203003

-----  
AREA MANAGER-DISPOSITION SERVICES

-----  
MANAGER-INVESTMENT & COST

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EXHIBIT 5  
PRODUCT SHIPPING REPORT (SW6022A)

[illegible]

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EXHIBIT 6  
PRODUCT ADJUSTMENT/MODIFICATION REPORT (SW1716)

[illegible]

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EXHIBIT 7  
RGDEM01 - SUMMARY OF UNASSIGNED EQUIPMENT BY ECC

REPORT-RGDEM-01  
REF-PLAN REPORT DOCUMENTATION  
SWBT DP CTR-SAINT LOUIS

RGDEM01-SUMMARY OF UNASSIGNED EQUIPMENT BY ECC  
REUSE SUPPORT OFFICE  
03:50:51 05/01/91

PAGE: 3

ECC	BASIC UNIT	LIST	DESCRIPTION	TRUNK CL	QTY	TOT PRICE	YM AVAIL	R	UID	STOCK NUM	GEOLOC
ECC	EW BASIC UNIT	EW LIST			QTY	EW PRICE	YM				
5XB	J23055CR-50	1;10	MF-OGT CN/NON-CN U 258		1	35.38 73	091588	3	KSSW111373	TPKAKSWE0009218	K56019
5XB	J23055CR-50	1;10	MF-OGT CN/NON-CN U 258		1	35.38 73	091588	3	KSSW111374	TPKAKSWE0009219	K56019
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105341	TPKAKSWE0008260	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105342	TPKAKSWE0008261	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105343	TPKAKSWE0008262	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105344	TPKAKSWE0008263	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105345	TPKAKSWE0008264	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105346	TPKAKSWE0008265	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105347	TPKAKSWE0008266	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105348	TPKAKSWE0008267	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105349	TPKAKSWE0008268	K53075
5XB	J23055CW-50	1	OGT IT TRK K254		1	320.39 71	032888	3	KSSW105350	TPKAKSWE0008269	K53075
5XB	J23057CA-50	1	INCPTRK REL UN D159		1	85.30 71	113088	3	KSSW114176	TPKAKSWE0010010	K54039
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00054	TPKAKSWE0020289	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00055	TPKAKSWE0020290	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00056	TPKAKSWE0020291	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00057	TPKAKSWE0020292	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00058	TPKAKSWE0020293	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00059	TPKAKSWE0020294	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00060	TPKAKSWE0020295	K56416
5XB	J23057CC-50	1	INCPTRK UN		1	59.14 72	040690	3	KS00061	TPKAKSWE0020296	K56416
5XB	J23057CC-50	1;2;3	INCPTRK UN D158		5	65.05 72	040189	3	HOSW116938	HOUSTONTXJAMVEL	W54219
5XB	J23057CH-50	1;3;A	DT FST ANN/CO TRK D207GAC		1	104.15 71	032888	3	KSSW105226	TPKAKSWE0008154	K53075
5XB	J23057CH-50	1;3;A	DT FST ANN/CO TRK D207GAC		1	104.15 71	032888	3	KSSW105227	TPKAKSWE0008155	K53075
5XB	J23057CQ-50	1	911 PERM SIG TRK U D218		1	375.00 90	070190	3	KS01259	LENEXA WHESE	K55023
5XB	J23057Y-50	1;5;6;C	TRANS TEST TRUNK U 1E39		1	215.25 71	032888	3	KSSW105255	TPKAKSWE0008103	K53075
5XB	J23058AG-50	1	INTER/TIMER UN G173		1	375.00 90	070190	3	KS01260	LENEXA WHESE	K55023
5XB	J23058AJ-50	1;	DUAL CHAN REC UN G-142		15	100.00 68	040591	4	AR00823	WHMPARMHMG02342	WH0000
5XB	J23058AY-50	1	INTERRUPTER COUNT G221		1	375.00 90	070190	3	KS01261	LENEXA WHESE	K55023
5XB	J23058BA-50	1	ORIG/INC REG GRP B AE2		1	49.20 71	032888	3	KSSW105277	TPKAKSWE0008205	K53075
5XB	J23058BA-50	1	ORIG/INC REG GRP B G174D		1	49.20 71	032888	3	KSSW105283	TPKAKSWE0008211	K53075
5XB	J23058BF-50	1	IMED RING COMT UN G209		1	149.78 71	040888	3	KSSW106368	TPKAKSWE0008418	K54020
5XB	J23058BM-50	1;A	AUX COIN SUPV UNIT G230		1	92.25 71	032888	3	KSSW105278	TPKAKSWE0008206	K53075
5XB	J23058BM-50	1;A	AUX COIN SUPV UNIT G230		1	92.25 71	032888	3	KSSW105279	TPKAKSWE0008207	K53075
5XB	J23058BM-50	1;A	AUX COIN SUPV UNIT G230		1	92.25 71	032888	3	KSSW105280	TPKAKSWE0008208	K53075
5XB	J23058BM-50	1;A	AUX COIN SUPV UNIT G230		1	92.25 71	032888	3	KSSW105281	TPKAKSWE0008209	K53075
5XB	J23058BM-50	1;A	AUX COIN SUPV UNIT G230		1	92.25 71	032888	3	KSSW105282	TPKAKSWE0008210	K53075
5XB	J23058BT-50	1;2;3	VOICE ALM/COMT UN		1	429.75 78	070191	4	KS01443	LENEXA WHESE	K55023
5XB	J23058CT-50	1	DYN OVERLOAD CONT		1	147.41 00	010187	5	HOSW096556	HSTINTXHS7H00001	W52720
5XB	J23058CT-50	1	DYN OVERLOAD CONT		8	147.41 78	030387	5	HOSW090558	NCCDTCNCCG00012	W64520
5XB	J23058R-50	1;B;C	COIN TONE TRK UNIT 1G44		1	100.18 71	032888	3	KSSW105246	TPKAKSWE0008174	K53075
5XB	J23058R-50	1;B;C	COIN TONE TRK UNIT 1G44		1	100.18 71	032888	3	KSSW105247	TPKAKSWE0008175	K53075
5XB	J23058R-50	1;B;C	COIN TONE TRK UNIT 1G44		1	100.18 71	032888	3	KSSW105248	TPKAKSWE0008176	K53075
5XB	J23058R-50	1;B;C	COIN TONE TRK UNIT 1G44		1	100.18 71	032888	3	KSSW105249	TPKAKSWE0008177	K53075
5XB	J23058R-50	1;B;C	COIN TONE TRK UNIT 1G44		1	100.18 71	032888	3	KSSW105250	TPKAKSWE0008178	K53075
5XB	J23058S-50	1;A;B;C	PERM SIG HOLD TRK 1G51		1	78.36 71	032888	3	KSSW105234	TPKAKSWE0008162	K53075
5XB	J23058S-50	1;A;B;C	PERM SIG HOLD TRK 1G51		1	78.36 71	032888	3	KSSW105235	TPKAKSWE0008163	K53075
5XB	J23058S-50	1;A;B;C	PERM SIG HOLD TRK 1G51		1	78.36 71	032888	3	KSSW105236	TPKAKSWE0008164	K53075
5XB	J23058S-50	1;A;B;C	PERM SIG HOLD TRK 1G51		1	78.36 71	032888	3	KSSW105237	TPKAKSWE0008165	K53075
5XB	J23058S-50	1;A;B;C	PERM SIG HOLD TRK 1G51		1	78.36 71	032888	3	KSSW105238	TPKAKSWE0008166	K53075

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EXHIBIT 8  
RECORD OF PROCUREMENT OF GOODS OR SERVICES (SW1887)

<b>Southwestern Bell</b> Telephone Company of America Reference: Internal Supplier Program J.P. 32 87		Form SW-1887 3-801									
<b>RECORD OF PROCUREMENT OF GOODS OR SERVICES</b>											
Name _____		Date _____									
State _____		City _____									
Division _____		District _____									
Reference Number _____		Date Approved _____									
Description of Procurement: _____											
Method: Comparative Quotes <input type="checkbox"/> Comparative Proposals <input type="checkbox"/> Single Source Negotiations <input type="checkbox"/>											
Reason for Method: _____											
Type Contact: By Telephone <input type="checkbox"/> In Person <input type="checkbox"/> By Letter <input type="checkbox"/>											
Suppliers Contacted To Submit Quotes or Proposals:											
	<table border="1" style="margin: auto;"> <tr> <th>Supplier</th> <th>Date of Response</th> <th>Date of Contact</th> <th>Reply</th> </tr> <tr> <td>Yes</td> <td>No</td> <td></td> <td></td> </tr> </table>	Supplier	Date of Response	Date of Contact	Reply	Yes	No				
Supplier	Date of Response	Date of Contact	Reply								
Yes	No										
1.											
2.											
3.											
4.											
5.											
6.											
Comments re: availability, quality, quote opening, standards, insurance, experience, etc. for the above suppliers											
1.											
2.											
3.											
4.											
5.											
6.											
Selected Quotes: Date of Quote List _____ Date/Time of Opening _____ Location _____ Winner: _____ Tie: _____ Date: _____ Winner: _____ Tie: _____ Date: _____ Winner: _____ Tie: _____ Date: _____ Recommended Supplier _____ Extension of lowest price is not selected _____											
Transmittal:											
Approved: _____	Title: _____	Date: _____									
Approved: _____	Title: _____	Date: _____									
Approved: _____	Title: _____	Date: _____									
Approved: _____	Title: _____	Date: _____									
Approved: _____	Title: _____	Date: _____									
Approved: _____	Title: _____	Date: _____									


(Use other side if additional space is required)

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**EXHIBIT 9**  
**SW2008 - BILL OF SALE (COE)**

 <b>Southwestern Bell Telephone</b>	<b>BILL OF SALE</b> REUSABLE EQUIPMENT	SW-2008 Rev. 10-88	
Return Period: _____ Years	Order No. _____ Contract No. _____ P.O. Ref. No. _____ Order Date _____		
Southwestern Bell Telephone Company (Seller) agrees to sell and _____ Buyer agrees to purchase the following described items of surplus material for reuse in accordance with the Terms and Conditions herein and on the reverse side hereof.			
<b>MATERIAL AND PURCHASE PRICE</b>			
QUANTITY	PRODUCT CODE/DESCRIPTION	UNIT PRICE	TOTAL PRICE
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
SPECIAL CONDITIONS _____ _____		Subtotal _____ Tax _____ Freight _____ Total Price _____	_____ _____ _____ _____
<b>TERMS OF PAYMENT:</b> Buyer shall remit to Seller the net price of material herein within a thirty (30) day period of the date Bill of Sale signed by Buyer unless otherwise agreed. If _____			
PAYABLE TO: Southwestern Bell Telephone Co. Manager-Operations Services 500 N. Broadway, Room 1600 St. Louis, Missouri 63102			
<b>PACKING AND SHIPPING</b>		Material is packed by: Buyer <input type="checkbox"/> Seller <input type="checkbox"/> Material is prepaid freight: Carrier Buyer <input type="checkbox"/> Prepaid Seller <input type="checkbox"/>	
<b>MATERIAL AND PREPAY BILL TO:</b> Company: _____ Attention: _____ Street: _____ City, State, Zip: _____		<b>MATERIAL WILL BE SHIPPED TO:</b> Company: _____ Attention: _____ Street: _____ City, State, Zip: _____	
<b>DISCLAIMER OF WARRANTIES</b> MATERIAL sold under this Agreement is sold as used telecommunication equipment. SELLER warrants that the MATERIAL are covered in accordance with manufacturer's specifications, when installed in a design compatible environment. By accepted purchase, for a period of thirty days from date MATERIAL is placed in service, or the further and thirty (30) calendar days from the date of the sale, whichever is greater. If the equipment does not so conform, SELLER will accept return of the MATERIAL, and refund BUYER'S purchase price of returned MATERIAL at SELLER'S option. THE FOREGOING WARRANTY IS IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SELLER SHALL NOT BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF THE FOREGOING WARRANTY.			
SOUTHWESTERN BELL TELEPHONE COMPANY			
By: _____ Title: _____ Date: _____		By: _____ Title: _____ Date: _____	
Official File Copy, unless otherwise noted			

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**EXHIBIT 9 (CONT'D.)  
(REVERSE SIDE OF SW2008)**

**GENERAL CONDITIONS FOR SALE OF REUSABLE EQUIPMENT**

**ENTIRE AGREEMENT**

This Agreement constitutes a binding contract when signed, acknowledged or otherwise accepted by Buyer. Buyer's acceptance of materials constitutes acceptance of all the terms and conditions contained in this Agreement, and such terms and conditions supersede all prior oral or written understandings between the parties and constitute the entire agreement between the parties. No terms or conditions contained in any purchase order or other form originated by Buyer shall apply. Any reference to Buyer's purchase order shall be for Buyer's convenience only. Seller expressly rejects any offers by Buyer except by a writing signed by both parties and no changes or additions to this Agreement shall be binding upon Seller unless signed by an authorized representative of Seller.

**ASSIGNMENT**

This Agreement is not assignable by Buyer without the written consent of Seller. Any attempted assignment without such consent shall be null and void and shall constitute a default of this Agreement.

**CHOICE OF LAW**

This Agreement shall be governed by the domestic laws of the state of Missouri.

**COMPLIANCE WITH LAWS**

Buyer and all persons furnished by Buyer shall comply with the provisions of the Fair Labor Standards Act, the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, and all other applicable federal, state, county and local laws, ordinances, regulations and codes (including identification and procurement of resources, services, commodities, approvals and inspections) in Buyer's performance under this Agreement. Buyer further agrees not to discriminate against any employee or associate for employment because of race, color, religion, sex, national origin or handicap and shall, during the term of this Agreement, comply with all applicable Executive and Federal regulations as set forth in SW9368, attached hereto and made a part of this Agreement. Buyer agrees to indemnify Seller for any loss or damage including reasonable legal fees sustained because of Buyer's noncompliance.

**CONFLICT OF INTEREST**

Buyer represents and warrants that no officer, employee, or agent of Seller has been or will be employed, retained, paid a fee, or otherwise has received or will receive any personal compensation or consideration by or from Buyer or any of Buyer's officers, employees or agents in connection with the obtaining, arranging, or negotiation of this Agreement or other documents or Agreements entered into or executed in connection herewith.

**DETERMINATION OF COUNT, CLASSIFICATION AND DESCRIPTION**

**DESCRIPTION**

At the time of shipment, Buyer or Buyer's representative shall have the privilege of checking Seller's determination of count, classification, and description of the materials. If Buyer's determination differs from Seller's, a determination of count, classification and description shall be reached by mutual agreement before the materials is shipped. If Buyer or Buyer's Representative fails to make a check at the time of shipment, Seller's determination of count, classification, and description shall control.

**EXPORTS**

Buyer will be responsible for complying with any and all laws and regulations of the United States Department of Commerce.

**FORCE MAJEURE**

Seller shall not be liable for any loss, damage or delay caused by strikes, lockouts, labor disturbances, riot, fire, insurrection, or the elements, embargo, failure of carriers, inability to obtain facilities or to obtain materials, Government Regulations or requirements, Acts of God or the public enemy or any cause beyond its control whether or not similar to the foregoing.

**IMPLEADER**

Buyer agrees not to invoke or bring any action against Seller or Seller's employees based on any claim by any person for personal injury or death that occurs in the course or scope of employment of such person by Buyer and that arises out of materials or services furnished under the Agreement.

**INFRINGEMENT OF PATENTS**

The business of the materials under this Agreement does not survive by patent and Seller does not warrant that the use of any materials, equipment or technical information furnished hereunder will not involve any patent, trademark, copyright, trade

secret or other proprietary interest of any third party, and it shall be Buyer's sole responsibility to make such determination as is necessary with respect to the acquisition of licenses or other rights under patents or with respect to other rights of third parties. Seller shall not be held to any liability with respect to any claim made by any third party on account of or arising from the use of such materials, equipment or technical information. Buyer agrees to indemnify and save harmless Seller from any and all costs, expenses, damages and claims for infringement of any patents or similar instruments or any trademarks, copyrights, trade secrets or other proprietary interests in any foreign country or in the USA.

**INSIGNIA**

No identification or reference to any code, drawing, specification, trade name, trademark, trade device, insignia, service mark, symbol or any abbreviation, construction or simulation thereof (hereafter "Insignia") reference to Seller will be used in any of Buyer's advertising or promotional efforts without Seller's prior written approval. Any such use shall refer to the benefit of Seller. Unless otherwise agreed in writing, Buyer shall remove from the materials any insignia prior to any sale or use of the materials. Buyer agrees to indemnify Seller against any claim arising out of Buyer's failure to adhere to the terms of this clause. This clause does not modify the USE OF INFORMATION Clause.

**LIMITATIONS OF LIABILITY**

IN NO EVENT WILL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SELLER BE LIABLE FOR DAMAGES IN EXCESS OF THE PURCHASE PRICE STATED IN THIS AGREEMENT.

**NON-WAIVER**

No course of dealing or failure of either party to strictly enforce any term, right or condition of this Agreement shall be construed as waiver of such term, right or condition.

**TAXES**

Any tax or related charge which Seller shall be required to pay to or collect for any government upon or with respect to services rendered or the sale, use or delivery of materials, shall be paid to Buyer as a separate item and sold by Buyer unless a valid exemption certificate is furnished by Buyer to Seller.

**TITLE AND RISK OF LOSS**

Title to materials furnished by Seller shall vest in Buyer when loaded on board Buyer's transportation vehicle at Seller's loading dock at the FOB location. Buyer assumes risk of loss when materials is loaded on Buyer's or Buyer's agent's transportation vehicle and assumes sole responsibility for necessary security arrangements. The Transfer of Title and Risk of Loss clause is in effect unless otherwise stated in this agreement.

**USE OF INFORMATION**

Any specifications, drawings, sketches, diagrams, computer or other apparatus programs, manuals, technical or business information or data, including methods and concepts set forth or utilized therein (as hereinafter designated "information") if any, which Seller may furnish hereunder or in connection herewith, shall be kept in confidence by Buyer and shall not be disclosed or otherwise disseminated by Buyer without Seller's written permission except as hereinafter provided. Such information shall be kept in confidence by Buyer and may be used by Buyer solely to remove, install, operate and maintain the material supplied hereunder and may not be for other purposes except upon such terms as may be agreed upon in writing between Buyer and Seller. No copies of such information may be made other than copies which are necessary for removal, installation, operation, and maintenance of the material supplied hereunder. Such information may be disclosed to Buyer's authorized designees for the sole purpose of removing, installing, operating and maintaining the material supplied hereunder provided such designees agree in writing to keep such information in confidence and to use such information solely for such purpose (a copy of such writing to be provided to Seller at its request). Such information may be disclosed to a transferee of the material provided there is included in the transfer agreement the complete foregoing use of information contained in this paragraph is copy of the relevant portion of the transfer agreement to be provided to Seller.


**RELATIONSHIP OF PARTIES**

Buyer represents to Seller that Buyer will not utilize the materials purchased under this agreement to produce or reprocess information, services including INSUREL, MTS, WATS, MTS/WATS Type, and provide the services to persons or entities who are not tenants and who are not located on the premises and in the building in which the MATERIAL is rented and maintained by Seller.

**PROPRIETARY**

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

EXHIBIT 10  
SW2005 - BILL OF SALE (MISCELLANEOUS MATERIAL)

 <p><b>Southwestern Bell Telephone</b></p>	<p><b>BILL OF SALE</b></p>	<p>SW-2005 Rev. 11-88</p>																
<p>Person Period: _____ Years</p>		<p>Invoice No. _____ Contract No. _____ Ref. No. _____ P. O. Ref. No. _____ Invoice Date _____</p>																
<p>Southwestern Bell Telephone Company (Seller) agrees to sell and _____ Buyer agrees to purchase the following described used or surplus material for resale in accordance with the Terms and Conditions herein and on the reverse side hereof:</p>																		
<p><u>MATERIAL AND PURCHASE PRICE</u></p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Quantity</th> <th style="text-align: left;">Product Code/Description</th> <th style="text-align: left;">Unit Price</th> <th style="text-align: left;">Total Price</th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr> </tbody> </table>			Quantity	Product Code/Description	Unit Price	Total Price	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Quantity	Product Code/Description	Unit Price	Total Price															
_____	_____	_____	_____															
_____	_____	_____	_____															
_____	_____	_____	_____															
<p><u>SPECIAL CONDITIONS</u> _____ _____ _____</p>		<p>Subtotal _____ Tax _____ Freight _____ Total Price _____</p>																
<p><u>TERMS OF PAYMENT:</u> Buyer shall purchase to Seller the full price of material herein within a thirty (30) day period of the date Bill of Sale signed by Buyer unless otherwise agreed, or</p>																		
<p>PAYABLE TO: Southwestern Bell Telephone Co. Manager-Operations Services 108 N. Broadway, Room 1000 St. Louis, Missouri 63102</p>																		
<p><u>PACKING AND SHIPPING:</u></p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Material is packed by _____</td> <td style="width: 10%;">Seller <input type="checkbox"/></td> <td style="width: 10%;">Buyer <input type="checkbox"/></td> </tr> <tr> <td>Material is shipped _____</td> <td>Carrier <input type="checkbox"/></td> <td>Prepaid <input type="checkbox"/></td> </tr> <tr> <td>Freight _____</td> <td>Buyer <input type="checkbox"/></td> <td>Seller <input type="checkbox"/></td> </tr> </table>			Material is packed by _____	Seller <input type="checkbox"/>	Buyer <input type="checkbox"/>	Material is shipped _____	Carrier <input type="checkbox"/>	Prepaid <input type="checkbox"/>	Freight _____	Buyer <input type="checkbox"/>	Seller <input type="checkbox"/>							
Material is packed by _____	Seller <input type="checkbox"/>	Buyer <input type="checkbox"/>																
Material is shipped _____	Carrier <input type="checkbox"/>	Prepaid <input type="checkbox"/>																
Freight _____	Buyer <input type="checkbox"/>	Seller <input type="checkbox"/>																
<p>MATERIAL WILL BE SOLD FROM: Southwestern Bell Telephone Company Street _____ City, State, Zip _____</p>	<p>MATERIAL WILL BE SHIPPED TO: Company _____ C/O _____ Street _____ City, State, Zip _____ Ship Date _____</p>																	
<p>FREIGHT BILL TO: Company _____ Address _____ Street _____ City, State, Zip _____</p>	<p>MATERIAL WILL BE BILLED TO: Company _____ Address _____ Street _____ City, State, Zip _____</p>																	
<p><u>DISCLAIMER OF WARRANTIES:</u> THE MATERIAL SOLD UNDER THIS AGREEMENT IS SOLD AS USED OR SURPLUS MATERIAL AND IS SOLD "AS IS-WHERE IS" WITH ALL FAULTS, LATENT AND PATENT. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR WARRANTY AGAINST PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT.</p>																		
<p><u>LIMITATIONS OF LIABILITY:</u> IN NO EVENT WILL SELLER BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES WHETHER ARISING OUT OF BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT TORT LIABILITY OR OTHERWISE. IN NO EVENT SHALL SELLER BE LIABLE FOR DAMAGES IN EXCESS OF THE PURCHASE PRICE STATED IN THIS AGREEMENT.</p>																		
<p>SOUTHWESTERN BELL TELEPHONE COMPANY</p>																		
<p>By: _____ Title _____ Date _____</p>	<p>By: _____ Title _____ Date _____</p>																	
<p>Official Pro Copy, unless otherwise noted</p>																		

**PROPRIETARY**  
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.



**EXHIBIT 10 (CONT'D.)  
(REVERSE SIDE OF SW2005)**

**GENERAL CONDITIONS FOR SALE OF USED OR SURPLUS MATERIAL**

**ACCEPTANCE**

Buyer hereby expressly acknowledges that Buyer has heretofore made a full and complete inspection of, or has had a reasonable opportunity to inspect, the material and expressly agrees to accept the material in its present condition.

**ASSIGNMENT**

This Agreement is not assignable by Buyer without the written consent of Seller. Any attempted assignment without such consent shall be null and void and shall constitute a default of this Agreement.

**CHOICE OF LAW**

This Agreement shall be governed by the laws of the state of Missouri.

**COMPLIANCE WITH LAWS**

Buyer and all persons furnished by Buyer shall comply with the provision of the Fair Labor Standards Act, the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, and all other applicable federal, state, county and local laws, ordinances, regulations and codes including identification and procurement of required permits, certificates, approvals and inspections in Buyer's performance under this Agreement. Buyer further agrees not to discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or handicap and shall, during the term of this Agreement, comply with all applicable Executive and Federal regulations as set forth in SW9368, attached hereto and made a part of this Agreement. Buyer agrees to indemnify Seller for any loss or damage including reasonable legal fees sustained because of Buyer's noncompliance.

**DETERMINATION OF COUNT CLASSIFICATION AND**

**DESCRIPTION**

At the time of shipment, Buyer or Buyer's representative shall have the privilege of observing Seller's determination of count, classification, and description of the material. If Buyer's determination differs from Seller's, a determination of count, classification and description shall be reached by mutual agreement before the material is shipped. If Buyer or Buyer's Representative fail to make a check at the time of shipment, Seller's determination of count, classification, and description shall control.

**ENTIRE AGREEMENT**

This Agreement constitutes a binding contract when signed, accepted or otherwise accepted by Buyer. Buyer's acceptance of material constitutes acceptance of all the terms and conditions contained in this Agreement, and such terms and conditions supersede all prior oral or written understandings between the parties and constitute the entire agreement between the parties. No terms or conditions contained in any purchase order or other form originated by Buyer shall apply. Any reference to Buyer's purchase order shall be for Buyer's convenience only and Seller expressly reserves any other or Buyer's order by a writing signed by both parties and no changes or additions to the Agreement shall be binding upon Seller unless signed by an authorized representative of Seller.

**EXPORTS**

Buyer will be responsible for complying with any and all laws and regulations of the United States Department of Commerce.

**FORCE MAJEURE**

Seller shall not be liable for any loss, damage or delay caused by strikes, accidents, labor disturbances, riot, fire, insurrection, or the elements, embargo, failure of carriers, inability to obtain facilities or to obtain materials, Government Regulations or requirements, Acts of God or the public enemy or any cause beyond its control whether or not similar to the foregoing.

**INTELLECTUAL PROPERTY**

No identification or reference to any code, drawing, specification, trade name, trademark, trade device, insignia, service mark, symbol or any abbreviation, designation, or abbreviation thereof, (hereinafter "insignia") reference to Seller will be used in any of Buyer's advertising or promotional efforts without Seller's prior written approval. Any such use shall inure to the benefit of Seller. Unless otherwise agreed in writing, Buyer shall remove from the material any insignia prior to any use or use of the material. Buyer agrees to indemnify Seller against any claim arising out of Buyer's failure to adhere to the terms of this clause. This clause does not modify the USE OF INFORMATION clause.

**INFRINGEMENT OF PATENTS**

The purchase of the material under this agreement does not convey by implication or otherwise any license under any patent, domestic or foreign. Seller makes no representation or warranty that the use of any material, equipment or technical information furnished hereunder will not infringe any patent, trademark, copyright, trade secret or other proprietary interests of any third party and it shall be Buyer's sole responsibility to make such determination as is necessary with respect to the acquisition of licenses or other rights under patents or with respect to other rights of third parties. Seller shall not be held to any liability with respect to any claim made by any third party on account of, or arising from, the use of such material, equipment or technical information. Buyer agrees to indemnify and save harmless Seller from any and all costs, expenses, legal fees, damages, and claims for infringement of any patents or similar instruments or any trademarks, copyrights, trade secrets or other proprietary interest in any foreign country or in the USA.

**PLANT AND WORK RULES**

Buyer's employees and agents, shall, while on the Seller's premises, comply with all plant rules and regulations including, where required by Government Regulations submit satisfactory clearance from the U.S. Department of Defense and other federal authorities concerned.

**TAXES**

Any tax or related charge which Seller shall be required to pay is or collect for any government upon or with respect to services rendered or the sale, use or delivery of materials, shall be added to Buyer as a separate item and paid by Buyer unless a valid exemption certification furnished by Buyer to Seller.

**TITLE AND RISK OF LOSS**

Unless otherwise agreed in writing, title to the material shall at all times remain in Seller until Seller has received payment in full of the Purchase Price. No part of the material may be removed by Buyer prior to receipt by Seller of full payment unless otherwise agreed. After payment of the Purchase Price, Seller or Buyer or assignee shall at Seller's risk with the material in the form attached to this Agreement. Buyer shall have risk of loss from the time the material is made available to Buyer prior to removing it from Seller's premises.

**USE OF INFORMATION**

Any specifications, drawings, sketches, diagrams, computer or other electronic programs, manuals, technical or business information or data, including methods and concepts set forth or utilized therein (as hereinafter designated "information") if any, which Seller may furnish hereunder or in connection herewith, shall be kept in confidence by Buyer and shall not be published or otherwise disclosed by Buyer without Seller's written permission except as hereinafter provided. Such information shall be kept in confidence by Buyer and may be used by Buyer solely to remove, install, operate and maintain the material supplied hereunder and may not be for other purposes except upon such terms as may be agreed upon in writing between Buyer and Seller. No copies of such information may be made other than copies which are necessary for removal, installation, operation, and maintenance of the material supplied hereunder. Such information may be disclosed to Buyer's authorized designees for the sole purpose of removing, installing, operating and maintaining the material supplied hereunder provided such designees agree in writing to keep such information in confidence and to use such information solely for such purpose. A copy of such writing to be provided to Seller at its request. Such information may be disclosed to a transferee of the material provided there is included in the transfer agreement and the designees receiving use of information contained in this paragraph is a copy of the relevant portion of the transfer agreement to be provided to Seller.

**RELATIONSHIP OF PARTIES**

Buyer represents to Seller that Buyer will not use the Material purchased under this agreement to provide or reveal communications services (including interstate MTS, WATS, MTS/WATS type, and private line services) to persons or entities who are not tenants and who are not located on the premises and in the building in which the material is installed and maintained by Seller.

**PROPRIETARY**

Not for use or disclosure outside Southwestern Bell  
Telephone Company except under written agreement.

EXHIBIT 11

AUTHORIZATION OR CANCELLATION OF SUNDRY EXPENSES (SW4472)

[illegible]

**PROPRIETARY**

**Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.**

EXHIBIT 12  
NOTIFICATION OF MISCELLANEOUS TRANSFER OR ADJUSTMENT  
(SW4490)

[illegible]

ATTACHMENT A  
(LOGISTICS SERVICES CONTACT INFORMATION)

District Manager-Logistics Services - 314 235-2310

Area Manager-Disposition Operations - 214 243-2173

Manager-Store Operations - 214 241-3136

Manager-Specialized Sales - 214 243-2103

Manager-Reuse Sales - 314 235-2309

DISPOSITION SERVICES CONTROL CENTER (DSCC)

Manager-Cable Sales - 314 235-2415

TRANSPORTATION CONTROL CENTER - 314 235-4578

PROPRIETARY

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Telephone Company except under written agreement.