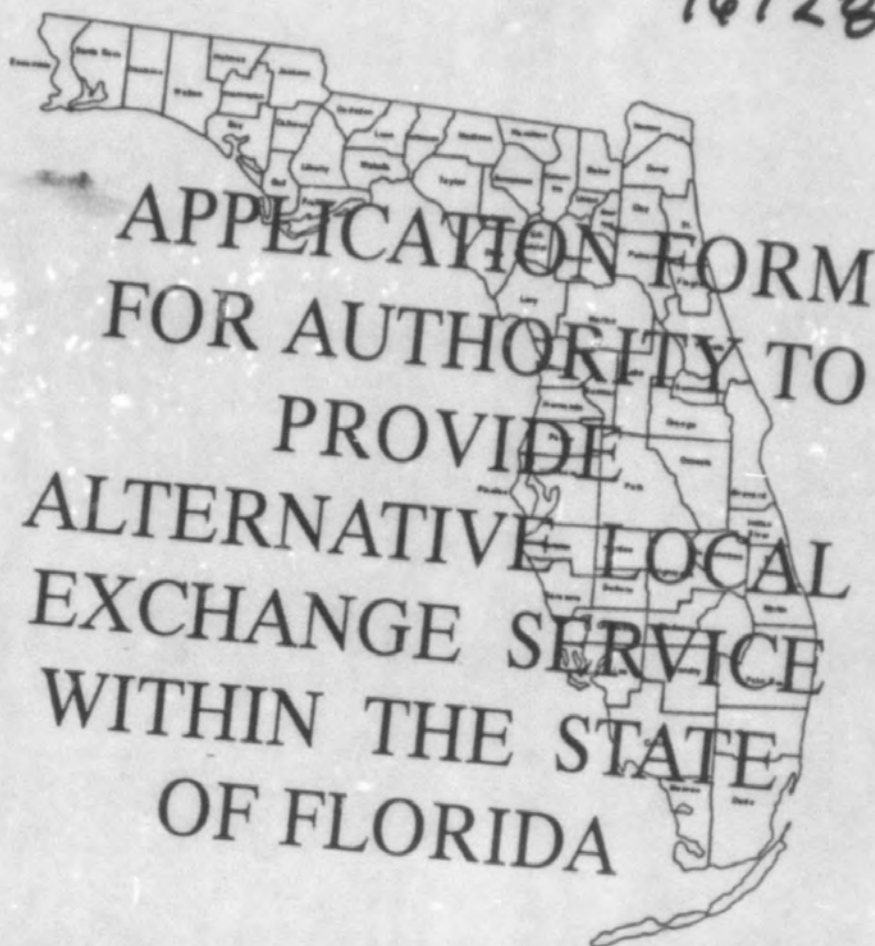


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FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

APPLICATION FORM
for
AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

INSTRUCTIONS

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain.
3. Use a separate sheet for each answer which will not fit the allotted space.
4. If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Communication, Certification & Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(904) 413-6600

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 made payable to Florida Public Service Commission at the above address.
-

1. This is an application for (check one):

☒ Original authority (new Company.)

See Docket No. 960840-TI,
Title: Application for certification to provide
interexchange telecommunications service by Digital
Cable, Inc. Filed 7/17/96. Staff Recommendation
10/16/96. FPSC agenda - regular 10/29/96.

☐ Approval of Transfer (to another certificated company.

Example, a certificated company purchases
an existing company and desires to retain
the original certificate of authority.

☐ Approval of assignment of existing certificate (to a non-
certified company)

Example, a non-certificated company
purchases an existing company and desires
to retain the certificate of authority
rather than apply for a new certificate.

☐ Approval for transfer of Control (to another certificated
company)

Example, a company purchases 51% of a
certificated company. The commission must
approve the new controlling entity.

2. Name of Applicant:

Digital Cable, Inc.

3. A. National Mailing address including street name, number, post
office box, city, state, zip code, and phone number.

6622 Southpoint Drive, South
Suite 310
Jacksonville, FL. 32216
(904) 296-6242

B. Florida Mailing address including street name, number, post
office box, city, state, zip code, and phone number.

6622 Southpoint Drive, South
Suite 310
Jacksonville, FL. 32216
(904) 296-6242

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, state, zip code, and phone number.

Initially the Company will be servicing the Local access traffic area inclusive of Gainesville, Florida and its surrounds. The exact location of our switch is yet to be determined, but we anticipate that we will co-locate to BellSouth's Central Office or tandem facility. Subsequently, to this switch installation we expect to locate in Jacksonville, Tampa, Orlando and other LATA's in Florida. See Note 1.

4. Structure of organization:
- | | |
|-------------------------|---------------------------------|
| () Individual | (XX) Corporation |
| () Foreign Corporation | () Foreign Partnership |
| () General Partnership | () Limited Partnership |
| () Joint Venture | () Other, Please explain _____ |
5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: P9500022393
Corporate Registered Agent:
Smith Hulsey & Busey
225 Water Street, Suite 1800
Jacksonville, FL. 32202

6. Name under which the applicant will do business:
Digital Cable, Inc.

7. If Applicable, Please provide proof of fictitious name (d/b/a) resignation.
Digital Cable will operate only under its official Corporate name.

8. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

Applicant is a corporation see Question 4, "structure of Organization"

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain. See Note 2.

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Mr. Nelson W. Perrin, CPA, CFO
Digital Cable, Inc.
6622 Southpoint Dr., SO.,
Suite 310
Jacksonville, FL. 32216

Office: (904) 296-6242
Facsimile: (904) 296-0895
Mobile: (904) 608-4031
E-Mail: nperrincps@AOL.COM

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Digital Cable, Inc. is not currently providing services in any other state.

12. Has the applicant been denied certification in any other states? If so, please list the state and reason for denial.

The Applicant has not applied for or been denied certification in any other state(s).

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for the penalty.

The Applicant has never had penalties imposed upon it here in Florida or in any other state(s).

14. Please indicate how a customer can file a service complaint with your company.

Digital Cable, Inc. shall have an operating Customer service department to deal with issues arising from services supplied, billing and billing adjustment. In the event our Customer Service department cannot rectify the Customer's comments, complaints or other issues of communication between the Company and the Customer and vice versa, we will advise the customer on how to file a formal complaint with the FPSC.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial Capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements, including:

1. The Balance Sheet
2. Income Statement
3. Statement of Retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

See note 4, Financial Statements attached as Exhibit I. Also see supplemental Financial data, "Business Plan", Exhibit II and "Private Placement memorandum", Exhibit III.

B. Managerial Capability.

See Note 2., and Exhibit IV "Resume"

C. Technical Capability.

See Note 3., and Exhibit III, "Business Plan"

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes false statements in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official:

Melvin W. Perin
Signature

10/24/96
Date

Title:

Chief Financial Officer

(904) 296-6242
Telephone Number

Address:

Digital Cable, Inc.
6622 Southpoint Drive, South
Suite 310
Jacksonville, FL. 32216

NOTE 1: Florida EAS for Major Exchanges

Gainesville:

Alachua, Archer, Brooker, Hawthorne,
High Springs, Melrose, Micanopy,
Newberry and Waldo.

Note 2: Officer, Directors and Stockholder Status:

Mr. Christopher W. Parker, President, Director and Chairman of the board, filed Chapter 7 Bankruptcy in February 1993 as a result of debts incurred related to a certain restaurant venture. The restaurant opened December 1991 and was sold in January 1993. The sale proceeds retired a substantial portion of the debt but not enough to satisfy all credits.

Note 3: Managerial Capabilities:

The Principles in Digital Cable, Inc. have extensive management experience in both the Telecommunications industry and professional multi-unit/student housing properties. This product/property marriage is the primary market for DCI's long distance product focusing on an individual billing program. Local provision of dial tone completes the Company's comprehensive product approach.

Mr. Parker, President has been in the multifamily real estate consulting and management industry spanning a 20 year career. For the past 2 years he has been involved in the management of RMTS services to student and Multifamily projects for Integroup and now with DCI. See Exhibit IV, "Resume'".

Mr. Nelson W. Perrin, CPA and Chief Financial Officer, is a financial executive with 32 years experience in Public and private practice concentrating in managerial accounting, taxation, data processing and collateral fields. His employment, audit and entrepreneurial involvement's have ranged from small privately held companies to large multi-national publicly traded companies traded on AMEX and NASDAQ exchanges. He formerly served as controller to ComSystems a regional TELCO serving customers primarily in the Southern California area including Los Angeles and the Tri-state area of Arizona, Nevada and California. Most recently Mr. Perrin prepared the business plans and assisted in funding of Integroup. See EXHIBIT IV, "Resume'".

Serving in a Consulting Capacity, DCI, has engaged Custom Telecom(CTN) as technical consultant. CTN has been a Long distance provider in the Arizona market for 8 years, utilizing Harris digital equipment and recently install a Harris model 20/20 LX switch in its facility. See EXHIBIT IV, "Resume'".

Note 4: Technical Capability:

DCI has entered into a Private Placement Memorandum, for the purpose of installing a Harris 20/20 LH digital switch in a co-located facility in the Gainesville LATA. Via wholesale purchase agreements with BellSouth (presently under negotiation) DCI, as switch manager, will provide dial tone and local customer support services through the Switch in question. Service will be bill via proprietary billing software from the Company's headquarters in Jacksonville, FL.

In affiliation, by consulting agreement, DCI will be assisted by both Harris Corporation the switch manufacturer and Custom Telecom of Phoenix, Arizona., to install and develop appropriate data base elements sufficient to supply local and long distance services. As billing support DCI has acquired for The Source Group(TSG) of Phoenix Arizona, a Long distance billing/customer service software package, modified to incorporate local bill services and format to service our potential subscribers with a total communication package.

During the construction phase DCI will with the technical assistance of Harris and CTN in conjunction with other network consultants hire local personnel to support the daily switch requirements, circuit management and other technical issues.

While numerous seen and unseen issues remain undefined, DCI believes that in conjunction with it's own internal expertise, outside technical support and RBOC cooperation, installation and operational issues regarding the switch and acquisition of appropriate personnel will result in a fully operational switch in early 1997.

Note 5: Financial Capability:

See EXHIBIT I, "DCI Financial Statements"

See EXHIBIT II, "Private Placement Memorandum"

See Exhibit III, "Business Plan"

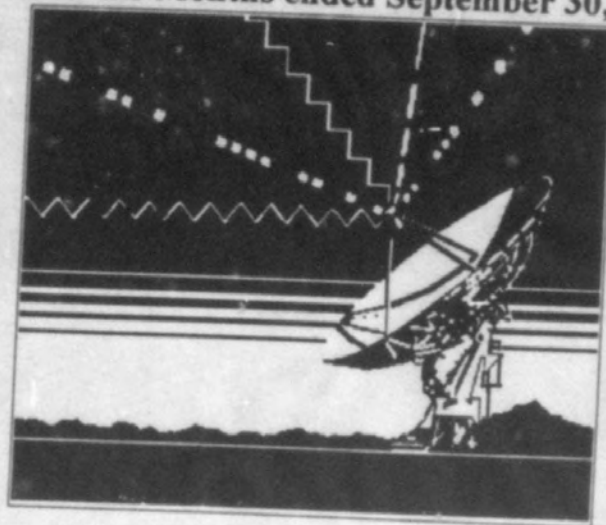
While there can be no assurance of success, it is DCI's plan as described in both the Private Placement Memo and Business plan to provide sufficient financial resource for switch acquisition, construction and installation, trunking, network connection and operating costs including payroll, through the January of 2002 and beyond, without additional financing. It is anticipated that the Switch will be profitable in a six month period and subsequently.

In the event that future financing is necessary, the switch has a readily available mortgage market for debt funding and various resources are available via working capital financing. While DCI does not believe that such resources shall be necessary, they are in reserve for emergency.

In addition to major funding sources, the Switch will be subject to Casualty and property insurance coverage including business interruption to protect against operating upsets resulting from natural disasters, fire or theft.

EXHIBIT I, "Financial Statements"

**Digital Cable Inc.
Financial Statements
For the Nine Months ended September 30, 1996**





DCI
DIGITAL CABLE, INC.

6622 Southpoint Drive South, Suite 310, Jacksonville, FL. 32216
Phone (904) 296-6242, TeleFax (904) 296-7035

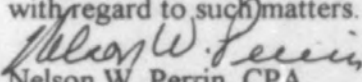
Thursday, October 3, 1996

Mr. Christopher W. Parker, President
Digital Cable Incorporated
6622 Southpoint Dr., So.,
Suite 310
Jacksonville, FL. 32216

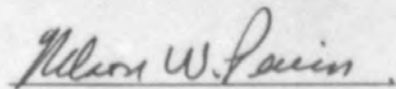
Dear Mr. Parker:

I have compiled the accompanying Comparative Balance Sheet, Statement of Revenues and Expenses and Statement of Changes in Cash Position, collectively known as the Financial Statements, for the Nine months ended September 30, 1996 for Digital Cable Incorporated, a Florida Corporation, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accrual method of accounting which is a comprehensive basis of accounting in accordance with Generally Accepted Accounting Principles consistently applied.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have not subjected the accompanying financial statements or any data therein in whole or in part to Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants or any other regulatory body, and accordingly, do not express an opinion with regard to such matters.


Nelson W. Perrin, CPA
6622 Southpoint Dr., So.
Suite #310
Jacksonville, FL. 32216

I certify, to the best of my knowledge and belief, as Chief Financial Officer of Digital Cable, Inc., that the information reported in the subsequent report regarding the financial condition of the Company is true and accurate.


Nelson W. Perrin, CFO
3-Oct-96
Date

10/03/96

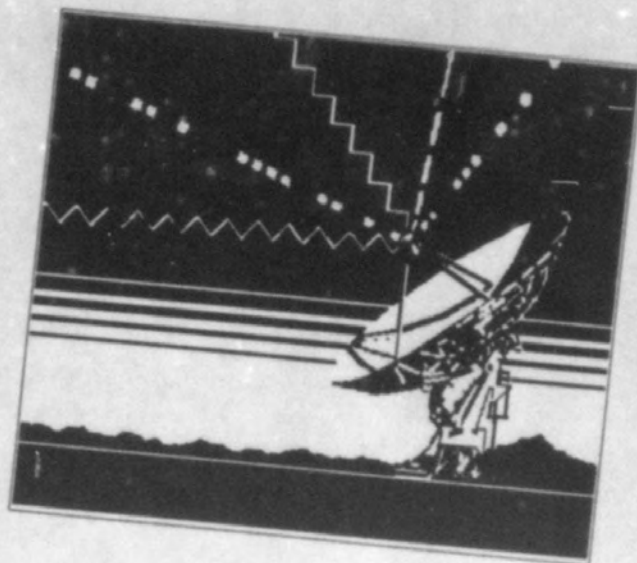
Digital Cable, Inc.
Balance Sheet
 As of September 30, 1996

	<u>Sep 30, '96</u>
ASSETS	
Current Assets	
Checking/Savings	
Cash in Hand & in Banks	-13.94
Total Checking/Savings	-13.94
Other Current Assets	
Unbilled Call Detail	2,319.66
Total Other Current Assets	2,319.66
Total Current Assets	2,305.72
Fixed Assets	
Fixed Assets	2,593.22
Total Fixed Assets	2,593.22
Other Assets	
Organization costs	598.32
Other Assets	125,843.17
Total Other Assets	126,441.49
TOTAL ASSETS	131,340.43
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Trade Payables	34,564.63
Total Accounts Payable	34,564.63
Other Current Liabilities	
Accrued Liabilities	5,000.00
Accrued Taxes on Call Detail	370.36
Total Other Current Liabilities	5,370.36
Total Current Liabilities	39,934.99
Long Term Liabilities	
Long Term Debt	13,237.50
Total Long Term Liabilities	13,237.50
Total Liabilities	53,172.49
Equity	
Capital Stock	935.78
Paid-in or Capital Surplus	76,952.16
Net Income	280.00
Total Equity	78,167.94
TOTAL LIABILITIES & EQUITY	131,340.43

See Accompanying Footnotes

EXHIBIT II, "Business Plan"

**Digital Cable Inc.
Business Plan**





DIGITAL CABLE, INC.
Business Plan

CONFIDENTIAL

Potential investors must be on notice that Digital Cable, Inc. is a developing Company, any investment made, may be lost in whole or in part without compensation or protection of any kind to that potential eventuality.

DIGITAL CABLE, INC.
The Finest in Local Telephony Service



DIGITAL CABLE, INC.

Executive Summary

Digital Cable, Inc., (DCI) a Florida based corporation, is seeking an investment of Five hundred thousand dollars, (\$500,000) representing 50% ownership in DCI. The funds are to be used for capital equipment, infrastructure and working capital to develop an Alternative Local Exchange Carrier (ALEC).

The Company has arranged for up to five hundred thousand dollars funding in the form of a 50 percent interest in a certain joint venture with a Property owner in Gainesville, Florida. It will be DCI's responsibility to match the actual dollar for dollar funds necessary to establish an operating switch in that Local Access Traffic Area (LATA). Funds not used to establish the Gainesville switch will be utilized to establish other switches in the Southeast.

As Managing partner, Digital Cable Inc. will develop and manage the switching facility, receiving a management fee of 8% on gross revenue. The Property owner shall contribute by contract the local and long distance service opportunity for the 1,500 units under his control. The individual properties will receive an 8% commission of revenue generated from those properties. Remaining profits shall be divided equally between the partners in the joint venture.

Based on the assumptions and Proforma analysis contained in this Private Placement Memorandum, DCI intends to extend its ALEC services to the remaining Local Access Traffic Areas (LATA's) of Florida as well as other targeted markets in the Southeastern United States. While the Company has regional and national goals, the financial ramifications of such goals are not presented in the attached Proforma.

DCI will focus on secondary and tertiary markets in the Southeast, with a large concentration of traditional off campus housing for college students, such as Raleigh/Durham, North Carolina, Athens, Ga. And Tallahassee, FL. These markets are either neglected by or at the extremes of marketing resources of the Regional Bell Operating Companies (RBOC's) and major Long Distance Companies (IXC's). DCI believes creation of customer base in these markets will be extremely attractive to the larger telecommunications companies and will ultimately be part of their



DIGITAL CABLE, INC.

The Finest in Local Telephony Service

acquisition plans. The current state of the overall industry however, leaves these areas available to new competitors such as DCI because of the sheer size of the undertaking of deregulation.

DCI believes that the next two to three years will see a massive shifting of customer base from the traditional providers to new alternatives thus creating what DCI sees as a significant opportunity to gain market share. Time will tell exactly what final form all of the restructuring will take but, as DCI believes, the current opportunity for a startup to gain valuable market share in such a dynamic industry is extraordinary. Through this strategy, DCI believes that, over a five year period, the Company's local service and long distance customer base will be valued at over \$72,000,000 and have a Initial Public Offering (IPO) value of approximately \$84,000,000 or 15 times average earnings.

The following memorandum is provided to give prospective investors an overview of the planned operations and management team.

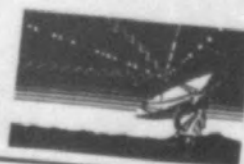


The Vision:

The Company was founded with the intent to provide complete tenant communications services to owners of multi-family housing throughout the Southeastern United States. The opportunity and incentive that motivates landlords to provide exclusive contracts for service to companies such as DCI is that the landlord is paid a commission on the gross revenue generated by residents usage of the services. This is a new revenue source for the landlord that has heretofore been unavailable to him. The ability to capitalize this income adds significantly to the overall value of the real estate.

Initially, the Company has elected to focus its market niche to those developments servicing the off campus student housing market in college communities. The primary reason for this approach is that DCI can provide a specifically designed product that solves a significant problem for customers in this niche. This market is dominated by roommate living. The major factor which determines the success or failure of this living arrangement, from the customers viewpoint, is the shared financial responsibility of each person living in the apartment unit. DCI can furnish a solution to this problem by providing a separate bill to each resident for all of their telephone service, eliminating any interdependence of roommates for telephone billing. The reaction to the DCI long distance billing service in the Gainesville market has, to date, been excellent. By taking this a step further to include local service, DCI can offer a product to this niche not available anywhere else. DCI believes it can achieve high market penetration levels providing an immediately stabilized operating environment and can then move to add traffic to its switches from more traditional customers such as businesses and other types of residential customers. The service supplied currently will encompass the full range of Local and Long distance products at comparable prices with the RBOC and the "big" three long distance providers. This approach will allow DCI to firmly establish itself in the marketplace with a strong niche product that solves a problem for its customer. This will allow the development of a strong corporate stability enabling DCI to then proceed to compete for more traditional telephony customers on an aggressive basis.

Management's experience in both the property management industry and the long distance business indicates that "churn" or turnover results more from the level of customer care rather than price. Thus, the Corporate culture and supporting systems and technology of DCI will focus on customer satisfaction.



As the Company establishes its customer base and incorporates technological advancements, convergent products will be marketed to the end user such as cable TV services, Internet services and other forms of communication services. Simultaneously, the Company will offer property management and consolidated billing services to the subscribed properties both to enhance the economic advantage to the properties and to also strengthen the relationship by competitive product differentiation.

Management believes that such a package of services will not only reduce churn in its own customer base but also result in a reduction of turnover in the subscribers rent roll. Current deployment of the initial DCI individual billing long distance product has been very well received and continues to add new customers daily. DCI believes that, with the addition of local service provisioning through a central switch, the overall product offering will be significantly enhanced thus further differentiating DCI from the rest of the marketplace.

Management

The principals and their collective experiences in DCI represent the convergence of the detailed knowledge of the Property management industry as well as those of Finance and Communications, see Resumes, Exhibit I.

Mr. Christopher W. Parker, President, has been professionally involved in the property management industry for over 20 years, during which time he has been directly responsible for as many as 10,000 units, with full bottom line responsibility. As President and owner of his own Property management and brokerage firm, he is intimately aware of the concerns, challenges and opportunities facing the Property owners and managers in the contemporary market. His most recent experience involves the student housing market segment of property management at multiple locations in the State of Florida. His role with DCI will focus upon general management matters with an emphasis on Marketing (See Organization chart, EXHIBIT II).

Mr. Nelson W. Perrin, CPA, CFO, has been a financial and Data Services professional with a broad range of experience, and a focus, over the past ten years, in the Communications industry. During his years of experience he has acted as CFO in both private and Public companies, brought one company public and relisted another on



AMEX. His most recent financial planning analysis encompassed the detailed business planning for the implementation of a unique individual lease product in the student housing market. As a data processing professional he has been directly responsible for customer service and billing functions in the long distance environment. His role with the Company will focus on operational issues (See organization Chart, EXHIBIT II).

While the two individuals addressed above are the principle forces behind the Company, numerous individuals with contributing expertise are involved in the form of board members or consultants or are rendering services for future employment.

The following individuals are assisting in corporate development as Board members:

Mr. Gary Hediger, is President and owner of Hediger Enterprises in Greenville, South Carolina has been responsible for 500 properties or approximately 55,000 units in 37 States. He serves on the National Board of the Institute of Real Estate Management and currently manages properties in six Southeastern states.

Mr. Robert Berger, currently serves as Vice President of Communications Equity Associates (CEA) providing brokerage and investment banking services to the telecommunications media and entertainment industries world wide. Mr. Berger has completed 60 transactions in the past eight years involving private cable and telephone companies. The value of these transactions exceeds \$500 million.

A number of individuals will consult on and assist in the initial development of switching facilities including supporting Management in the technical task of selecting and developing switch and network personnel, see Organization Chart Exhibit II. They are as follows:

Mr. Charles F. Newman, President of Custom Telecommunications Network of Arizona (CTN) and The Source Group (TSG). CTN is a provider of long distance service utilizing specialized microwave transmission for high volume long distance applications integrated into a traditional long distance network service. CTN has been in business for 9 years and enjoys profitable returns on \$25 Million in gross revenue. CTN utilizes Harris switching equipment. The Source Group



is a provider of Customer service and Billing software to the Telephony industry. Mr. Newman and Mr. Perrin collaborated on the development and installation of the first independent operator service facility in the United States while at ComSystems.

The Company has committed to utilize TSG's software in exchange for consulting services. In addition, the Company has committed to collaborate in the development of Windows NT[®] based billing and customer service software for the Telephony industry. Finally, the Company will share freely with CTN information gained in the ALEC aspect of telecommunication.

Mr. Henry L. Emerson, Programming and data base manager for CTN. As result of his experience with CTN he is a recognized expert in Harris model 20 switch maintenance. Since a switch is both hardware, software and data base Mr. Henry's service to DCI will be invaluable. His time will be compensated in fees and expenses to CTN.

Mr. Stephen White, Head of Network Services for Cyberlink, Inc. of Los Angeles, CA. Cyberlink is a long distance provider focused primarily on international long distance services emanating from the Southern California area which accounts for 25% of all such services initiated from the U.S.. Mr. White was also responsible to network services for ComSystems which established the first totally fiber optics transmission services in the U.S.. As a pioneer in independent networking service Mr. White has numerous other firsts in his career since deregulation, along with an intimate knowledge of the SONET ring methods utilized by PacBell (also Used by BellSouth).

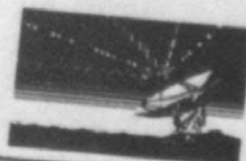
Mr. Ronald E. Evans, President of OAN a clearing house for long distance billing for IXC's who wish to bill call detail through the RBOC's, along with supplying custom outsourcing services for both Customer services and Operator services. It has been in business for 8 years and currently enjoys gross revenue of \$42 million at profitable returns.

Many smaller IXC's (long distance) companies elect to submit call detail to the Local Regional bell operating Company's rather than service customers with billing, collection and support services. Since the RBOC's have processing thresholds or minimum call volume requirements, OAN concentrates and collects call detail to exceed thresholds. In the capacity of Vice President of regulatory Affairs for



ComSystems followed by his current position, Mr. Evans has been instrumental in designing certain features of the Telecommunications Act of 1996. Presently it is planned to utilize part or all of outsourcing services rendered by OAN.

Swidler & Powell, Attorneys At Law. This Washington, DC based firm will represent DCI in communications matters specifically at the Federal level and in affiliation with State based specialists. Their role will be as the primary source of information regarding regulatory matters, along with filings and updates on FCC requirements. The firm currently has 123 Lawyers and Paralegals specializing in FCC matters and has been in continuous practice over 50 years. The Practice while focused on FCC matters, offers a broad range of services from Litigation and arbitration to Lobbying and advisory services.



Status, Systems

Status

DCI has filed applications with the Florida Public Service Commission (FPCS) and the Federal Communications Commission (FCC) for active status as a "Switchless rebiller" (IXC) of Long distance services. On Thursday, September 5, 1996 a favorable Staff recommendation was submitted for consideration by the FPCS. Currently a period of public notice exists until 9/17/96 at which time, unless objections are lodged, a certificate shall be issued, a similar process follows at the Federal level.

Immediately following certification, DCI will apply for Alternative Local Exchange Company (ALEC) status, in anticipation of switch acquisition, along with opening negotiations with BellSouth on relevant interconnection issues.

Systems



The Company has entered into an agreement with MCITM as the provider of switched long distance services at a wholesale price subject to volume discounts, establishing a cost of service price from 8.9¢ to 12.3¢ per minute. Once DCI places into operation it's own switch(s), network costs will reduce to 3.2¢ to

5.6¢ per minute.

DCI selected MCI over other providers for a number of reasons.

Firstly, while price is an important consideration, the ability to provide a product with the specific controls integrated into its use was paramount. During his tenure with a "Shared" living provider Mr. Parker utilized another purveyor to design a suitable product. DCI decided that purveyor, while nation wide, lacked an established profile in the Consumer market place and did not meet our customer care standards. As a result, on direct contact with MCI, definition of the market place and product, MCI responded promptly, with a quality product tailored to the needs and specifications of DCI. The implementation of this product has been simple and accurate for our subscribers, DCI and MCI.

Secondly, MCI was selected because of a mutual desire to establish a long term working relationship. MCI has enthusiastically embraced the utilization of their logo in connection to DCI's product, and is



DIGITAL CABLE, INC.

The Finest in Local Telephony Service

assisting in the marketing efforts with promotional materials, manpower and data services support.

Billing and Customer Services:

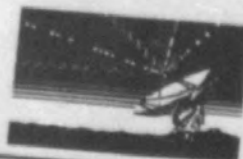
The Company will be utilizing a tried and proven billing customer service system supplied by The Source Group of Phoenix, Arizona. This system, utilized in numerous applications in the far West, has been in place operationally for over 7 years. This UNIX based package has sufficient growth potential to meet the volume requirements of DCI from the outset throughout the Five year plan. Initially, DCI has been and will utilize the software on a service bureau basis via long distance modem access until call volume and customer service requires real time attention, at which time in-house installation will occur.

TSG and DCI has agreed in principle to develop a Windows NT based customer service billing package for marketing to the Telephony industry at large, presently no such package exists. DCI feels that a viable marketable product will be widely accepted because of the avoidance of multiple support technologies, the rapid implementation of the Windows operating systems and equipment speeds available.

The focal point of this Prospectus is to raise sufficient resources to acquire and operate switch capacity in the Local exchange market. DCI has elected to utilize Harris Model 20 Digital switches to accomplish this highly technical task. The Company has decided on this vender based upon a number of factors including that this switch is tested and proven in hundreds of applications, reasonably priced in comparison to similar products and capable of significant growth on a stable platform. The switch manufactured in Melbourne, FL has a readily available employable work force in the region and easily integrates into BellSouth's SONET ring LATA service network. But most significantly, it can supply to the Consumer all of the services to which they have grown accustomed. In short, it meets the standards of service set in the market place.

THE MARKET

DCI's business plan initially calls for the establishment of two switching facilities, the first in Gainesville with another following shortly in Jacksonville. Further switching services are contemplated in Orlando, Tallahassee, Tampa and Miami, Florida, Athens, Georgia,



Raleigh/Durham, North Carolina and others. The Proforma is built around the operation of two switches.

The current local service and Long distance telecommunications market nationwide is estimated to be \$206 billion. Florida's share represents approximately 8 to 9% or \$16.4 to \$18.5 billion. The Local access traffic area (LATA), including Jacksonville, approximates 5% of the Florida segment or \$820 million while the Gainesville LATA represents a market place for Telephony service of approximately \$660 million.

As both a local and long distance provider, DCI will initiate operations in two secondary LATA's accounting for a combined markets approximating \$1.5 billion in telecommunication service revenue. DCI must achieve an overall market share of 3 to 4% in each targeted LATA in order to meet its revenue projections.

DCI's focus is primarily on multiple unit developments. In Gainesville, a college community, a higher density of such properties exist than in a comparable population group. The Company is presently marketing a long distance product featuring a specific personal authorization code(s) for specific telephone or ANI's in facilities under contract for this service. DCI has 2,750 units under contract, and additional 3,500 units are evaluating the service.

This product prevents the student or parent from being "stuck" for roommate bills or unauthorized use of LD services. While the Company will be "accepting" this exposure, we expect bad debt experience to be comparable to the general population as a whole. While this product is receiving substantial acceptance as a stand alone product, the Company believes that penetration rates will be materially enhanced by offering both local and long distance in a bundled package. The Consumer would of course have the option to use BellSouth and any other long distance provider but DCI would continue to receive a revenue stream for allowing BellSouth access to the property along with NPA/NXX access and termination charges. See the discussion of assumptions as the preamble of the Proforma attached.



Financial Summary

DCI has developed an extensive model to quantify its progress and growth over the next five years. This is a complex mathematical, computerized program which considers market variables, organizational and capital requirements, labor and personnel costs along with numerous other factors of consideration. For the purpose of presentation herein a number of the assumptions have been "picked" by DCI to represent expected growth, related costs and profitability, see the section regarding Basic assumptions. The model is programmed to consider "what if" scenarios and can be made available to interested parties.

Under specific circumstances as "picked" by DCI the following performance is planned:



Digital Cable, Inc.

Proforma Profit or Loss and Partners' Earnings Statements

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Dollars	Perc.	Dollars	Perc.	Dollars	Perc.	Dollars	Perc.	Dollars	Perc.
Profit or Loss Statement										
Revenue:										
Local Service	\$ 1,329,670	22%	\$ 3,469,300	21%	\$ 7,121,974	19%	\$ 10,360,830	19%	\$ 12,031,647	19%
Long Distance	4,289,748	71%	12,024,427	72%	26,999,050	73%	39,277,391	73%	45,611,378	73%
Access Fees	459,897	8%	1,289,118	8%	2,894,522	8%	4,210,862	8%	4,889,918	8%
Total Revenue	6,079,315	100%	16,782,846	100%	37,015,545	100%	53,849,082	100%	62,532,943	100%
Cost of Services Supplied:										
Property Commission	486,347	8%	1,342,630	8%	2,961,246	8%	4,307,929	8%	5,002,638	8%
Switch Costs:	448,068	7%	694,414	4%	997,062	3%	1,244,214	2%	1,339,293	2%
Circuit Costs	3,780,545	62%	10,469,757	62%	23,336,716	63%	33,843,554	63%	39,220,750	63%
Customer Service (Outsourced)	42,998	1%	117,585	1%	257,580	1%	365,580	1%	414,180	1%
Field Services, Contracted	11,400	0%	21,600	0%	144,000	0%	180,000	0%	387,000	1%
Demarc Amortization	124,222	2%	327,278	2%	587,667	2%	721,444	1%	726,222	1%
Operator Services (Outsourced)	21,499	0%	58,793	0%	128,790	0%	182,790	0%	207,090	0%
Billing Services	142,973	2%	309,857	2%	550,676	1%	781,043	1%	881,757	1%
Total Cost of Service sold	5,058,051	83%	13,341,913	79%	28,963,736	78%	41,626,554	77%	48,178,930	77%
Gross	1,021,264	17%	3,440,933	21%	8,051,809	22%	12,222,528	23%	14,354,013	23%
Operating Expenses:										
Marketing	281,390	5%	288,425	2%	295,635	1%	303,026	1%	310,602	0%
Bad Debt Expense	72,295	1%	249,092	1%	620,094	2%	929,934	2%	1,130,779	2%
DCI Administration Services	243,179	4%	671,331	4%	1,480,659	4%	2,154,017	4%	2,501,380	4%
Interest Expense	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	596,864	10%	1,208,847	7%	2,396,388	6%	3,386,978	6%	3,942,761	6%
Net Profit Before Taxes	424,400	7%	2,232,086	13%	5,655,421	15%	8,835,551	16%	10,411,252	17%
Note: For Valuation purposes, the following provision for taxes has been presented "as if" the Company's Tax Status were that of a "C" corporation										
Provision for Taxes	129,020	2%	840,252	5%	2,128,453	6%	3,325,136	6%	3,918,073	6%
Net Profit	\$ 295,380	5%	\$ 1,391,834	8%	\$ 3,526,967	10%	\$ 5,510,414	10%	\$ 6,493,179	10%

Statement of Partners Earnings					
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution					
Shey	212,200	1,116,043	2,827,710	4,417,775	5,205,626
DCI	212,200	1,116,043	2,827,710	4,417,775	5,205,626
Current year net Profit	424,400	2,232,086	5,655,421	8,835,551	10,411,252
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Fully Diluted Shares, 2 million					
Earnings Per share	\$ 0.15	\$ 0.70	\$ 1.76	\$ 2.76	\$ 3.25
Distribution Per Share	\$ 0.21	\$ 1.12	\$ 2.83	\$ 4.42	\$ 5.21
Price to earnings ratio	15:1				
Share Value	\$ 2.22	\$ 10.44	\$ 26.45	\$ 41.33	\$ 48.70
Corporate Value:					
Share Value in (000)	\$4,430,000	\$20,880,000	\$52,900,000	\$82,660,000	\$97,400,000
Value of Customer Base					
1.5 times Current Revenue	\$9,120,000	\$25,170,000	\$55,520,000	\$80,770,000	\$93,800,000



Digital Cable, Inc.
Proforma Comparative Balance Sheet

Description	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Assets</u>					
Current Assets:	66,014	100,000	100,000	100,000	100,000
Cash	1,343,101	3,427,317	7,556,884	10,993,523	12,766,371
Accounts Receivable	54,492	127,846	100,600	125,750	56,588
Prepaid Assets	1,463,607	3,655,163	7,757,484	11,219,273	12,922,958
Total Current Assets					
Long Term Assets:					
Fixed Assets	175,000	175,000	175,000	175,000	175,000
Telephony Equipment	-	-	-	-	-
Upgrade	130,500	130,500	130,500	130,500	130,500
Setup and Installation Costs	42,500	42,500	42,500	42,500	42,500
Lease Hold Improvements	25,000	25,000	25,000	25,000	25,000
Office Furniture & Fixtures	559,000	1,419,000	2,107,000	2,967,000	3,354,000
Demarcation Costs	54,000	54,000	54,000	54,000	54,000
Computers and Software	986,000	1,846,000	2,537,000	3,394,000	3,781,000
Total Acquisition Costs	185,222	575,025	1,226,780	2,010,749	2,801,060
Less: Accumulated Depreciation	800,778	1,270,975	1,307,220	1,383,251	979,940
Net Book Value					
Other Assets					
Deposits	3,000	3,000	3,000	3,000	3,000
Lease Deposits	70,000	70,000	70,000	70,000	70,000
Circuit Deposit	73,000	73,000	73,000	73,000	73,000
Total Other Assets	873,778	1,343,975	1,380,220	1,456,251	1,052,940
Total Non-Current Assets	2,337,385	4,999,138	9,137,704	12,675,524	13,975,899
Total Assets					
<u>Liabilities & Equity</u>					
Current Liabilities:	\$ 614,049	\$ 1,516,622	\$ 3,515,751	\$ 5,084,267	\$ 5,918,425
Trade Payables					
Accrued Liabilities:	63,568	162,264	246,770	358,994	416,886
Property Commissions Payable	5,545	9,316	9,549	10,718	11,888
Payroll	31,785	81,134	123,388	179,501	208,448
Management Fee	198,038	505,416	767,723	1,116,860	1,296,968
Telecommunication taxes	298,936	758,130	1,147,430	1,666,073	1,934,191
Total Accrued Liabilities	912,985	2,274,751	4,563,181	6,750,340	7,852,615
Total Current Liabilities					
Long Term liabilities	912,985	2,274,751	4,663,181	6,750,340	7,852,615
Total Liabilities					
<u>Partnership Equity:</u>					
Initial Capital Contribution	1,000,000	1,424,400	2,724,386	4,474,523	5,925,184
Added: New Contributions	-	932,099	3,905,285	7,384,890	10,213,153
Less: Equity Distribution	424,400	2,232,086	5,655,421	8,835,551	10,411,252
Current Earnings (Loss)	1,424,400	2,724,386	4,474,523	5,925,184	6,123,283
Ending Partnership Equity					
Total Liabilities & Equity	\$ 2,337,385	\$ 4,999,138	\$ 9,137,704	\$ 12,675,524	\$ 13,975,899



Digital Cable, Inc. Model Assumptions

Prime Interest Rate		7.125%	Preferred dividend rate		0%
Penetration Rate(s)			Miscellaneous Factors		
Local Service			Independent Contract Commission		7%
Long Distance			Property & Management fee Incremental		0.0%
Property Turnover Rate			Inflation Rate		2.5%
Cutover Demarc Cost per unit			Basic Property Commission Rate		8%
Switch Management Fee			Profit Sharing Percentage		50%
Switch Configuration			Access and Termination Charges		
Switch Capacity			Intra LATA traffic	\$	0.035
Customers per Port			Intra State/Inter LATA Traffic	\$	0.0250
Limit			Inter State Traffic	\$	0.02
Unit Growth Factor			Local Service tariff not including relevant taxes		
Gainesville Switch			Basic	\$	12.95
Available Units			Full Service		26.40
Group # 1			Voice Mail		5.95
Group # 2			Call Waiting		2.95
Group # 3			Feature Installation		5.00
Group # 4			Service Installation		35.95
Group # 5			Additional Line Tech Fee		45.00
Group # 6			Caller ID		5.00
Group # 7			1st bill Average		59.85
Group # 8			Average Monthly Bill		24.24
Group # 9			Rebiller line costs from BellSouth		25.15/month
Group # 10			Average Long Distance Service(I/O)		6.79 minutes
Group # 11			Call Duration		37
Group # 12			Average number of calls		0.179
Group # 13			Average price per minute	\$	44.67
Group # 14			Average Long Distance Service (not including 20.5% tax)		12.5%
Group # 15			Average Commercial Discount		
Group # 16			LATA Assumptions		
Group # 17			Intra LATA traffic		60%
Group # 18			Intra State or Inter LATA Traffic		27%
Group # 19			Inter State Traffic		13%
Group # 20			Outbound to inbound call Ratio		
Group # 21			Calls placed from the origin, vs Terminated at 1.583:1		
Group # 22			Long Distance Network rate per minute		
Group # 23			Average Access & Termination fees		
Group # 24			Unswitched Network Services		
Group # 25			Long Distance Network rate per minute		
Group # 26			Operator Service Outsource rate per minute		
Group # 27			Housing Ratios for 300 unit development		
Group # 28			Occupants		
Group # 29			Bedroom Count		
Group # 30			1		
Group # 31			2		
Group # 32			3		
Group # 33			4		
Group # 34			Average Occupants per unit		
Group # 35			2.23		



Digital Cable, Inc.

Proforma Statement of Changes in Cash Position

	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Cash Position	\$1,000,000	\$ 66,014	\$ 100,000	\$ 100,000	\$ 100,000
Cash from operations					
Revenue	6,079,315	16,782,846	37,015,545	53,849,082	62,532,943
Cost of Service	5,058,051	13,341,913	28,963,736	41,626,554	48,178,930
Gross Profit	1,021,264	3,440,933	8,051,809	12,222,528	14,354,013
Marketing	281,390	288,425	295,635	303,026	310,602
Bad Debt Expense	72,295	249,092	620,094	929,934	1,130,779
Interest Expense					
G & A	243,179	671,331	1,480,659	2,154,017	2,501,380
	424,400	2,232,086	5,655,421	8,835,551	10,411,252
Added Back:					
Depreciation, Original	61,000	62,525	64,088	62,525	64,088
Depreciation, Upgrade	-	-	-	-	-
Demarc Amortization	124,222	327,278	587,667	721,444	726,222
Prepaid Circuit Cost Amort	108,983	178,146	228,446	226,350	182,338
	294,206	567,949	880,201	1,010,319	972,648
Net cash From (To) operations	718,605	2,800,034	6,535,621	9,845,870	11,383,900
Working Capital Changes					
Cash Required by:					
Receivable Growth	1,343,101	2,084,216	4,129,567	3,436,639	1,772,848
Demarc Construction	559,000	860,000	688,000	860,000	387,000
Principle Reduction on Borrowings	-	-	-	-	-
Prepaid Circuit Costs	163,475	251,500	201,200	251,500	113,175
Switch Construction & Expansion	500,000	-	-	-	-
Cash Funds supplied by:					
Trade Payables	709,402	1,050,618	2,125,889	1,736,853	920,997
Communication Taxes payable	198,038	307,377	262,308	349,137	180,108
Short term Borrowings	-	-	-	-	-
Accrued Labor Costs	5,545	3,771	233	1,169	1,170
Funds (required) from Working Capital	(1,652,591)	(1,833,950)	(2,630,337)	(2,460,981)	(1,170,747)
Net funds (required) supplied	(933,986)	966,085	3,905,285	7,384,890	10,213,153
Shareholder distributions	-	932,099	3,905,285	7,384,890	10,213,153
Ending Cash Balance	\$ 66,014	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000



Assumption Narrative

General Discussion:

The Model is focused around a set of assumptions relative to certain economic factors and specific considerations to project the outcome. Since these assumptions are grouped together in the model on a spread sheet titled "Assumptions" and these factors are programmed into the mathematics of the model, they also function as global variables and establish "What if" scenarios when they are dynamically revised in real time. An example would be, What if the Prime interest rate changes up or down from the selected rate of 7.128%. By inserting the "new" prime rate in the assumption cell the model will recalculate and report the change. When data is presented in the Assumption group which is informational in nature, the discussion below will state so and it will not have any effect on the outcome of the model.

Printed Assumptions:

For the purpose of presentation, DCI has selected a number of factors based upon considerations it believes to represent the real world to predict what the actual course of events may be. The reader or model user must understand that the mix of variables in the real world will be different from that in the model. It is the overall consideration that, while some variables in the real world may vary adversely, others will assist in attaining the projected bottom line. The model should be considered a "Blue Print" of the plans, goals and aspiration of DCI. The grouping of assumptions may or may not indicate a relational condition but regardless of grouping each variable operates independently of another.

The following represents a discussion of each variable, its source and rationale. Please refer to the spread sheet titled "NWP, Shey JV, Assumptions" notation appearing in the lower left hand corner. Reading from top down by column the assumptions are:

Head of the First Column or the left column:

"Prime Interest Rate"

The Prime interest rate is used if and when a financing is calculated in the model. It is based upon the Prime rate quoted by Barnett Banks of Florida on July 16th, 1996. In the case of this particular model no long or short term financing is contemplated. Introduction of a different rate



will have no effect on the model performance. The particular financing may include additions to prime to determine that specific financing and such additions would be incorporated and announced on the specific spreadsheet determining the cost of that financing.

"Penetration Rate"

The penetration rate is defined in terms of a percent (%) between the cumulative number of doors or telephones, to the number of telephones projected to be serviced by DCI. It may be in the form of say 5,300 doors signed up out of a total market in Gainesville of 25,000 doors with 95% penetration rate on those sign-ups, resulting in 5,000 subscribers. Or that 10,000 units are subscribed and 5,000 or 50% actually utilize DCI's services directly while the other 50% use BellSouth. A quirk in the regulations in Florida would result in DCI profiting more under the latter circumstance by fees from BellSouth to "transfer" service for the non-DCI users in the Property.

The penetration rate is for both Local and Long distance service. While these two factors can be altered independently, the nature of the service with regards to the ease of setup, pricing economics and other factors suggest that if a customer signs up for local service their only choice of Long Distance carrier would be DCI and vice versa. DCI believes the uniqueness of the service, together with the exclusive agreement with the landlord, will result in a high penetration rate.

"Property Turnover Rate"

Renters come and go for a variety of reasons as occupants to units in a development, while the occupancy rate remains relatively stable. DCI has considered this factor as a controllable variable because various "setup charges" are assessed to new renters to set up new service, which in turn effects the specific property revenue base. The 70% selected by DCI is reflective of experience in the Gainesville "Student" market, any particular property may experience a rate greater than or less than this turn over rate.

Once a circuit has been contracted for a specific telephone, DCI would not "takedown" that circuit because of the costs involved, but billing use or access would be prohibited. In the case where 3 roommates share a line, for the months only two occupants are on line the local service charges are $\frac{1}{2}$ rather than $\frac{1}{3}$ on the respective bill. In dollars and cents this would mean that an occupant/subscriber's bill for local service in one month would be \$12 rather than \$8 per month.



"Cutover Demarc Cost Per Unit"

When a Property accepts local service from DCI a new physical demarcation (demarc) terminal box must be established next to the RBOC's (Regional Bell Operating Company) demarcation terminal. Subsequently, the wiring from the unit to the original demarc must be transferred to the input side of DCI's demarc and the circuits purchased by DCI must be connected to the output side of the demarc. These circuits in turn connect directly to the "switch" for routing. See Illustration 1.1

If a property does not own its internal wiring, then it would have to be rewired for this service. In short, it would be cost prohibitive to rewire a property to obtain the property as a client. Fortunately, the majority of properties in the Gainesville market have been constructed since the deregulation of the telephone companies, thus most property owners "own" the internal wiring. Regulation has determined the "purchase" price of the internal wiring, allowing a property owner the right to purchase the wiring.

DCI will not engage a property if a wiring purchase is required, but contracts may be negotiated in the future which may include an up front payment while a lower than average property commission rate prevails. DCI considers it cost prohibitive to "pull" new wiring for service.

DCI has determined that a contracted rate of \$86.00 per line is the prevailing fee in Jacksonville, FL. as of September 5, 1996, based upon current industry estimates. A specific property cost per unit may vary based upon location of BellSouth's demarc, trenching requirements and other variables. See "Principles of Accounting" for the treatment of these costs in the model.

"Switch Management Fee"

Under a Joint Venture arrangement, DCI will supply professional management, expertise and direction along with accounting, billing and all other functions necessary to "Operate" the Gainesville switch effectively as the "Managing Partner".



DCI will supply all manpower except for on-site switch personnel and certain personnel in the DCI Jacksonville office, who will be directly charged to the Gainesville Joint Venture. Specifically, they will be cash receipts and collection clerks directly managing the accounts receivable



of the Joint Venture along with time charges for personnel responsible for the Gainesville billing. Also see "*Profit Sharing Percentage*" below

The Base rate of 8% has been introduced as a controllable factor for evaluation purposes. In determining the actual management fee, it may be augmented by incremental amounts, see "*Property and Management Increments*" below.

"Switch Configuration"

DCI proposes to have installed a Harris model 20LX digital telecommunication switch in a facility co-located (in the same building or immediately adjacent) with BellSouth's own switching equipment. Co-location minimizes future costs of circuitry by minimizing the distance and circumstances to connect from and to the SONET Ring. A switch of this nature could service other LATA areas outside the home LATA via high volume lines or "Circuits". This method would be financially feasible in the short term time frame with a regional limitation as a method of growth until a new customer base node could support an additional switch.

The selection of this switch is based upon observation of actual installations by operators affiliated to DCI and the utilization of this same switch by BellSouth. All services currently supplied by BellSouth are available through the Harris configuration. Because of the switches general acceptance in the telecommunication market place an after-market of used equipment exists with an established value for financing purposes. The JV model does not anticipate financing this switch. The switch is manufactured in Melbourne, FL., thus technical and personnel support is immediate and readily available.

Switch capacity is determined by its port capacity. DCI has used a switch with a 4,000 port capacity for purposes of this initial evaluation. Ultimate capacity is determined by a port count which is 50% higher than the actual number of lines in use. Adding port modules is relatively inexpensive, the primary costs shown in this model are for the acquisition and installation of the basic switch itself. In short, a 2,000 port machine is only 20% cheaper. Port increments can be added as needed to accommodate growth. DCI elected not to refine the model to consider the differential repercussion of this factor on overall impact because of the insignificant consequences.



By assigning a subscriber service factor of 3.9 (the industry standard for local service providers) customers per port we are limiting the growth of the switch to 15,600 local service users.

Switch limitations and sizing for optimum efficiency borders on an art form and requires frequent attention. While physical capacity is an ingredient, the caller volume at any given time of the day increases and decreases throughout the day and the call duration is also another significant factor. A focus on one particular group in a community such as students may result in heavy call volume in the evening or night, leaving the day time with little of any call volume. By mixing commercial accounts, traditionally daytime users, call volume can be increased without expanding the switch physical (ports or circuits) capacity. The Shey Joint Venture model does not anticipate this enhanced user mix, but the actual operations will seek this inherent balance.

"Unit Growth Factor"

In the Joint Venture model, Shey properties represents Group 1 while the other groups do represent targeted properties. Certain of the "targeted" properties are near or under contract while others are waiting for some "tires to kick" before committing. Other properties are simply identified to be marketed. Since our product is the only service in Gainesville offering a new revenue source for the properties, we feel that a competitive advantage exists for a short period of time, probably not more than two years. By compounding this fact with the limitation of financial exposure to the consumer, DCI feels the growth projections presented in the assumptions are attainable. The Switch operations are profitable at 2,500 users. We have set a limit of 10,000 units under contract by the end of the second year of operations. This level represents approximately 40% of the multiple housing units in Gainesville.



"IXC Discount Rates"

Higher discount rates accrue to DCI as the volume of minutes carried on the long distance network provider's switch increases. These discounts would be realized by the Joint venture in the form of lower long distance circuit costs. Presently, as a result of the complexity of the programming to incorporate these variable's, the model does not reflect the "savings" on bottom line performance. On a "switched" basis, the price per minute for long distance services would vary from 9.18¢ to 10.8¢.

"Housing Ratios for 300 Unit Development"

Gainesville, or any other university community, has an unusual housing characteristic relative to long distance service. Each telephone has multiple long distance users. In a traditional housing unit the population configuration is comprised of 1 or 2 parents with children with one payer. In a student configuration each individual uses the phone equally and are obligated to their own costs. The housing ratio factor is utilized to differentiate the number of local service subscribers from long distance sscribers, thus influencing both revenue sources and relevant circuit costs. Long distance services and costs are a function of minutes while local service is a function of fixed fees per month. 2.23 people per unit in Gainesville approximates the normal mix by property. In a community having the normal population distribution, 1.34 approximates the norm.

Head of the Second Column or the right column:

"Miscellaneous Factors"

"Independent Contractor Commissions"

If DCI services are sold by Independent Reps a commission of 7% of revenues would be paid to the selling agent. The Joint Venture model is based upon direct selling activities and no independent contractor commissions are considered. If such sales are made they would cause a split of the Basic Property commission rate discussed below.

"Property and Management Increments"

Since the author of the model is not aware of how the Joint Venture Property will "direct" its profits for accounting purposes, a factor has been established to allow a redirection of profits to a specific property for incentive and motivational purposes of the Group Owner.



Under the definition of the model, when the switch management fee and the Basic Property Commission are the same, profits are divided equally. If the Property owner elects to divert more of the bottom line profit to specific properties commission by using the "Property incremental" option, then appropriate corrections are made simultaneously to Professional Property management in order to maintain equity. See the discussion regarding "Basic Property Commission rate"

"Inflation Rate"

This term's definition is meant in traditional economic terms. All costs and revenue are linked to the inflation rate in years 2, 3, 4, 5 and are compounded annually for projection purposed.

"Basic Property Commission Rate"

DCI has determined, through market research, that a rate of 8% is anticipated by property owners in the North and central regional areas of Florida.

"Profit Sharing Percentage"

Under the Joint venture scenario, DCI has assumed to set a 50/50 relationship.

"Access and Termination Fees"

When a switch is put into the Telecommunications Network, two codes are established so that the "World" at large can find it. To the layman these codes are known as the "area code" and "exchange". Within the industry these codes are technically called "NPA and NXX" codes.

For accounting purposes, these codes were used internally by AT&T before deregulation to measure the performance of each LATA. After deregulation these codes are used as the basis of fees paid by the long distance carriers to the regional operating companies (RBOC's), these fees are known as access and termination fees.

When a user makes a long distance call, a "wire or circuit" from the callers phone to the recipients phone is established. The long distance carrier pays the RBOC originating the call an access fee for the right to enter the originating LATA and supply service to the caller. The long distance carrier also pays the RBOC accepting the call a termination fee to enter the terminating LATA to complete the call. Thus, a NPA/NXX switch site receives access and termination fees from long



distance carriers for Use of the service to and from the site. These fees prevail even if the caller "utilizes" **BellSouth** and another long distance service because DCI remains the NPA/NXX for that service.

It is DCI's understanding that, while such rates may vary from LATA to LATA throughout the United States, they appear to average the rates present in the model.

"Local Service Tariff"

The rates utilized in this model are patterned after ones negotiated by a number of ALEC's associated with **BellSouth**. For purposes of this model only the "1st" bill average and Average monthly factors are used.

Items titled Voice Mail, Call Waiting, and a number of other services not referenced here, are services supplied from DCI's switch without incurring additional circuit fees from **BellSouth**. When DCI files for ALEC certification, it will simultaneously file tariff for local services and fees related to all such products. DCI intends to be more value than price competitive and will Use slight variations off of **BellSouth's** tariffed rates for the basis of DCI's pricing. While DCI feels that the service we can provide in this marketplace will be well received because of the value it brings to the customer we will be sensitive to price considerations and their impact on marketing by maintaining prices slightly lower than **BellSouth** for the same services.

"Rebiller Line Costs from BellSouth"

Under the circuitry scenarios available in a SONET Ring or loop (BellSouth's local communication network), DCI will purchase a circuit from the property Demarc to the DCI's switch. In reality this is a right of access fee, not a physical wire.

The prevailing prices negotiated with **BellSouth** are \$25.15 as reported by **BellSouth**. This is for basic service, add-ons such as voice mail, call waiting, call return are services supplied from the DCI Switch at fixed rates per month. Since **BellSouth's** standard charge is \$12.95 per line for residential Use and they are charging \$25.15 as the wholesale price of the same line, one must ask "What is the Florida Public Service Commission thinking by regulating the reseller wholesale price at twice the retail selling price?" In short, it is the access and termination fee "flow" to the NPA/NXX that "underwrites" the monthly circuit costs.



"Average Long Distance Service"

The statistics for call average duration, average call count and average price per minute are based upon the actual call performance from customers activated in the student market in Gainesville, FL. August/September of 1996.

The Average Commercial discount, presented in the Average Long distance assumption group, is not active in the model. It is presented to reflect that the product has been tariffed and is available for marketing.

"LATA Assumptions"

Three categories of pricing exist for each type of call access and termination charge. The mix of calls made between each pricing group is based upon current call detail generated between 8/14/96 to 9/14/96.

These percentages are used to determine call volume in minutes for both switch capacity and growth factors for later years.

"Outbound to Inbound Call Ratios"

Information from MCI suggests that "small switch" operators would experience more outgoing calls than incoming calls. It has been determined, based upon trunc group analysis, that the ratio would be 1.584:1. While this can be a valuable statistic, another method will be used for outbound traffic access and termination circuit costs. See "Long Distance Network Costs" next.

"Long Distance Network Costs"

At present, as a switchless rebiller, DCI will pay 10.8¢ and less for long distance wholesale costs to MCI per the agreement between MCI and DCI. When DCI acquires a Switch, it will be purchasing "unswitched" time from MCI at the rate of 5.8¢ and less. For the purposes of the model the circuit costs for Access and Termination charges to be paid to other NPA/NXX switch sites is accommodated by maintaining the same long distance service fees regardless of switched or unswitched status.

"Outsourcing Services"

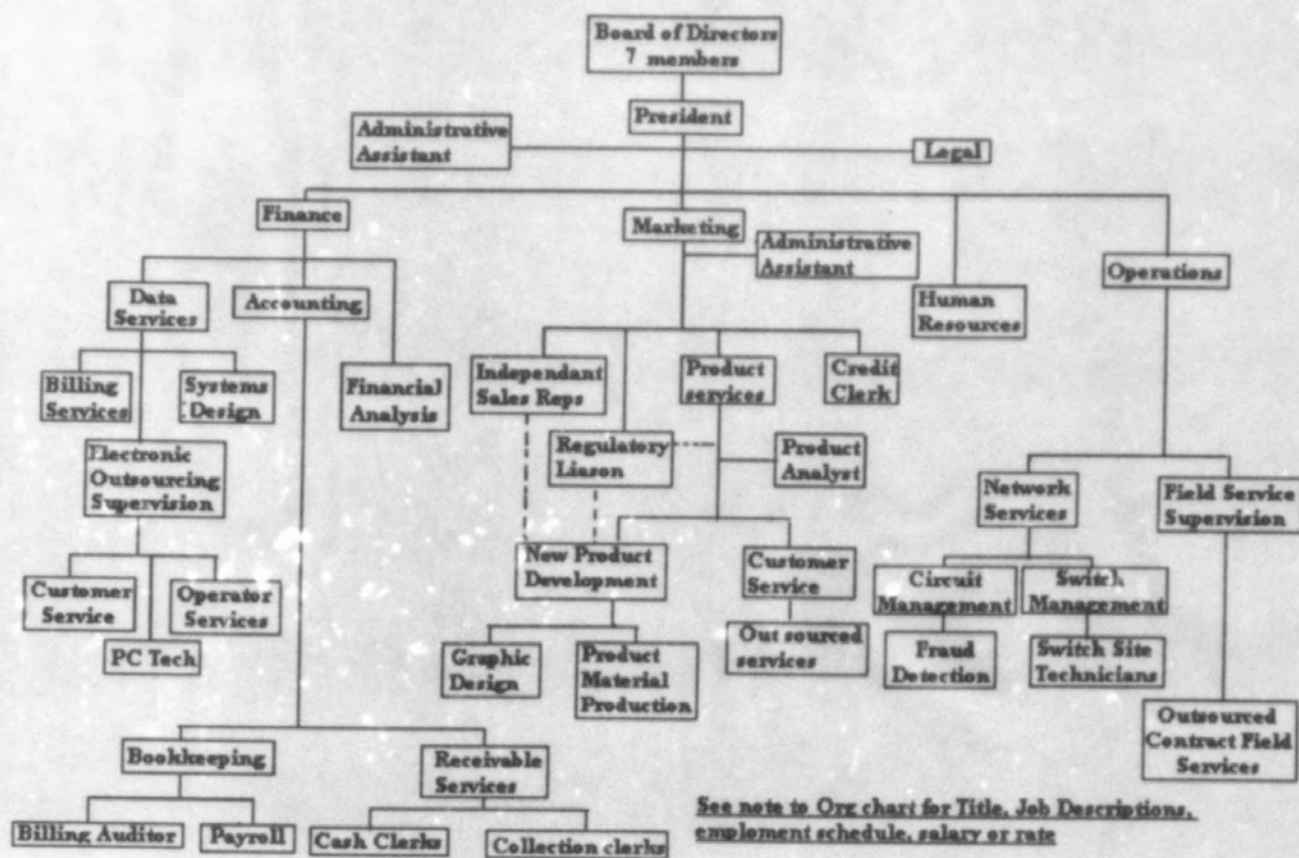
This rate per minute quote is provided by groups who independently contract such services and is utilized to estimate the cost of operator services and customer service support as a supplement to the staffing structure. Outsourcing such tasks can result in economies of scale which DCI could not approach because of the support overhead



associated with such efforts. It has not been determined if customer service will be outsourced, presently the billing/customer service computer system can adequately accommodate supporting the needs in this area.



STOCKHOLDERS



DIGITAL CABLE, INC.

The Finest in Local Telephony Service



DCI Corporate Organizational Vision

Board of Directors:

The board will comprised of 8 members approved by a majority of the voting shares, comprised as follows:

Two (2) members of management, The President and the CFO.

Two (2) outside members selected from parallel industries or from the industry which DCI services in the main.

One (1) member from the common stock investors, as designated by the largest holder(s) of the common stock.

Each member of the Board will receive a stipend of \$2,000.00/year plus travel expenses. The Company will carry adequate E&O coverage for the members. The Board will select the Independent Auditor and Audit Committee, the CFO shall not be a member of the Committee.

The Board shall meet at least quarterly, with the duties to include but not be limited to:

- a). Review of Executive Committee meetings from the last meeting of B of D.
- b). Quarterly financial reports.
- c). Review, Plans, directions and progress of operations.
- d). Review, consider, consent or deny executive salary adjustments, incentive options, material asset sale or acquisition, Corporation disposition.
- E). Any other matter, advice or consent brought to it by the Executive Committee.

Executive Committee

Comprised of the President, VP of Marketing and CFO. Charged with the responsibility of day to day operations. The purpose of the executive Committee is to coordinate managerial effort between each of their areas of concentration, and to allocate human, financial and operating resources to the betterment of the Corporation as a whole.

The Company shall maintain separate accounting for each switch by location and the corporate accounts. This method of accounting allows for managerial comparability from market to market it is servicing. Corporate office shall charge a 6% fee to each switch for management services for personnel and services



graphically represented by the Corporate Organization chart Illustration 1.1. Certain personnel located at the corporate office shall be direct charged to the Switch costs, see specific discussions below.

President And Staff:

The President from the outset will be the Chief Executive Officer with each major department head reporting directly to the Office. Those departments shall be Finance, Marketing and Operations. In addition, all legal issues will be handled directly through the office of the President. The President shall be the primary responsibility for Shareholder relations with support from Finance as needed.

Finance:

The Finance Staff shall be headed by the Chief Financial Officer with the departments of Data Services, Accounting and Financial Analysis reporting to and supporting the efforts of the CFO. Among the CFO's responsibilities are monthly, quarterly and annual financial reporting and disclosure, 10K and 10Q filings, budget establishment and analysis, banking and stockholder relations, check signature, cash planning and management, department supervision and inter-departmental coordination. The timing and establishment of the supporting departments will be subject to the approval of the Executive Committee.

Data Services:

Data services will be responsible for three (3) core services.

"Billing Services", shall cover the processing of, printing of, and mailing of monthly or cycle billings, along with technical support of electronic data processing equipment utilized by the Company. Timeliness and accuracy in billing results in minimum days cash in collection, reduced bad debt, reduced customer service time and a satisfied customer. Billing clerk(s) shall be assigned for direct charge purposes as volume dictates, with a limit of not more than 3 clerks per switch installation.

"Electronic Outsourcing", the Supervisor of this department will coordinate and supervise the interconnect, circuits and equipment integration between the Company and the outsourced services of "Customer Services" and "Operator services". Outsourcing of these services will result in the most efficient dollars spent relative to economies of scale and personnel scheduling. Among the duties of this individual will be to revise and maintain



instructional procedures for the scope of work and range of responsibility of the outsourced services. Answering to and supporting the entire computer network will be a Computer Technician skilled in UNIX and Windows 95 or NT operating systems. His primary duty will be to keep equipment at the ready and productive. Initially, the Tech will come into the organization first covering the multiplicity of duties and subsequently assuming the duties of the Outsource Supervisor.

"Systems design" in a company of this nature will be quintessential to developing efficient and integrated services. The billing/customer service system selected by DCI for use, is an "off the shelf" yet comprehensive software system for a typical telecommunication network for both local and long distance services. As the Company grows and develops more sophisticated products it will place increasing demands on this system. The customer support software the Company has selected was chosen for a number of reasons. Firstly, it is simple to use. Secondly, it can be utilized in a simple limited hardware application or operate equally well in a complex and sophisticated configuration. Finally, source code will be supplied so that modifications are subject to the Company's needs and schedule. The Company has also contemplated the migration of this software to a Windows based operating system as well as to a general ledger reporting package and a customer support package. All of such products would be marketable to others in the industry, along with Service subscriber.

Accounting:

Accounting will be of the traditional nature, headed by an experienced Financial professional capable of managing the overall corporate financial picture either on a short-term or long term basis. The department shall be composed of two sub departments, Bookkeeping and Receivable services.

Bookkeeper will be directly responsible for day to day general ledger processing and management. Answering to and supporting the Bookkeeper shall be the billing auditor(s) and payroll clerk(s).

Billing Auditor(s) will review interface entries between the Billing services and general ledger, test audit selected customer bills, test balance forward account status and perform analysis on the billing data. This employment position will ultimately split in



to the Billing Auditor in accounting and the Product Analyst in Marketing.

Payroll Clerk(s) will focus on payroll and related matters. In the course of development, this individual will initially maintain all personnel files and related matters and ultimately become the HR supervisor.

Receivable services will focus exclusively on cash collections and problem account collection efforts. Members of this department except for general supervision shall be charged directly to operating switches in the system. The cost of the position(s) will be assigned to a specific switch at the time of switch setup and will remain the same throughout the switch entity operations. The time spent by direct charge personnel will not track time by switch. The department will be comprised of entry level personnel called **Cash Clerks** and **Collection Clerks**, each switch installation will receive direct charge for not more than two (2) cash clerks and one (1) collection clerk.

Cash Clerk(s) shall apply payments directly to the customer accounts, initially through terminals for manual entry of individual by payments via mail delivery. Subsequently, the position will evolve to lock-box collections and differing levels of sophisticated technological methods. The primary goal of each increase step in the growth process will be to maximize accuracy, effectively utilize personnel and maintain simplicity in job skills for this entry level position.

Collection Clerk(s) draw from the cash clerk personnel pool, will pursue problem collections NSF checks, legal actions and any other efforts appropriate to minimize bad debt below industrial levels.

Marketing:

The Vice President of Marketing's primary responsibilities will focus on maximizing market penetration in the Switch markets DCI is doing business in. Secondly, responsibilities will cover development, management and motivation of a independent contractor sales staff who will sell our telecommunication products directly to consumers and businesses. This marketing efforts will operate initially in the State of Florida, subsequently in the Southeastern region and finally nation wide. The Marketing department will also be responsible for the design,



development and implementation of new products responsive to the needs of the market place, along with product supervision of existing products. Since Marketing/Sales has initial potential customer contact, the department shall also be responsible for credit policy development and approval of new customers. As the organization grows four distinct departments will be established. Independent Sales Representation Supervision and Training, Product Services, Regulatory Liaison and Credit. Following is a brief discussion by Sub-department of these functions.

Independent Sales Representation Supervision And Training:

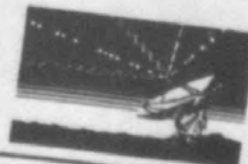
In the industry there is a group of professionals who sell Telecommunication services. These individuals are technically knowledgeable in specific commercial applications (i.e. Hotel services, PBX or interconnect systems, Pay Phone operations). DCI will draw on these industry resources to develop a group of independent sales representatives that will market a varied array of value added services to our geographic switch service areas. The switching equipment DCI will deploy in our core application has many additional "services" available to the consumer. This group of independent reps will allow DCI to maximize the capabilities of our available technologies.

Regulatory Liaison

The Regulatory Liaison position is designed to devote appropriate professional expertise and resources to an extremely important area of the telecommunication industry. The role of the Regulatory Liaison officer of the past was to insure the company was in compliance with the rulings of the Public Service Commissions. Today, in addition to that function, the Regulatory Liaison Officer must be aware of emerging market opportunities that develop as a result of the radically changed marketplace. The Telecommunications Act of 1995 has forever altered the landscape of the industry. The Act set the basic guidelines that Congress and the FCC considered important to deregulation. The actual day to day operating rules are constantly evolving and DCI must be at the forefront in their evolution in order to maximize their market share.

Product Services:

This department will be directly responsible for design and development of new products, the analysis of product response



and usage patterns along with daily supervision and customer adjustment approvals of customer services functions. When Customer services are outsourced, product services will "define" methods and procedure, monitor problems and advice network or system corrections. Product Services will also analyze adjustments and corrections for adherence to outsourced guidelines.

Credit Department:

The Credit Clerk or department will prepare credit guidelines for consumer approval, service and document commercial credit functions and services. Supervise commercial accounts and adjust credit limits as needed.

Human Resources:

As the Company grows and the management of it's assets becomes more complex it will be imperative to concentrate human resource management in a unique department. The charter for this department will be to develop personnel from within to meet the demands of a successful operating entity. Human Resources will insure that the proper people are employed for the proper job with adequate skill levels. Those people who demonstrate the proper attitude and have the aptitude will be developed by the Company as it grows. Every effort will be made to develop from within. Other duties and responsibilities will include personnel record keeping, testing, medical service support, insurance and time keeping.

Operations:

DCI's Operations Group, while a significant and necessary contributor, will be subordinate to Marketing relative to it's influence to managerial direction. The reason for this approach is that the driving and changing technology of the past ten years dictated the economics of telecommunication. Technology will continue to improve rapidly but the "standards" of service (i.e. clarity of signal, digitization, functional services) are readily available. In short, customer satisfaction will advance based upon the utilization of the ever improving technology rather than it's very existence. In DCI's application and management of the switch within the BellSouth Sonnet Ring, minimal field service effort will be required. Therefore the Company will be able to focus it's resources on direct switch supervision and maintenance.



The following two departments reflect future operational planning: (Actual personnel at the switch site will be accounted for directly in switch operations.)

Field Service Supervision:

While actual field service will be contracted, DCI will supervise any site demarcation requirements and hardware modifications if necessary on the properties. Contractors of this nature have been dealing with BellSouth and other LEC's in this capacity over long periods of time and are not only readily available at competitive price, but also skilled and trained on the last applications.

Network Services:

This department is made up of two components, Circuit Management and Switch Management.

Circuit Management is responsible for the connection between the switch and the customer, and the switch and the outside world. The Company will "buy" circuit rights of varying capacities and count. The inventory, distribution and capacity of the circuits is not static for a number of reasons. Firstly, the Company is growing. Secondly, the technology is moving and improving. Finally, economies can be reached by "changing" the mix and feature groups. From a financial stand point a significant estimate of time purchased is determined by this department to the Circuit accrual. The percentage created by dividing theoretical capacity to accrued time in minutes can't exceed certain limits or fall below others. In short, dropped calls occur when utilization approaches 90% and there is significant waste when utilization falls below 78%. The optimum is to stay as close to 90% as possible. In the configuration considered by DCI, the long link side is optimized with MCI network bulk flat rate un-switched services. Since the local circuit link has the greatest variation the company will focus it's management efforts to local circuit management. This department will also via hardware and assisted by the circuit accrual software, manage the "Gateway" software seeking call patterns, and other technical issues relative to fraud detection. Since the Company will not be issuing Travel cards (the product with greatest fraud exposure) for some time the exposure to fraud while it exists will be minimal.

Switch Management will be directly responsible for switch operations, testing and repair, circuit connection, system

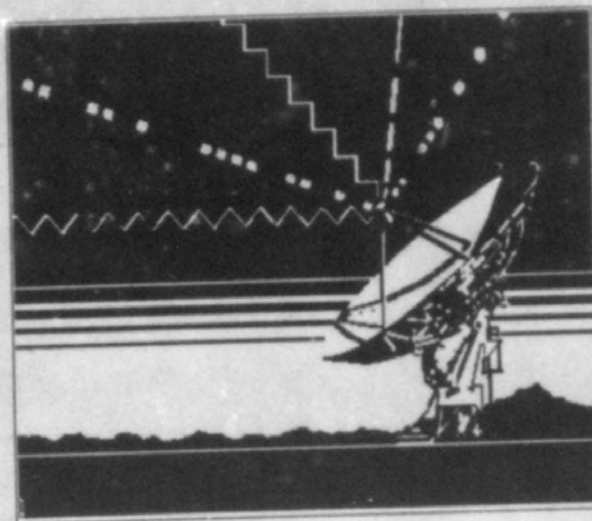


modification both in the form of hardware and software applications. The personnel manning out Harris 20LH or LX multiple port switch(s) will be specifically train at the OEM for the model delivered. These people shall also be skilled at the various supporting systems (i.e. Uninterruptible Power Supplies, UPS, HALON extinguishment systems, Voice mail equipment, call attendants, switch tape drives and other items). DCI will not initially have "redundant" resources. While there are components of a switch that, in failure, could shut down the entire switch, internal redundant systems minimize such catastrophic events. Circuit failures also exist but can be readily detected and rerouted. The most significant switch exposure to failure at the switch level is fire and natural disaster and can only be protected by a secondary switch site. As the Company's volume grows we intend on have multiple switch sites for economic reasons with the second advantage of redundancy.



EXHIBIT III, "Private Placement Memo"

**Digital Cable Inc.
Private Placement Memorandum**



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

900 Shares

Digital Cable of Central Florida, Inc.

Common Stock

The Common Stock offered hereby involves a high degree of risk.
See "Risk Factors" beginning on page 5

THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE COMMISSION OR ANY SUCH AUTHORITY PASSED UPON THE ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

	Price to Investors	Selling Commissions	Proceeds to Company
Per Share	\$1,111	\$0	\$1,111
Total (1)	\$999,900	\$0	\$999,900

(1) All proceeds of this offering will be promptly transmitted to a bank which has agreed in writing to hold such funds in escrow for the persons who have beneficial interests therein and to transmit or return such funds directly to the persons entitled thereto when the appropriate event or contingency has occurred.

The date of this memorandum is October 16, 1996

THE SECURITIES OFFERED HEREBY WILL BE SOLD SUBJECT TO THE PROVISIONS OF A STOCK SUBSCRIPTION AGREEMENT (EXHIBIT II, "SUBSCRIPTION AGREEMENT") CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES, TERMS, AND CONDITIONS. ANY INVESTMENT IN THE SECURITIES OFFERED HEREBY SHOULD BE MADE ONLY AFTER A COMPLETE AND THOUGH REVIEW OF THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT.

THE COMPANY WILL MAKE AVAILABLE TO ANY PROSPECTIVE QUALIFIED INVESTOR, PRIOR TO CLOSING, THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE COMPANY OR PERSONS ACTING ON BEHALF OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND THE BUSINESS AND OPERATIONS OF THE COMPANY, AND OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION.

INQUIRIES REGARDING THIS MEMORANDUM AND REQUESTS FOR DOCUMENTS SHOULD BE DIRECTED TO DIGITAL CABLE, INC., 6622 SOUTHPOINT DRIVE, SOUTH, SUITE 310, JACKSONVILLE, FLORIDA 32216.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. IT IS SPECULATIVE AND SUITABLE ONLY FOR PERSONS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES AND HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. THIS INVESTMENT SHOULD ONLY BE MADE BY THOSE WHO UNDERSTAND OR HAVE BEEN ADVISED WITH RESPECT TO THE TAX CONSEQUENCES OF AND RISK FACTORS ASSOCIATED WITH THE INVESTMENT AND WHO ARE ABLE TO BEAR THE SUBSTANTIAL ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AS A PURCHASER OF THE SECURITIES IN A PRIVATE PLACEMENT NOT REGISTERED UNDER THE SECURITIES ACT OF 1933, EACH INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT THE ECONOMIC RISK OF THE INVESTMENT MUST BE BORNE FOR AN INDEFINITE PERIOD OF TIME, SINCE THE SECURITIES MAY NOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

FLORIDA SUBSCRIBERS ONLY. WHERE SALES OF SECURITIES ARE MORE THAN TO FIVE OR MORE PERSONS FLORIDA, ANY SUCH SALE SHALL BE VOIDABLE BY THE PURCHASER EITHER WITHIN THREE DAYS AFTER THE FIRST PAYMENT OF MONEY OR OTHER CONSIDERATION IS MADE BY SUCH PURCHASER TO THE COMPANY OR AN AGENT OF THE COMPANY, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

Confidential Private Placement Memorandum Summary

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Memorandum.

The Company

DCI of Central Florida, Inc. (DCICF) is a Florida corporation formed on October 16, 1996. The Company is engaged primarily in the ownership of telecommunications switching facilities, for the purpose of supplying to future subscribers local and long distance telephony services in the Local Access Traffic Area (LATA) inclusive of Gainesville, Florida. See "Management Discussion and Analysis---The Market".

DCICF offers a full complement of local and long distance products for both residential and commercial applications. The services will be marketed through: (i) direct contractual relationship with multiple unit property owners, (ii) Mass media advertising, (iii) independent telecommunications sales representatives, and (iv) in house direct sales to specialized or customer client needs.

The Company utilizes Digital Cable Incorporated (DCI) as switch manager. See EXHIBIT I, "Switch Management agreement". DCI will manage all aspects of the switch and related personnel, maintain books of account and utilize its customized billing and customer service systems.

The Company's primary mailing address is:

DCI of Central Florida, Inc.
6622 Southpoint Drive South
Suite 310
Jacksonville, Florida 32216

The Company telephone number is:

904-296-6242
904-296-0895

The Company fax number is:

The Offering

A minimum of 900 shares of common stock.

Stock Offered

\$1,111 per share. Minimum investment of \$499,950. See "Terms of the Offering."

Offering Price

Capital expenditures and working capital. See "Use of Proceeds."

Use of Proceeds

Escrow Arrangements

Subscriptions will be deposited in a special escrow account at Barnett Bank, Jacksonville, Florida. All interest actually earned on such subscriptions while held in escrow will be paid to the Company after the closing of the offering of the Shares. If at least 900 Shares offered hereby are not sold on or before January 1, 1997, which in the sole discretion of the Company may be extended to no later than March 1, 1997, all funds will be promptly refunded in full together with interest actually earned thereon.

Risk Factors

Purchase of Shares by an investor is speculative and involves a high degree of risk. See "Risk Factors."

Suitability Standards

An investment in the securities offered by this Memorandum is suitable only for the sophisticated investor who has business and financial experience (either alone or with his purchase representative) such that the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting the investor's interest in the transaction. Investors must also have (i) a net worth (exclusive of

Suitability Standards(con't)	homes, home furnishings and automobiles) of at least \$1,000,000 plus an annual gross income of at least \$200,000; or (ii) irrespective of annual gross income, a net worth of at least \$2,000,000 (exclusive of home, home furnishings, and automobiles). Certain other requirements must be met. See "Investor Suitability Standards."
Closing Date	The closing of escrow will be 30 days after receipt of written notice, sent via certified mail, by each investor from the Company, notifying them of the actual date for closing.
Summary of Financial data	
The Company has had no financial activity. See "Management Discussion and Analysis---Financial Projections"	

Risk Factors

In addition to the other information in the Private Placement Memorandum, the following factors should be considered carefully in evaluating an investment in the shares of Common Stock offered herein.

Development Stage Company. The Company is in the development stage, and its proposed operations are subject to all of the risks inherent in the establishment of a new business enterprise, including the absence of an operating history. The likelihood of the success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, and the competitive and regulatory environment in which the Company will operate. The Company has made no material sales to date. While the Company believes that it will operate at a profit, there can be no assurances that profitability can be attained now or in the future.

Limited Operating History. The Company will be formed as a Corporation under the governing laws in the State of Florida and elect Sub-Chapter S filing status for Federal and State tax purposes. Formation will occur at such a time as to be qualified and available to do business when funds are made available from this Private Placement. Accordingly, the Company has no operating history upon which an evaluation of the Company and its prospects can be based. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of development, particularly companies in new and rapidly evolving markets. To address these risks, the Company must, among other things, respond to competitive developments, attract, retain and motivate qualified personnel and upgrade its technologies and commercialize services utilizing such technologies. There can be no assurance that the Company will be successful in addressing such risks. Although the Company expects revenue and net income growth in future periods, there can be no assurance that revenue growth and profitability can be sustained. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Intense Competition. The information and telecommunications services industries are intensely competitive, rapidly evolving and subject to rapid technological change. The Company expects competition to increase in the future. Many of the Company's current and potential competitors have longer operating histories, greater name recognition, larger customer bases and substantially greater financial, personnel, marketing, engineering, technical and other resources than the Company. Such competition could materially adversely affect the Company's business, operating results and financial condition.

In addition, on February 8, 1996, the President signed into law the "Telecommunications Act of 1996" that will allow local exchange carriers, including the Regional Bell Operating Companies (RBOCs), to provide long distance telephone service, which will likely significantly increase competition for long distance services. The new legislation also grants the Federal Communications Commission (the "FCC") the authority to deregulate other aspects of the telecommunications industry, which in the future may, if authorized by the FCC, facilitate the offering of an integrated suite of information and telecommunications services by regulated entities, including the RBOCs, in competition with the Company. Such increased competition could have a material adverse effect on the Company's business, operating results and financial position.

Telecommunication companies compete for consumers based on price, with major long distance carriers conducting extensive advertising campaigns to capture market share. There can be no assurance that a decrease in the rates charged for communications services by the major long distance carriers or other competitors, whether caused by general competitive pressures or the entry of the RBOCs and other local exchange carriers into the long distance market, would not have a material adverse effect on the Company's business, operating results and financial condition.

The Company expects that the information and telecommunications services markets will continue to attract new competitors and new technologies, possibly including alternative technologies that are more sophisticated and cost effective than the Company's technology. Although the Company will have exclusive agreements with the owners of

multi-family properties to provide telephony services to the contracted property, the Company does not have the contractual right to prevent the residents of those properties, as subscribers to the Company's services, from changing to a competing network, and the Company's subscribers may generally terminate their service with the Company at will.

Factors Affecting Operating Results: Seasonality, Potential Fluctuations in Quarterly Results. The Company's operating results may be effected by seasonal fluctuations of the occupancies in privately owned student housing facilities. While the Company will seek to deliver telecommunication products which counter balance such fluctuations their can be no assurances that seasonal fluctuations can be avoided.

Technological Change; Dependence on New Services. The information and telecommunications services markets are characterized by rapid technological change, frequent new product introductions and evolving industry standards. The Company's future success will depend in significant part on its ability to anticipate and adapt to changing industry standards, continue to apply advances in technologies, enhance its current services, develop and introduce new services on a timely basis, enhance its software and successfully compete with products and services based on evolving or new technology. The company expects new products and services, and enhancements to existing products and services, to be developed and introduced which will compete with the services offered by the Company. Among the new and evolving technologies that the Company expects to compete for the services offered by the Company are from Cable Television Services supplying communication services and Wireless communication service providers. The Company currently intends to introduce and market traditional, new and enhanced telephony services at the local level as a Alternative Local Exchange Company (ALEC) in late 1996 or early 1997. Development of these services will require the implementation of existing and known technologies. There can be no assurance that the Company will be successful in developing and marketing service enhancements or new services that respond to these or other technological changes or evolving industry standards, that the Company will not experience difficulties that could delay or prevent the successful development, introduction and marketing of its services, or that its new services, and the enhancements thereto, will adequately meet the requirements of the marketplace and achieve market acceptance. Delays in the introduction of new services, the inability of the Company to develop such new services or the failure of such services to achieve market acceptance could have a material adverse effect on the Company's business, operating results and financial condition. See "Management Discussion and Analysis---The Market"

Dependence on Key Management and Personnel. The Company's success is largely dependent upon the personnel, staff and consultants provided by Digital Cable, Inc. and specifically Christopher W. Parker, President and Nelson W. Perrin CPA, Chief Financial Officer, the loss of one or more of whom could have a material adverse effect on the Company,

DCICF will enter into a Switch Management Agreement (EXHIBIT I) with DCICF of Central Florida, Inc.

The Company also believes that to be successful it must hire and retain highly qualified technical personnel. Competition in the recruitment of highly qualified personnel in the information and telecommunications services industry is intense. The inability of the Company to locate, hire and retain such personnel may have a material adverse effect on the Company. No assurance can be given that the Company will be able to retain its key employees or that it will be able to attract qualified personnel in the future. See "Management Discussion and Analysis---Employees".

Dependence on Switching Facility ; Damage, Failure and Downtime. The Company will maintain a single switching facility in Gainesville, FL. The Company's network service operations are dependent upon its ability to protect the equipment and data at its switching facility against damage that may be caused by fire, power loss, technical failures, unauthorized intrusion, natural disasters, sabotage and other similar events. The Company will take precautions to protect itself and its subscribers from events that could interrupt delivery of the Company's services. These precautions include physical security systems, an Uninterruptible power supply sufficient to maintain power for not more than 30 minutes, and fire suppression systems. Notwithstanding such precautions, there can be no assurance that a fire, act of sabotage, technical failure, natural disaster or a similar event would not cause the failure of a switch or it's redundant internal protections at the Gainesville, FL. location, thereby resulting in an outage of the Company's services. Such an outage could have a material adverse effect on the Company. While systems of this nature rarely experience any downtime due to natural disasters or similar events and, under those circumstance, all such available service supplied by both the Company and it's competition would share such downtime in common, such a downtime could have a

material impact on its subscriber and Company alike. When such failures occur, the Company will work to remedy the failure as soon as possible. Since the Company will be part of an integrated network of services in the Gainesville, FL. region, then, while the Company may have remedied causes of its failure within that network, it may remain inoperable as a result of damage to elements of the integrated network out of the control of the Company. Such integrated network component failure, out of the Company's control may adversely effect the Company's performance. The Company believes that these technical failures will be infrequent and may not result in any material downtime. The Company will maintain business interruption insurance, and other appropriate forms of Casualty and Fidelity coverage adequate to insure the business risk. There can be no assurance that the Company will be able to maintain its business insurance, that such insurance would continue to be available at reasonable prices, that such insurance would cover all such losses or that such insurance would be sufficient to compensate the Company for losses it experiences due to the Company's inability to provide services to its subscribers.

Limited Protection of Proprietary Technology; Risks of Infringement. The Company places no reliance on any combination of copyright, trade secret laws and/or contractual confidentiality provisions to protect its proprietary rights. These laws and contractual provisions provide only limited protection of the Company's proprietary rights. The Company has no patents or patent applications pending and has no registered trademarks or copyrights. Despite the Company's efforts to protect its proprietary rights, unauthorized parties may attempt to copy aspects of the Company's software or services or to obtain and use information that the Company regards as proprietary. Although the Company is not aware of any current or previous infringement on its proprietary rights, there can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that the Company's competitors will not independently develop similar technology.

Regulation. Various regulatory factors may have an impact on the Company's ability to compete and on its financial performance. The Company is subject to regulation by the FCC and Florida Public Service Commission. Federal and State regulations and regulatory trends have had, and may have in the future, both positive and negative effects on the Company and on the information and telecommunications service industries as a whole. FCC policy currently requires interexchange carriers to provide resale of the use of their transmission facilities. The FCC also requires local exchange carriers to provide all interexchange carriers with equal access to the origination and termination of calls. If either or both of these requirements were removed, the Company could be adversely affected. These carriers may experience disruptions in service due to factors outside the Company's control, which may cause the Company to lose the ability to complete its subscribers' local and long distance calls. Digital Cable, Inc., has made all filings with the FCC necessary to allow the Company to provide interstate and international long distance service. In order to provide intrastate long distance service and local service, Digital Cable, Inc. is required to obtain certification to provide telecommunications services from the Florida Public Service Commission. Digital Cable, Inc. has made the filings and taken the actions it believes are necessary to become certified or tarified to provide intraLATA intrastate services to potential subscribers for termination of telecommunication services worldwide. To date, Digital Cable, Inc., has not been denied any licenses or tariffs. Failure to obtain such certifications in Florida would materially effect the Company's establishment, growth and financial condition.

On February 8, 1996, the President signed into law the "Telecommunications Act of 1996" which will allow local exchange carriers, including the RBOC's, to provide long distance telephone service and which also grants the FCC authority to deregulate other aspects of the telecommunications industry. The new legislation may result in increased competition to the Company from others, including the RBOC's, and increased transmission costs in the future. From time to time the FCC may adopt regulations implementing the Act. On August 8, 1996 the FCC issued two such orders called "Interconnection orders", these regulations may have beneficial or negative effects on competition and have little if any judicial review or interpretation. Currently a number of Court challenges have been lodged against elements of the Act, FCC powers regarding elements of the Act and regulations promulgated by the FCC as interpretation of the Act. Court decisions in the current issues and future issues may materially effect the Company and competitive environment.

In conducting various aspects of its business, the Company is subject to laws and regulations relating to commercial transactions generally, such as the Uniform Commercial Code, and is also subject to the electronic funds transfer rules embodied in Regulation E promulgated by the Board of Governors of the Federal Reserve System ("Federal Reserve"). Given the expansion of the electronic commerce market, the Federal Reserve might revise Regulation E or adopt new rules for electronic funds transfer affecting users other than consumers. Congress has held hearings on whether to

regulate providers of services and transactions in the electronic commerce market, and it is possible that Congress or individual states could enact laws regulating the electronic commerce market. If enacted, such laws, rules and regulations could be imposed on the Company's business and industry and could have a material adverse effect on the Company's business, operating results and financial condition.

Risk of Loss From Returned Transactions; Fraud; Bad Debt; Theft of Services. From time to time, persons may gain unauthorized access to the Company's switch and attempt to receive services without rendering payment to the Company by unlawfully utilizing the access numbers and PIN's of authorized users. No assurance can be given that future losses due to unauthorized use will not be material or that the Company can prevent such access from occurring. The Company will attempt to manage these risks through its internal controls and billing system. The Company's Authorization code, specific to the originating ANI or telephone number minimizes such fraud and software operating on the switch may limit total minutes for a particular subscriber, but, there are no assurances that available telephony protection methods have been or will be defeated by sophisticated individuals and computer systems.

Periodically, either on a cycle bases or monthly the Company will bill the subscribers for service rendered and time charges subject to terms for such services competitively established for the Gainesville, FL. region. From time to time the Company expects that customer complaints and questions may result in adjustments to amounts billed. The Switch Manager, DCICF, has and will utilize a customer service system integrated into the accounting system to track, by subscriber and customer service representative, adjustment to accounts. While the Company and Switch Manager may be vigilant regarding subscriber and personnel conduct in this regard, no assurance can be given that such actions will not adversely effect the financial condition of the Company.

The Company and it's Property Manager, shall pursue every avenue available for collection of its accounts receivable. In order to anticipate losses resulting from the non collectability of receivable for any cause, the Company shall establish reserves against receivables. The Company anticipates that it's bad debt experience will be equal to and comparable to that of the Telecommunication industry. The can be no assurance that the Company's bad debt experience will be comparable to the industry.

Although the Company believes that its risk management and bad debt reserve practices are adequate, there can be no assurance that the Company's risk management practices or reserves will be sufficient to protect the Company from unauthorized or returned transactions or thefts of services which could have a material adverse effect on the Company's business, operating results and financial condition.

Substantial Discretion of Management Concerning Use of Proceeds. The Company has allocated approximately \$600,000 of the net proceeds of this offering for specific identified purposes regarding the acquisition, installation and operation of a telephony switch, with the remainder of approximately \$400,000 to be used for working capital and general corporate purposes. Accordingly, management will have substantial discretion in spending a large percentage of the proceeds to be received by the Company. See "Use of Proceeds".

Financing Requirements. The Company believes it will have sufficient working capital available through the proceeds of this offering to finance its activities through at least January 1, 2002. The Company also intends, as part of its plan, to finance the expansion and upgrade of the Gainesville switch at that point at which it is needed to provide services to its customers. There can be no assurance, however, that the Company will be able to obtain the necessary financing to implement the switch upgrade.

Lack of Public Market. No public market exists for any securities of the Company, and none is expected to develop as a result of this offering. The sale of the Common Stock offered by this Memorandum is not being registered under the Securities Act of 1933 or under state security laws, and the shares may not be resold or otherwise transferred unless they are subsequently registered or an exemption from applicable registration requirements is available. Consequently, investors may not be able to liquidate their investments. See "Description of Securities".

Limited Management Experience. The Company intends to enter into a switch management agreement with DCICF for the provisioning of day to day operational management services necessary to operate the facility in Gainesville, Florida. The Company's operating management has had only limited experience in the administration and financial

management of a business organization of this type. The Company's ability to maintain its business will be dependent in part on its ability to attract and retain qualified personnel relevant to all aspects of this type of business.

Dividend Policy. The Company will be organized as a Sub-Chapter S Corporation. Profits and losses are distributed to shareholders on a pro-rata basis. While the Company anticipates profits available for distribution it can offer no assurance that cash profits will be available for such purposes.

Projections. This Memorandum contains projections. Projections are hypothetical and based on present factors influencing the business of the Company. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen changes and developments in available technologies and products, the entry into the Company's markets of significant new competitors, natural disasters, terms and conditions of future financing of the Company, and other risk as inherent to the business of the Company. While management believes that the projections reflect the possible future results of the Company's operations, such results cannot be guaranteed. Investors must be prepared for the substantial economic risks involved in the purchase of the Securities, including total loss of their investment.

Ability to Manage Growth. The Company may experience substantial growth in subscribers and billed minutes over a short period of time. This growth may place significant demands on all aspects of the Company's business, including but not limited to administration, technical and financial, personnel and systems. There can be no assurance that the Company will be able to manage such growth if it occurs. The Company's future operating results will substantially depend on the ability of its Switch manager, Company officers or key employees to manage changing business conditions or to improve or implement changes in technology, administration or financial controls.

Dependence Upon Telecommunication Providers: No Guaranteed Supply. The Company does not own a transmission network and accordingly will depend upon providers such as MCI, WilTel, Sprint or AT&T for transmission of its subscribers' long distance calls. The Company will utilize MCI's long distance network exclusively for subscriber transmission. See—"MCI Agreement". The Company will purchase wholesale local circuits from the Regional Bell Operating Company(RBOC), Southern Bell. Such agreements provide for fixed transmission prices of the times specified, they are subject to early termination in certain events. No assurance can be given that the Company will be able to obtain long distance or local services in the future at favorable prices or at all. The unavailability of services to the Company, or a material increase in the price for such services would have a material adverse effect on the Company's business, financial condition and results of operations.

Dilution. The purchasers of shares of Common Stock in this offering will establish the value of net tangible book value per share of Common Stock at \$1,052.63 per share. The stock option available when exercised will result in net tangible book value per share of \$1,000.00. To the extent options or warrants to purchase the Company's Common stock are authorized and exercised in the future, there will be further dilution. See "Dilution".

Investor Suitability Standards

THIS OFFERING IS MADE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), FOR OFFERS AND SALES OF SECURITIES THAT DO NOT INVOLVE A PUBLIC OFFERING. EACH INVESTOR WILL BE REQUIRED TO REPRESENT THAT THE SHARES ARE BEING ACQUIRED FOR THE INVESTOR'S OWN ACCOUNT, AND NOT FOR THE ACCOUNT OF OTHERS, FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO THE SALE OR DISTRIBUTION THEREOF IN WHOLE OR IN PART. THE SPECULATIVE NATURE OF THE COMPANY'S BUSINESS, TOGETHER WITH THE LACK OF LIQUIDITY OF THE SHARES, MAKES THE PURCHASE OF SHARES SUITABLE ONLY FOR INVESTORS WHO HAVE ADEQUATE FINANCIAL MEANS AND WHO CAN AFFORD THE TOTAL LOSS OF THEIR INVESTMENT. ACCORDINGLY, INVESTORS WILL BE REQUIRED TO MAKE CERTAIN REPRESENTATIONS AS TO THEIR NET WORTH, INCOME AND ABILITY TO BEAR THE LOSS OF THEIR INVESTMENT.

THE SUITABILITY STANDARDS DISCUSSED BELOW REPRESENT MINIMUM SUITABILITY STANDARDS FOR PROSPECTIVE INVESTORS. PROSPECTIVE INVESTORS ARE ENCOURAGED TO CONSULT THEIR OWN INVESTMENT OR TAX ADVISERS, ACCOUNTANTS, LEGAL COUNSEL OR OTHER ADVISERS TO DETERMINE WHETHER AN INVESTMENT IN THE SHARES IS APPROPRIATE. SEE "RISK FACTORS."

An investment in the Shares is designed for sophisticated investors who have business and financial experience, either individually or together with their purchaser representative, such that they are capable of evaluating the merits and risks of an investment in the Company and of protecting their interests in the transaction.

Additionally, Shares will only be sold to investors who represent in writing (in the Subscription Agreement--Exhibit A) that they have either (1) a net worth of at least \$1,000,000 (exclusive of home, home furnishings and automobiles) plus an annual gross income of at least \$200,000; or (2) irrespective of annual gross income, a net worth (exclusive of home, home furnishings and automobiles) of at least \$1,500,000 (assets valued at fair market value).

The Shares are intended primarily for investors who fall into one of the following categories of "accredited investors" as defined by Regulation D under the Act:

- (1) The investor is a natural person whose net worth, or joint net worth with spouse, at the time of purchase exceeds \$1 million (including the value of home, home furnishings and automobiles); or
- (2) The investor is a natural person whose individual gross income exceeded \$200,000 or whose joint income with that person's spouse exceeded \$300,000 in 1994 and 1995, and who reasonably expects to reach the same income level in 1996; or
- (3) The investor is a trust with total assets in excess of \$5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person described in Regulation D; or
- (4) The investor is a director or executive officer of the Company; or
- (5) The investor is an entity, all of the owners of which are accredited investors; or

- (6) The investor is (a) a bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, (b) any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, (c) an insurance company as defined in Section 2(13) of the Act, (d) an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of such Act, (e) a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, (f) an employee benefit plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions if such plan has total assets in excess of \$5 million, (g) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Securities Act of 1974, and the employee benefit plan has assets in excess of \$5 million, or the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, that is either a bank, savings and loan institution, insurance company or registered investment advisor, or, is a self directed plan, with investment decisions made solely by persons that are accredited investors, (h) a private business development company as defined in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5 million.

The Securities and Exchange Commission has expressed the view that, in determining personal income, an investor should add to adjusted gross income any amount of income received that is tax exempt under Section 103 of the Internal Revenue Code (the "Code"), losses claimed as a limited partner in any limited partnership as reported on Schedule E of Form 1040, deductions claimed for depletion under Section 611 of the Code and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to Section 1202 of the Code.

Shares may also be sold to a limited number of non-accredited persons who are sophisticated investors and who otherwise meet the minimum suitability standards set forth in the third and fourth paragraphs in this section of the Private Placement Memorandum.

The Company reserves the right to make its own judgment on whether any prospective investor meets the suitability standards. Certain other representations and warranties are contained in the Subscription Agreement. In addition, a prospective investor will be required to provide such evidence as may be deemed necessary to substantiate the accuracy of such representations. The above suitability standards are minimum requirements for prospective investors, and the satisfaction of these standards does not necessarily mean that the Shares are a suitable investment for a prospective investor.

EACH PROSPECTIVE INVESTOR SHOULD OBTAIN THE ADVICE OF THE INVESTOR'S ATTORNEY, TAX CONSULTANT AND BUSINESS ADVISER WITH RESPECT TO THE LEGAL, TAX AND BUSINESS ASPECTS OF THIS INVESTMENT PRIOR TO SUBSCRIBING FOR THESE SECURITIES.

THIS PRIVATE PLACEMENT MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL TO, OR A SOLICITATION OF AN OFFER TO BUY FROM, ANY PERSON WHO DOES NOT MEET THE SUITABILITY STANDARDS SET FORTH HEREIN AND IN THE SUBSCRIPTION AGREEMENT.

USE OF PROCEEDS

The net proceeds to the Company from this offering will be \$999,900.

The Company anticipates that approximately \$600,000 of the net proceeds of this offering will be used to purchase and install the central switch. (See " Pro Forma Capital Budget"). Any remaining proceeds will be added to the Company's working capital.

The Company believes that it will have sufficient working capital available through the proceeds of this offering to finance its activities through at least January, 2002.

DIVIDEND POLICY

The Company will have the legal structure of a Corporation and the tax treatment of a partnership for both Federal and State tax purposes. To the extent that there are Profits or losses which may flow to the shareholders, such matters subject to tax considerations may be received by the Shareholders without related or equivalent cash distribution. Under such a structure, no dividends are issued. It will be up to the Board of Directors to determine the timing and if sufficient cash is available to make a cash distribution to the shareholders. There can be no assurances that cash or any other form of Company asset will be distributed to the shareholder, now or in the future, regardless of the tax consequences to an individual shareholder, group of shareholders or all shareholders of the Company.

DILUTION

The net tangible book value of the Company's Common stock as of October 1, 1996 was \$100.00 or approximately \$2.00 per with 50 shares outstanding. Net tangible book value per share represents the amount of the Company's total assets, less total liabilities and intangible assets, considering that no unpaid accrued dividends exist and only one class, common voting shares, of stock are authorized, with 50 share issued.

The net tangible book value dilution per share represents the difference between the amount per share paid by the purchaser(s) of shares of Common stock in the offering made hereby and the pro forma net tangible book value per share of Common stock immediately after completion of the offering.

As illustrated in the following table:

Initial offering price per share.....		\$ 1,111.00
Net Tangible book value per share at October 1, 1996.....	\$ 2.00	
Increase per share attributed to new investors.....	1,050.63	
Pro Forma net tangible Book value per share after offering.....		1,052.63
Net Tangible book value dilution per share to new investors.....		\$ 58.37

The following table sets forth, on a proforma basis as of the close of escrow assumed to be January 1, 1997, the difference between the total consideration and the average price per share paid by the existing shareholders for their shares of the Company's Common Stock and that paid by the purchasers of shares offered by the Company hereby at the initial offering price of \$ 1,111.00 per share.

	Shares Purchased (1)		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing Shareholders.....	50	5%	\$ 100.00	.01%	\$ 2.00
New Investors.....	900	90	999,900.00	99.99	1,111.00
Total.....	950	95%	\$1,000,000.00	100.00	

(1) the existing shareholders have option for the remaining 50 shares or 5%, see "Option Agreement". The information in the table above excludes the effect of stock options and or warrants if any.

Description of Capital Stock

The Company's authorized capital stock consists of 1,000 shares of Common Stock, \$.10 par value, of which 50 shares are issued with \$100.00 on deposit in the Escrow account (See escrow agreement).

Common Stock

At the close of escrow for the offering, there will be 1,000 shares of common stock authorized, with 950 shares issued, leaving 50 shares held for option. See-- Stock Option Agreement.

Holders of shares of Common Stock are entitled to one vote per share [without cumulative voting], on all matters to be voted on by shareholders. [Therefore, the holders of more than 50% of the shares voting for the election of directors can elect all the directors elected by the holders of Common Stock, and the remaining holders of Common Stock will not be able to elect any directors.] Subject to preferences that may be applicable to any outstanding preferred stock, holders of Common Stock are entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefor. See "Dividends." In the event of a liquidation or dissolution of the Company, holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any outstanding preferred stock. *The Common Stock has preemptive rights and no other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to such shares. All of the shares of Common Stock presently outstanding are fully paid and non-assessable.*

LEGAL PROCEEDINGS

Neither the Company or any of its Principals are involved in any significant legal proceedings at the time of this offering.

There are no legal proceedings involving any director, officer, affiliate of the company or any associate of any such person or company that would be adverse to the Company.

Shareholder Information

Options

Messrs. Parker and Perrin own 50 shares of common stock, which represents 5% of the authorized shares in the Company.

In addition, Messrs. Parker and Perrin have an option to purchase an additional 5% of the common stock at \$2.00 per share to be exercised at the end of the third year.

Right of First Refusal

Messrs. Parker and Perrin shall have the right of first refusal to purchase the common stock held by any investor. The purchase price of such stock shall be equivalent in amount of any bona fide offer presented in writing to the current holder of the common stock. In addition, stock held by Messrs. Parker and Perrin shall be first offered for sale to other stockholders in the Company. The price for such stock shall be equivalent to any bona fide offer presented in writing to Messrs. Parker and Perrin.

Directors and Executive Officers

The Directors and Executive Officers, their positions and ages are as follows:

<u>Name</u>	<u>Position</u>	<u>Age</u>
Christopher W. Parker, CPM	President and Chief Executive Officer Chairman of the Board	45
Nelson Perrin, CPA	Chief Financial Officer and Director	52

Mr. Parker, a founder of the Company, has been President of Digital Cable, Inc. since its formation in March of 1995. Prior to that time, Mr. Parker served as President of Loftin Parker & Company, a regional apartment property management firm.

Mr. Perrin, a founder of the Company, has been Chief Financial Officer since January of 1996. Prior to that time, Mr. Perrin maintained a private accounting practice and served as Chief Financial Officer of ComSystems, a regional long distance company located in Los Angeles, California.

Management and Management Fees

All directors hold office until the annual meeting of shareholders of the Company next following their election, and until successors have been elected and qualified. Officers serve at the discretion of the Board of Directors. Messrs. Parker and Perrin are named as directors subject to approval by a majority of the stockholders of the Company.

The Company will contract with Digital Cable, Inc., to provide management services to the Company including but not limited to: sales, marketing, all phases of technical telephony switch management, billing, accounting and overall financial management. The Company will pay DCI a management fee of 4% of gross revenues generated by the Company. The Company will also pay to DCI the sum of \$16,000 per month commencing with the close of escrow of this offering. This payment will be offset by earned management fee revenues. (see "Management Agreement")

DCI will receive incentive bonus' based on meeting certain performance standards set by the Company. (see "Management Agreement".)

Summary Compensation Table

The President and Chief Financial Officer of the Company will receive no salaried compensation. They will earn compensation through Digital Cable, Inc. who is paid a management fee by the Company. (see "Management Agreement")

Director Compensation

Directors of the Company will not receive any cash compensation for their services. Directors will receive expenses for attending called meetings of the Board of Directors.

Management Discussion and Analysis

Digital Cable of Central Florida Inc., (the "Company") a Florida corporation, is seeking an investment of Nine hundred, Ninety-nine thousand and nine hundred dollars, (\$999,900) representing 90% ownership in the Company. The funds are to be used for capital equipment, infrastructure and working capital to develop an Alternative Local Exchange Carrier (ALEC), supplying its subscribers with both local and long distances services. The Company will be established as a Subchapter S Corporation for tax purposes for both Federal and State tax purposes. The form of corporation allows for tax treatment as a Partnership while preserving the limited liability nature of a corporation. For further information regarding the legal structure and the relevant taxation issued please consult your legal and tax advisor.

Digital Cable, Inc., a Florida corporation, will be designated as Managing agent. DCI will develop and manage the switching facility, (see "Management Agreement") receiving a management fee of 4% on gross revenue. Property owners shall contribute by contracting the local and long distance service through the Company. The individual properties will receive an 8% commission of revenue generated from those properties. Remaining profits shall be divided equally between the partners in the joint venture.

The Company believes focusing on secondary and tertiary markets in the Southeast, with large concentrations of traditional off campus housing for college students, such as Gainesville, FL, presents an excellent opportunity for entry and growth in the telecommunications industry. These markets are either neglected by or at the extremes of marketing resources of the Regional Bell Operating Companies (RBOC's) and major Long Distance Companies (or IXC's). DCICF believes value can be created by the development of profitable customer base in these markets.

As a result of recent deregulation, DCICF believes that the next two to three years will see a massive shifting of customer base from the traditional providers to new ALEC's. Time will tell exactly what final form all of the restructuring will take, but the current opportunity for a startup to gain valuable market share in such a dynamic industry is extraordinary. Through this strategy, DCICF believes that, over a five year period, the Company's local and long distance customer base will be valued at over \$26,500,000.

The following discussion provides the prospective investor an overview of the planned operations and management team.

THE DIGITAL CABLE OF CENTRAL FLORIDA STRATEGY

The Company is founded with the intent to provide complete tenant communications services to owners of multi-family housing throughout the Local Access Traffic Area (LATA) including the City of Gainesville, FL. The opportunity and incentive that motivates landlords to provide exclusive contracts for service to companies such as DCICF is a commission on the gross revenue generated by residents usage of the services. This is a new revenue source for the landlord that has heretofore been unavailable to him. The ability to capitalize this income adds significantly to the overall value of the real estate.

Initially, the Company has elected to focus its market niche to those developments servicing the off campus student housing market in college communities. The primary reason for this approach is that DCICF can provide a specifically designed product that solves a significant problem for customers in this niche. This market is dominated by roommate living. The major factor which determines the success or failure of this living arrangement, from the customers viewpoint, is the shared financial responsibility of each person living in the apartment unit. DCICF can furnish a solution to this problem by providing a separate bill to each resident for all of their telephone service, eliminating any interdependence of roommates for telephone billing. The reaction to the DCICF long distance billing service in the Gainesville market has, to date, been excellent. By taking this a step further to include local service, DCICF can offer a product to this niche not available anywhere else. DCICF believes it can achieve high market penetration levels providing an immediately stabilized operating environment and can then move to add traffic to its switches from more traditional customers such as businesses and other types of residential customers. The service supplied currently will encompass the full range of Local and Long distance products at comparable prices with the RBOC and the "big" three long distance providers. This approach will allow DCICF to firmly establish itself in the marketplace with a strong niche product that solves a problem for its customer. This will allow the development of a strong corporate stability enabling DCICF to then proceed to compete for more traditional telephony customers on an aggressive basis.

Management's experience in both the property management industry and the long distance business indicates that "churn" or turnover results more from the level of customer care rather than price. Thus, the Corporate culture and supporting systems and technology of DCICF will focus on customer satisfaction.

As the Company establishes its customer base and incorporates technological advancements, convergent products will be marketed to the end user such as cable TV services, Internet services and other forms of communication services. Simultaneously, the Company will offer property management and consolidated billing services to the subscribed properties both to enhance the economic advantage to the properties and to also strengthen the relationship by competitive product differentiation.

Management believes that such a package of services will not only reduce churn in its own customer base but also result in a reduction of turnover in the subscribers rent roll. Current deployment of the initial DCICF individual billing long distance product has been very well received and continues to

add new customers daily. DCICF believes that, with the addition of local service provisioning through a central switch, the overall product offering will be significantly enhanced thus further differentiating DCICF from the rest of the marketplace.

BILLING AND CUSTOMER SERVICE

The Company will be utilizing a tried and proven billing customer service system supplied by The Source Group of Phoenix, Arizona. This system, utilized in numerous applications in the far West, has been in place operationally for over 7 years. This UNIX based package has sufficient growth potential to meet the volume requirements of DCICF from the outset throughout the Five year plan. Initially, DCICF has been and will utilize the software on a service bureau basis via long distance modem access until call volume and customer service requires real time attention, at which time in-house installation will occur.

THE MARKET

DCICF suggests, that by aggressive marketing through on site property managers, printed media, radio and TV advertisement, a customer base of 23,500 long distance subscribers and 10,500 local service subscribers out of a total of 25,000 units, can be achieved. The plan is to install and operate a smaller switch for the first 12 months while developing the market. The switch can be upgraded to establish full capacity. If circumstances warrant this upgrade can be accelerated as needed.

The current local service telecommunications market nationwide is estimated to be \$125 billion in value with Florida representing approximately 8 to 9% or approximately \$10 to 11 billion. The Local access traffic area (LATA) in the Gainesville LATA represents a market place for local service of approximately \$400 million. Long distance revenue currently is an \$81 billion Nationwide. This translates to a total Gainesville LATA market place of \$660 million telephony revenue total.

DCICF's focus is primarily on multiple unit developments. In Gainesville, a college community, a higher density of such properties exist than in a comparable population group. The Company is presently marketing a long distance product featuring a specific personal authorization code(s) for specific telephone or ANI's in facilities under contract for this service. DCICF has 2,000 units under contract, and an additional 3,500 units are evaluating the service.

DCICF's "Roommate Advantage Plan™" product prevents the student or parent from being "stuck" for roommate bills or unauthorized use of LD services. While the Company will be "accepting" this exposure, we expect bad debt experience to be comparable to the general population as a whole. This product is receiving substantial acceptance as a stand alone product, the Company believes that penetration rates will be materially enhanced by offering both local and long distance in a bundled package. The Consumer would of course have the option to use BellSouth and any other long distance provider but DCICF would continue to receive a revenue stream for allowing BellSouth access to the property along with NPA/NXX access and termination charges. See the discussion of assumptions as the preamble of the Proforma attached.

EMPLOYEES

Managing Partner or "Executive Committee":

Comprised of the President, VP of Marketing and CFO. Charged with the responsibility of day to day operations. The purpose of the executive Committee is to coordinate managerial effort between each of their areas of concentration, and to allocate human, financial and operating resources to the betterment of the Corporation as a whole.

The Managing Agent shall maintain separate accounting for the Company under separate cash accounts for that purpose. Cash and Collection clerks and Bill technicians shall be located in the Switch manager's offices in Jacksonville, FL., but shall be on the payroll of the Joint venture (See Organization Chart)

President And Staff: (included in Management Fee)

The President from the outset will be the Chief Executive Officer with each major department head reporting directly to the Office. Those departments shall be Finance, Marketing and Operations. In addition, all legal issues will be handled directly through the office of the President. The President shall be the primary responsibility for Shareholder relations with support from Finance as needed.

Finance: (included in Management Fee)

The Finance Staff shall be headed by the Chief Financial Officer with the departments of Data Services, Accounting and Financial Analysis reporting to and supporting the efforts of the CFO. Among the CFO's responsibilities are monthly, quarterly and annual financial reporting and disclosure, 10K and 10Q filings, budget establishment and analysis, banking and stockholder relations, check signature, cash planning and management, department supervision and inter-departmental coordination. The timing and establishment of the supporting departments will be subject to the approval of the Executive Committee.

Data Services:

Data services will be responsible for three (3) core services.

"Billing Services", shall cover the processing of, printing of, and mailing of monthly or cycle billings, along with technical support of electronic data processing equipment utilized by the Company. Timeliness and accuracy in billing results in minimum days cash in collection, reduced bad debt, reduced customer service time and a satisfied customer. Billing clerk(s) shall be on the Switch payroll as volume dictates, with a limit of not more than 3 clerks per switch installation.

"Electronic Outsourcing" (included in Management Fee), the Supervisor of this department will coordinate and supervise the interconnect, circuits and equipment integration between the Company and the outsourced services of "Customer Services"

and "Operator services". Outsourcing of these services will result in the most efficient dollars spent relative to economies of scale and personnel scheduling. Among the duties of this individual will be to revise and maintain instructional procedures for the scope of work and range of responsibility of the outsourced services. Answering to and supporting the entire computer network will be a Computer Technician skilled in UNIX and Windows 95 or NT operating systems. His primary duty will be to keep equipment at the ready and productive. Initially, the Tech will come into the organization first covering the multiplicity of duties and subsequently assuming the duties of the Outsource Supervisor.

"Systems design" (included in Management Fee), in a company of this nature will be quintessential to developing efficient and integrated services. The billing/customer service system selected by DCICF for use, is an "off the shelf" yet comprehensive software system for a typical telecommunication network for both local and long distance services. As the Company grows and develops more sophisticated products it will place increasing demands on this system. The customer support software the Company has selected was chosen for a number of reasons. Firstly, it is simple to use. Secondly, it can be utilized in a simple limited hardware application or operate equally well in a complex and sophisticated configuration. Finally, source code will be supplied so that modifications are subject to the Company's needs and schedule. The Company has also contemplated the migration of this software to a Windows based operating system as well as to a general ledger reporting package and a customer support package. All of such products would be marketable to others in the industry, along with Service subscriber.

Accounting: (included in Management Fee).

Accounting will be of the traditional nature, headed by an experienced Financial professional capable of managing the overall corporate financial picture either on a short-term or long term basis. The department shall be composed of two sub departments, Bookkeeping and Receivable services.

Bookkeeper will be directly responsible for day to day general ledger processing and management. Answering to and supporting the Bookkeeper shall be the billing auditor(s) and payroll clerk(s).

Billing Auditor(s) will review interface entries between the Billing services and general ledger, test audit selected customer bills, test balance forward account status and perform analysis on the billing data. This employment position will ultimately split in to the Billing Auditor in accounting and the Product Analyst in Marketing.

Payroll Clerk(s) will focus on payroll and related matters. In the course of development, this individual will initially maintain all personnel files and related matters and ultimately become the HR supervisor.

Receivable services will focus exclusively on cash collections and problem account collection efforts. Members of this department except for general supervision shall be charged directly to operating switches in the system. The cost of the position(s) will be assigned to a specific switch at the time of switch setup and will remain the same throughout the switch entity operations. The time spent by direct charge personnel will not track time by switch. The department will be comprised of entry level personnel called Cash Clerks and Collection Clerks, each switch installation will include on its payroll staffing as needed but not more than two (2) cash clerks and one (1) collection clerk.

Cash Clerk(s), (direct charge on switch), shall apply payments directly to the customer accounts, initially through terminals for manual entry of individual by payments via mail delivery. Subsequently, the position will evolve to lock-box collections and differing levels of sophisticated technological methods. The primary goal of each increase step in the growth process will be to maximize accuracy, effectively utilize personnel and maintain simplicity in job skills for this entry level position.

Collection Clerk(s) (direct charge on switch). Developed from the cash clerk personnel pool, will pursue problem collections NSF checks, legal actions and any other efforts appropriate to minimize bad debt below industrial levels.

Marketing: (included in Management Fee).

The Vice President of Marketing's primary responsibilities will focus on maximizing market penetration in the Switch markets DCICF is doing business in. Secondly, responsibilities will cover development, management and motivation of a independent contractor sales staff who will sell our telecommunication products directly to consumers and businesses. This marketing efforts will operate initially in the State of Florida, subsequently in the Southeastern region and finally nation wide. The Marketing department will also be responsible for the design, development and implementation of new products responsive to the needs of the market place, along with product supervision of existing products. Since Marketing/Sales has initial potential customer contact, the department shall also be responsibility for credit policy development and approval of new customers. As the organization grows four distinct departments will be established. Independent Sales Representation Supervision and Training, Product Services, Regulatory Liaison and Credit. Following is a brief discussion by Sub-department of these functions.

Independent Sales Representation Supervision And Training: (included in Management Fee).

In the industry there is a group of professionals who sell Telecommunication services. These individuals are technically knowledgeable in specific commercial applications (i.e. Hotel services, PBX or interconnect systems, Pay Phone operations). DCICF will draw on these industry resources to develop a group of independent sales representatives that will market a varied array of value added services to our

geographic switch service areas. The switching equipment DCICF will deploy in our core application has many additional "services" available to the consumer. This group of independent reps will allow DCICF to maximize the capabilities of our available technologies.

Regulatory Liaison: (included in Management Fee).

The Regulatory Liaison position is designed to devote appropriate professional expertise and resources to an extremely important area of the telecommunication industry. The role of the Regulatory Liaison officer of the past was to insure the company was in compliance with the rulings of the Public Service Commissions. Today, in addition to that function, the Regulatory Liaison Officer must be aware of emerging market opportunities that develop as a result of the radically changed marketplace. The Telecommunications Act of 1995 has forever altered the landscape of the industry. The Act set the basic guidelines that Congress and the FCC considered important to deregulation. The actual day to day operating rules are constantly evolving and DCICF must be at the forefront in their evolution in order to maximize their market share.

Product Services: (included in Management Fee).

This department will be directly responsible for design and development of new products, the analysis of product response and usage patterns along with daily supervision and customer adjustment approvals of customer services functions. When Customer services are outsourced, product services will "define" methods and procedure, monitor problems and advise network or system corrections. Product Services will also analyze adjustments and corrections for adherence to outsourced guidelines.

Credit Department: (included in Management Fee).

The Credit Clerk or department will prepare credit guidelines for consumer approval, service and document commercial credit functions and services. Supervise commercial accounts and adjust credit limits as needed.

Human Resources: (included in Management Fee).

As the Company grows and the management of it's assets becomes more complex it will be imperative to concentrate human resource management in a unique department. The charter for this department will be to develop personnel from within to meet the demands of a successful operating entity. Human Resources will insure that the proper people are employed for the proper job with adequate skill levels. Those people who demonstrate the proper attitude and have the aptitude will be developed by the Company as it grows. Every effort will be made to develop from within. Other duties

and responsibilities will include personnel record keeping, testing, medical service support, insurance and time keeping.

Operations:

DCICF's Operations Group, while a significant and necessary contributor, will be subordinate to Marketing relative to its influence to managerial direction. The reason for this approach is that the driving and changing technology of the past ten years dictated the economics of telecommunication. Technology will continue to improve rapidly but the "standards" of service (i.e. clarity of signal, digitization, functional services) are readily available. In short, customer satisfaction will advance based upon the utilization of the ever improving technology rather than its very existence. In DCICF's application and management of the switch within the BellSouth Sonnet Ring, minimal field service effort will be required. Therefore the Company will be able to focus its resources on direct switch supervision and maintenance. The following two departments reflect future operational planning: (Actual personnel at the switch site will be accounted for directly in switch operations.)

Field Service Supervision:

While actual field service will be contracted, the Switch Manager, DCI, will supervise any site demarcation requirements and hardware modifications if necessary on the properties. Contractors of this nature have been dealing with BellSouth and other LEC's in this capacity over long periods of time and are not only readily available at competitive price, but also skilled and trained on the last applications.

Network Services:

This department is made up of two components, Circuit Management and Switch Management.

Circuit Management is responsible for the connection between the switch and the customer, and the switch and the outside world. The Company will "buy" circuit rights of varying capacities and count. The inventory, distribution and capacity of the circuits is not static for a number of reasons. Firstly, the Company is growing. Secondly, the technology is moving and improving. Finally, economies can be reached by "changing" the mix and feature groups. From a financial stand point a significant estimate of time purchased is determined by this department to the Circuit accrual. The percentage created by dividing theoretical capacity to accrued time in minutes can't exceed certain limits or fall below others. In short, dropped calls occur when utilization approaches 90% and there is significant waste when utilization falls below 78%. The optimum is to stay as close to 90% as possible. In the configuration considered by DCICF, the long link side is optimized with MCI network bulk flat rate un-switched services. Since the local circuit link has the greatest variation the company will focus its management efforts to local circuit management. This department will also via hardware and assisted by the circuit accrual software, manage the "Gateway" software seeking call patterns, and other technical issues relative to

fraud detection. Since the Company will not be issuing Travel cards (the product with greatest fraud exposure) for some time the exposure to fraud while it exists will be minimal.

Switch Management will be directly responsible for switch operations, testing and repair, circuit connection, system modification both in the form of hardware and software applications. The personnel manning out Harris 20LH or LX multiple port switch(s) will be specifically train at the OEM for the model delivered. These people shall also be skilled at the various supporting systems (i.e. Uninterruptible Power Supplies UPS, HALON extinguishment systems, Voice mail equipment, call attendants, switch tape drives and other items). DCICF will not initially have "redundant" resources. While there are components of a switch that, in failure, could shut down the entire switch, internal redundant systems minimize such catastrophic events. Circuit failures also exist but can be readily detected and rerouted. The most significant switch exposure to failure at the switch level is fire and natural disaster and can only be protected by a secondary switch site. As the Company's volume grows we intend on have multiple switch sites for economic reasons with the second advantage of redundancy.

Site Supervision and Switch Technicians:

Each switch shall have a full complement of personnel sufficient to operate the switch, maintain it in good working order, protect hackers and fraud attacks, implement circuit changes and basic circuit provisioning and implement changes to data bases as required. These personnel shall be on the specific switch payroll where they work, under the supervision and guidance of the Managing partner.

LEGAL PROCEEDINGS

Neither The Company or any of its Principles are involved in any significant legal proceedings at the time of this offering.

There are no legal proceeding involving any director, officer, affiliate of the Company or any associate of any such person or company that would adversely effect the Company.

FACILITIES

The Company currently neither owns or leases any facilities or equipment. The Company plans to lease spaces close to the BellSouth Central switch in Gainesville, FL. , a process called co-location. The optimal situation is to lease space within the same building as BellSouth. There can be no assurance that adequate space is available within or adjacent to the BellSouth central office facility in Gainesville. As the distance between the Company's switch and BellSouth's facility may result in added costs of connection, then such increased distance has a adverse effect on the financing of the switch installation. While the Company (See "Capital Budget") anticipate certain contingencies, no assurance should be taken that actual costs of switch connection will remain within acceptable cost parameters, and under certain circumstances may prohibit switch installation.

FINANCIAL PROJECTIONS

THE PRO FORMA FINANCIAL INFORMATION CONTAINED HEREIN REPRESENTS PROJECTIONS OF FUTURE EVENTS WHICH MAY OR MAY NOT OCCUR. THEY ARE BASED ON ASSUMPTIONS WHICH MAY OR MAY NOT PROVE TO BE ACCURATE AND SHOULD NOT BE RELIED UPON TO INDICATE THE ACTUAL RESULTS WHICH MIGHT BE OBTAINED BY THE COMPANY. NO REPRESENTATION OR WARRANTY OF ANY KIND IS GIVEN WITH RESPECT TO THE ACCURACY OF SUCH PROJECTIONS.

THESE PROJECTIONS HAVE BEEN PREPARED BY MANAGEMENT OF THE COMPANY AND HAVE NOT BEEN REVIEWED OR COMPILED BY INDEPENDENT PUBLIC ACCOUNTANTS.

Pro Forma Five year Statement of Operations: (in thousands) (1)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue:					
Local Service fees	\$ 1,329	\$ 2,882	\$ 3,135	\$ 3,213	\$ 3,294
Long Distance fees	4,290	10,437	11,886	12,184	12,488
Access & Termination fees	<u>460</u>	<u>1,119</u>	<u>1,274</u>	<u>1,306</u>	<u>1,339</u>
Total Revenues all Sources	6,079	14,439	16,296	16,704	17,121
Cost of Services:					
Commissions	486	1,155	1,304	1,336	1,370
Switch Operating Costs	448	646	693	729	715
Network Costs	3,781	9,067	10,194	10,428	10,688
Customer Service	43	102	113	113	113
Field Service	11	22	-	-	-
Demarcation amortization	124	277	301	177	24
Operator Services	22	51	57	57	57
Billing costs	<u>143</u>	<u>280</u>	<u>277</u>	<u>302</u>	<u>310</u>
Total Cost of Services	<u>5,058</u>	<u>11,601</u>	<u>12,939</u>	<u>13,070</u>	<u>13,278</u>
Gross Profit	1,021	2,837	3,356	3,634	3,843
Operating Expenses:					
Marketing	281	288	295	303	311
Bad Debt Expense	73	238	303	311	319
Agent Management fee	<u>243</u>	<u>578</u>	<u>652</u>	<u>668</u>	<u>685</u>
Total Operating expenses	<u>597</u>	<u>1,104</u>	<u>1,251</u>	<u>1,282</u>	<u>1,314</u>
Net Partnership Profit	<u>\$ 424</u>	<u>\$ 1,734</u>	<u>\$ 2,105</u>	<u>\$ 2,279</u>	<u>\$ 2,529</u>

(1) The Company expects to commence operations on January 1, 1997, therefore year 1 represents the period from 1/1/97 to 12/31/97, year two etc.

FINANCIAL PROJECTIONS (con't)

Pro Forma Statement of Earnings per Common Share:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Pro Forma Income attributed to common Shareholders for primary earnings per share (in Thousands)	\$ 424	\$ 1,734	\$ 2,105	\$2,279	\$ 2,529
Pro Forma Income per common and common share equivalent	\$ 446	\$ 1,825	\$ 2,216	\$ 2,279	\$ 2,529
Shares used to compute earnings per share	950	950	950	1,000	1,000

FINANCIAL PROJECTIONS (con't)

Pro Forma Balance Sheet: (in thousands)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Asset:					
Current Assets	\$ 66	\$ 100	\$ 100	\$ 100	\$ 100
Cash	1,343	2,292	2,586	2,650	2,717
Accounts Receivable	<u>55</u>	<u>21</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Prepaid Assets	1,464	2,413	2,686	2,750	2,817
Total Current Assets					
Non-Current Assets	986	1,330	1,330	1,330	1,330
Property, Plant and Equipment	<u>185</u>	<u>525</u>	<u>890</u>	<u>1,129</u>	<u>1,217</u>
Less: Accumulated Depreciation	801	805	440	201	113
Net Book value					
Other Assets:	3	3	3	3	3
Lease Deposits	<u>70</u>	<u>70</u>	<u>70</u>	<u>70</u>	<u>70</u>
Circuit Deposits	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>	<u>73</u>
Total Other Assets	<u>874</u>	<u>878</u>	<u>513</u>	<u>274</u>	<u>186</u>
Total Non-Current Asset	<u>2,337</u>	<u>3,291</u>	<u>3,199</u>	<u>3,029</u>	<u>3,002</u>
Total Assets					
Liabilities & Equity:					
Current Liabilities:	614	1,033	1,184	1,213	1,243
Trade Payables					
Accrued Liabilities:	64	106	109	111	114
Commissions Payable	6	7	8	8	8
Payroll	32	53	54	56	57
Management fee	<u>198</u>	<u>330</u>	<u>338</u>	<u>346</u>	<u>355</u>
Telecommunication Taxes	<u>299</u>	<u>496</u>	<u>508</u>	<u>521</u>	<u>534</u>
Total Accrued Liabilities	913	1,529	1,693	1,734	1,777
Total Current Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Non Current Liabilities	913	1,529	1,693	1,734	1,777
Total Liabilities					
Partnership Equity:					
Beginning equity	1,000	1,424	1,762	1,506	1,290
Add: New Contributions	-0-	-0-	-0-	-0-	-0-
Current Earnings	-0-	1,016	2,362	2,494	2,593
Less: Equity Distributions	<u>424</u>	<u>1,354</u>	<u>2,106</u>	<u>2,279</u>	<u>2,529</u>
Ending Equity	<u>1,424</u>	<u>1,762</u>	<u>1,506</u>	<u>1,290</u>	<u>1,225</u>
Total Liabilities & Capital	<u>\$ 2,337</u>	<u>\$ 3,291</u>	<u>\$ 3,199</u>	<u>\$ 3,025</u>	<u>\$ 3,002</u>

FINANCIAL PROJECTIONS (con't)

Pro Forma Statement of Changes in Cash Position: (in thousands)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cash From Operations:					
Pro Forma Net income	\$ 424	\$ 1,734	\$ 2,105	\$ 2,279	\$ 2,525
Add back:					
Depreciation and Amortization	<u>294</u>	<u>474</u>	<u>386</u>	<u>239</u>	<u>87</u>
Total Cash from Operations	719	2,208	2,491	2,518	2,617
Changes in Working Capital:					
Funding required by:					
Receivables	1,343	949	294	65	66
Prepaid Circuit costs	163	100	-0-	-0-	-0-
Funds provide from:					
Trade Payables	709	482	156	33	34
Accrued Labor	5	2	-0-	-0-	-0-
Accrued Telecommunication Taxes	<u>198</u>	<u>132</u>	<u>8</u>	<u>8</u>	<u>9</u>
Net Funds required for Working Capital	<u>594</u>	<u>433</u>	<u>130</u>	<u>24</u>	<u>23</u>
Cash available from Operations	125	1,775	2,361	2,494	2,594
Investments and Distributions:					
Switch Construction or expansion	500	-0-	-0-	-0-	-0-
Demarcation costs	<u>559</u>	<u>345</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net cash Invested	1,059	344	-0-	-0-	-0-
Distributions to Stockholders	-0-	1,396	2,361	2,494	2,594
Total Cash used for Investments and Distribution	<u>1,059</u>	<u>1,741</u>	<u>2,361</u>	<u>2,494</u>	<u>2,594</u>
Net Change in Cash Position	(934)	34	-0-	-0-	-0-
Beginning Cash Position	<u>1,000</u>	<u>66</u>	<u>100</u>	<u>100</u>	<u>100</u>
ENDING CASH POSITION	\$ 66	\$ 100	\$ 100	\$ 100	\$ 100

EXHIBIT I

AGREEMENT FOR MANAGEMENT OF TELEPHONE SWITCHING FACILITIES

AGREEMENT made this _____ day of _____, 19____, among DCI of CENTRAL FLORIDA ("Owner") whose address is 6622 Southpoint Drive South, Suite 310, Jacksonville, Florida 32216 and Digital Cable, Inc. ("Agent"), whose address is 6622 Southpoint Drive South, Suite 310, Jacksonville, Florida 32216.

WITNESSETH:

IN CONSIDERATION of the mutual promises and covenants herein contained, Owner and Agent agree as follows:

I.

The Owner hereby employs the Agent exclusively to supervise the operation and management, of the facility know as the Gainesville Switch located in Gainesville, Florida (hereinafter sometimes referred to as the "Premises", "Property" or the "Switch"), upon the terms hereinafter set forth.

II.

- (a) Agent shall use its best efforts in the sales, marketing, operational, administration billing, collection and customer service functions related to managing the switch. Agent shall operate the premises in a professional manner and spend such time as it deems to be reasonably necessary to fulfill its obligations under this Agreement.
- (b) All inquiries for telecommunications services shall be referred to Agent, or representatives designated by the Agent.
- (c) Agent shall use its best efforts in the management of the switch and shall exercise due diligence in collecting all accounts receivable therefrom.
- (d) The Owner hereby gives to the Agent the following authority and powers and agrees to assume the expenses in connection therewith.

To advertise the availability of the herein described telecommunications services or any part thereof to Bill to subscribers amount due for services rendered, to collect accounts receivable that become due and give receipts therefore, to terminate and to sign and serve in the name of the Owner such notices as are deemed needful by Agent, to institute and prosecute actions, to enter suit for and in the name of the Owner and recover accounts receivable and other sums due.
- (e) Agent is authorized, in the name of and at the expense of Owner, enter into contracts for electricity, gas, steam, telephone and any and all other services required for the operation of the Property.
- (f) Agent, on behalf of Owner, shall supervise the work of, hiring and discharge employees in their performance of the day-to-day operations of the project. Agent shall use reasonable care in the hiring of such employees. All such employees shall be the employed by the Owner. The Agent shall maintain all personnel records necessary to document the employees history regarding employment and skills progress, pay rates, federal, state and local taxation issues, citizenship and any other necessary and appropriate under the circumstances.

- (g) Agent is responsible for keeping the operational logs and financial books and records of the switch and shall render to Owner monthly operating statements prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) not later than the 15th of the month after. Such monthly Statements will be prepared as compiled unaudited Statements. The Agent shall make available all books and records for the owners inspection at all times during normal business hours. It is understood, however, that such books and records are the property of Owner, but that the Agent has custodial responsibility.

Certified audit costs or costs related to quarterly reviews or other reviews requested by the Company by an Independent Certified Public Accountant, licensed in the State of Florida shall be at the cost of the Owner. Agent further agrees to cooperate with Owner in working with the Owners' Independent auditors in their preparation of the annual audit of the financial statements of the Switch.

- (h) Owner shall reimburse Agent promptly for any moneys which Agent may elect to advance for the account of Owner. Nothing herein contained, however, shall be construed to obligate Agent to make any such advance.
- (i) All moneys received for or on behalf of Owner shall be deposited in commercial bank accounts of the Owner and such funds shall not be commingled with the funds of Agent.
- (j) Agent shall pay all operating expenses of the property out of the receipts of the Property. In the event such receipts are not adequate to meet the obligations of the Property, Owner shall promptly advance the funds necessary to cover the obligations of the Property as they fall due.
- (k) Agent agrees to work with Owner in obtaining appropriate insurance coverage for the Property. Agent agrees to use its best efforts in obtaining such coverage which coverage's shall be approved by the Owner.

III.

- (a) Owner agrees: (i) To hold and save Agent free and harmless from damages or injuries to persons or property by reason of any cause whatsoever either in or about the premises or elsewhere when Agent is carrying out the provisions of this Agreement or acting under the express or implied directions of Owner; (ii) To reimburse Agent upon demand for any moneys which the latter is required to pay out for any reason whatsoever, either in connection with or as an expense in defense of any claim, civil or criminal action, proceeding, charge or prosecution made, instituted or maintained against Agent or Owner and Agent jointly or severally, affecting or due to the condition or use of the premises; (iii) To defend promptly and diligently at Owner's sole expense, any claim, action or proceeding brought against Agent or Agent and Owner jointly or severally arising out of or connected with any of the foregoing, and to hold harmless and fully indemnify Agent from any judgment, loss or settlement on account thereof. It is expressly understood and agreed that the foregoing provisions of this article shall survive the termination of this Agreement, but this shall not be construed to mean that Owner liability does not survive as to other provisions of this Agreement. Nothing contained in subparagraph (i), (ii) and (iii) of this Article shall relieve Agent from responsibility to Owner for gross negligence.
- (b) If Owner shall fail or refuse to comply with or abide by any rule, order, determination, ordinance or law of and Federal, State or Municipal authority, Agent upon giving written notice mailed to Owner at its address first hereinabove set forth, may terminate this Agreement.
- (c) Owner agrees to carry public liability and such other insurance as may be necessary for the protection of the interest of Owner and Agent. In each such policy of insurance Owner agrees, upon request, to designate Agent as a party insured with Owner. The carrier and the amount of coverage in each policy shall be

mutually agreed upon by Owner and Agent. A "Certificate of Insurance" for each policy issued by the carrier shall be delivered promptly to Agent by Owner.

IV. Agent is clothed with such other general authority and powers as may be necessary or advisable to carry out the spirit and intent of this Agreement.

V. Owner agrees to pay Agent, in consideration for providing the services set forth in Article II of this Agreement the amounts shown on Appendix A attached hereto.

VI. (a) In the event a petition under the Bankruptcy Code is filed by or against either Owner or Agent, or in the event that either shall make an assignment for the benefit of creditors or take advantage of an insolvency act, the other party may forthwith terminate this Agreement without notice.

VII. The Agent shall have the responsibility for and the authority to enforce the provisions of the standard Right of Entry Agreement as used by the Owner to define the scope of service to owners of multi family apartment properties. The Agent shall have the authority to negotiate and execute said agreements on behalf of the Owner.

FOR PURPOSES OF THIS AGREEMENT:

(a) Any party may designate a different address by serving written notice to such effect upon the other parties by registered mail;

(b) This Agreement shall be binding on the parties hereto, their heirs, executors, administrators, successors and assigns, and may not be changed orally, but only by a writing signed by the party to be charges thereby;

(c) This Agreement and the rights of the parties hereto shall be governed by and construed or enforced in accordance with the Laws of the State of Florida.

(d) This Agreement shall become effective on the aforementioned date and shall continue in full force and effect until either party elects to withdraw from its obligations under this Agreement by giving no less than thirty (30) days written notice to the other party.

IN WITNESS WHEREOF, the undersigned have set their hands on the aforementioned date.

Owner:

DCI of Central Florida

Agent:

Digital Cable, Inc.

By: _____

Title: _____

APPENDIX A

The Owner shall pay to Digital Cable, Inc. a monthly fee of Four Percent (4%) of the gross monthly revenues generated by DCI of Central Florida for its telecommunications services for the period the agreement is in force.

In addition, The Owner shall pay to Digital Cable, Inc. and incentive bonus of 5% of the net pretax Company profits in excess of the amounts per year as set forth in the table herein:

Year	Net Company Profits
	\$170,000
1.	\$1,000,000
2.	\$1,300,000
3.	\$1,400,000
4.	\$1,500,000
5.	

The Owner shall pay to Digital Cable, Inc. the sum of Sixteen thousand dollars (\$16,000) per month as a draw against management fees to be earned until such time as the aforementioned management fee exceed that amount.

The payment of this sum shall commence on the closing of escrow as described in the Private Placement Memorandum offered by Owner.

EXHIBIT II

SUBSCRIPTION AGREEMENT FOR SHARES OF COMMON STOCK OF DCICF OF CENTRAL FLORIDA

This Subscription Agreement is made by and between DCI of CENTRAL FLORIDA Issuer, a FLORIDA corporation (the "Company") and the undersigned prospective purchaser who is subscribing hereby for shares of the Company's common stock (the "Shares"), pursuant to the Private Placement Memorandum of the Company dated October 1, 1996 (the "Memorandum", which term includes all exhibits and any amendments thereof and supplements thereto), distributed to a limited number of selected persons in connection with the offering of such Shares.

In consideration of the Company's agreement to accept the undersigned as a security holder of the Company upon the terms and conditions set forth herein and as further set forth in the Memorandum, the undersigned agrees and represents as follows:

A. SUBSCRIPTION

1. The undersigned hereby subscribes to purchase Shares at \$1,111 per Share in the amount indicated on the signature page hereto. Simultaneously with the execution of this Subscription Agreement, the undersigned is paying and delivering to the Company the amount set forth on the signature page below, in the form of a check or wire transfer (the "Payment") payable to "Barnett Bank--DCICF of Central Florida Issuer Escrow Account" to be deposited with the Barnett Bank (the "Escrow Agent").
2. The undersigned understands that the Payment will be held in escrow for his benefit by the Escrow Agent pursuant to the terms of the Escrow Agreement (the "Escrow Agreement") dated as of _____ between the Company and the Escrow Agent. The offering period will terminate on January 1, 1997, which date may be extended or advanced without notice to subscribers until not later than March 1, 1997. The Payment will be returned promptly, with any interest earned thereon, on the basis described in the Memorandum, in the event that for any reason the purchase and sale of the Shares is not consummated within thirty days following termination of the offering period (such date is hereinafter referred to as the Closing Date and shall in no event be later than March 1, 1997 or in the event that the undersigned's subscription is rejected.

B. REPRESENTATIONS AND WARRANTIES

1. The undersigned hereby represents and warrants to, and agrees with the Company as follows:

- (a) The Shares are being purchased for the undersigned's own account, for investment purposes only, and not for the account of any other person, and not with a view to distribution, assignment, or resale to others or to fractionalization in whole or in part and that the offering and sale of the Shares is intended to be exempt from registration under the Securities Act of 1933 (the "Act") by virtue of Section 4(2) of the Act and the provisions of Regulation D promulgated thereunder ("Regulation D"). In furtherance thereof, the undersigned represents, warrants, and agrees as follows: (i) No other person has or will have a direct or indirect beneficial interest in such Shares and the undersigned will not sell, hypothecate, or otherwise transfer his Shares except in accordance with the Act and applicable state securities laws or unless, in the opinion of counsel for the Company, an exemption from the registration requirements of the Act and such laws is available; and (ii) the Company is under no obligation to register the Shares on behalf of the undersigned or to assist the undersigned in complying with any exemption from registration.
- (b) The undersigned has been furnished with and has carefully read the Memorandum. In evaluating the suitability of an investment in the Company, the undersigned has not relied upon any representations or other information (whether oral or written) from the Company other than as set forth in the Memorandum and no oral or written representations have been made or oral or written information furnished to the undersigned or his advisors, if any, in connection with the offering of the Shares which were in any way inconsistent with the Memorandum.

- (c) The Company has made available to the undersigned all documents and information that the undersigned has requested relating to an investment in the Company.
 - (d) The undersigned recognizes the Company has only recently been organized and that it has little financial or operating history and that investment in the Company involves substantial risks, and he has taken full cognizance of and understands all of the risk factors related to the purchase of Shares, including, but not limited to, those set forth under the caption "Risk Factors" in the Memorandum.
 - (e) The undersigned has carefully considered and has, to the extent the undersigned believes such discussion necessary, discussed with the undersigned's professional legal, tax and financial advisers the suitability of an investment in the Company for the undersigned's particular tax and financial situation and the undersigned has determined that the Shares are a suitable investment for the undersigned.
 - (f) All information which the undersigned has provided to the Company concerning the undersigned and the undersigned's financial position is correct and complete as the date set forth below, and if there should be any change in such information prior to the undersigned's acceptance as a securityholder of the Company the undersigned will immediately provide such information to the Company and will promptly send confirmation of such information to the Company.
 - (g) If this Subscription Agreement is executed and delivered on behalf of a partnership, corporation, trust, or estate, (i) the person executing this Subscription Agreement on behalf of the undersigned has been duly authorized and is duly qualified (A) to execute and deliver this Subscription Agreement and all other instruments executed and delivered on behalf of such partnership, corporation, trust, or estate in connection with the purchase of the Shares and (B) to purchase and hold Shares, and (ii) the signature of the person executing this Subscription Agreement on behalf of the undersigned is binding upon such partnership, corporation, trust, or estate, and (iii) such entity has not been formed for the specific purpose of acquiring Shares.
2. The foregoing representations and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter. If such representations and warranties shall not be true and accurate in any respect, the undersigned will, prior to such acceptance, give written notice of such fact to the Company [and the Placement Agent,] specifying which representations and warranties are not true and accurate and the reasons therefor.
 3. The undersigned shall indemnify and hold harmless the Company or any of its officers, employees, registered representatives, directors, or control persons of any such entity who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation or misstatement of facts or omission to represent or state facts made by the undersigned to the Company concerning himself or his financial position in connection with the offering or sale of the Shares which is not remedied by timely notice to the as provided above, against losses, liabilities and expenses for which the Company or any of its officers, employees, registered representatives, directors, or control persons of any such entity have not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) as actually and reasonably incurred by such person or entity in connection with such action, suit, or proceeding.

C. PURCHASER REPRESENTATIVE

If the undersigned intends to appoint anyone to serve as a Purchaser Representative (as that term is used in Regulation D of the Securities Act of 1933) the person appointed must fill out appropriate forms to be provided by the Company. Please indicate if the undersigned intends to rely upon one or more Purchaser Representatives:

_____ Yes
 _____ No

D. INVESTOR INFORMATION

The Company may only accept subscriptions from persons who meet certain suitability standards. Therefore, certain information is requested below.

- (a) Name: _____
Age: _____
Marital Status: _____
Social Security Number: _____
- (b) Home Address: _____
Home Telephone Number: _____
- (c) Firm Name: _____
Nature of Business: _____
Position Title: _____
Length of Time in Position: _____
Business Address: _____
_____ Zip Code: _____
Business Telephone Number: _____
- (d) Send Correspondence to: Home _____ Business _____
- (e) List each prior employment position or occupation during the last five years, giving dates:

- (f) List any business or professional education, indicating degrees received, if any: _____

- (g) (1) My net worth (together with my spouse's net worth), exclusive of home, home furnishings, and automobiles, is in excess of \$ _____.
- (2) In order for the Company to determine if I qualify as an "accredited investor" under Regulation D of the Securities Act of 1933, the reasonable fair market value of my personal home, home furnishings, and automobile is in excess of \$ _____.
- (3) For 1994 and 1995 my actual, and for 1996 my estimated, annual gross income was or is (do *not* include your spouse's income):
1994: _____ 1995: _____ 1996: _____
- (4) My spouse's actual gross income for 1994 and 1995 and estimated 1996 gross income was or is:
1994: _____ 1995: _____ 1996: _____

(h) Previous Investment Experience in Other Private Offerings of Securities:
Name of Program 1. _____
of Company 2. _____
3. _____

Amount Invested 1. _____
2. _____
3. _____

(i) Other Investment Experience (Stocks, Real Estate, Other Real Estate Programs, etc.):
Amount Invested 1. _____

2. _____
3. _____

Amount Invested 1. _____
2. _____
3. _____

(j) In which state do you currently

- (a) Maintain your primary residence? _____
- (b) Maintain your secondary residence? _____
- (c) Vote? _____
- (d) File income tax returns? _____
- (e) Maintain a driver's license? _____

(k) List any other information you believe is relevant in showing that you are able to adequately evaluate the risks and merits of this investment: _____

In furnishing the above information, I acknowledge that the Company will be relying thereon in determining, among other things, whether there are reasonable grounds to believe that I qualify as a purchaser under Section 4(2) or Rule 506 of the Securities Act of 1933 for the purposes of the proposed investment.

E. UNDERSTANDINGS

1. The undersigned understands, acknowledges and agrees with the Company as follows:

- (a) This subscription may be rejected, in whole or in part, by the Company in its sole discretion at any time prior to the Closing Date, notwithstanding prior receipt by the undersigned of notice of acceptance of the undersigned's subscription.
- (b) This subscription is and shall be irrevocable, except that the undersigned shall have no obligations hereunder in the event that (1) this subscription is rejected for any reason or (2) the purchase and sale of Shares is not consummated by the Closing Date.
- (c) No federal or state agency has made any finding or determination as to the fairness of this offering for investment, nor any recommendation or endorsement of the shares.
- (d) There is no public market for the Shares of any of the Company's securities and there is no certainty that such a market will ever develop. There can be no assurance that the undersigned will be able to sell or dispose of his Shares. Moreover, no assignment, sale, transfer, exchange or other disposition of the Shares can be made other than in accordance with all applicable securities laws. It is understood that in order not to jeopardize the offering's exempt status under Section 4(2) of Regulation D of the Act, the transferee may at a minimum be required to fulfill the investor suitability requirements established in the Memorandum.

- (e) All assumptions and projections set forth in the memorandum have been included therein for purposes of illustration only, and no assurance is given that actual results will correspond with the results contemplated by such assumptions and projections.
- (f) There can be no assurance as to the federal or state tax results of an investment in Shares, [including those set forth in the section entitled "Tax Considerations" in the memorandum].
- (g) The information contained in the Memorandum is confidential and nonpublic, and all such information shall be kept in confidence by the undersigned and shall neither be used by the undersigned to the undersigned's personal benefit (other than in connection with his subscription for shares) nor disclosed to any third party for any reason; provided that this obligation shall not apply to any such information which (i) is part of the public knowledge or literature and readily accessible at the date hereof; (ii) becomes part of the public knowledge or literature and readily accessible by publication (except as a result of a breach of these provisions); or (iii) is received from third parties (except third parties who disclose such information in violation of any confidentiality agreements including, without limitation, any Subscription Agreement they may have with the Company.)
- (h) The undersigned has such knowledge and experience in financial and business matters that the undersigned is capable of evaluating the merits and risks of investment in the Company and of making an informed investment decision.
- (i) The undersigned has had prior personal or business relationships with the Company or its officers or directors or by reason of the undersigned's business or financial experience, has the capacity to protect the undersigned's own interest in connection with this transaction.
- 2. The representations, warranties, understandings, acknowledgments and agreements in this Agreement are true and accurate as of the date hereof, shall be true and accurate as of the date of the acceptance hereof by the Company and shall survive thereafter.

F. MISCELLANEOUS

- 1. All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, singular or plural as the identity of the person or persons may require.
- 2. Neither this Subscription Agreement nor any provisions hereof shall be waived, modified, changed, discharged, terminated, revoked, or canceled except by an instrument in writing signed by the party against whom any change, discharge or termination is sought.
- 3. Notices required or permitted to be given hereunder shall be in writing and shall be deemed to be sufficiently given when personally delivered or sent by registered mail, return receipt requested, addressed to the other party at the address of such party set forth in the Memorandum, as amended from time to time, or, in the case of the undersigned, at the address provided in this Subscription Agreement, or to such other address furnished by notice given in accordance with this Article F.
- 4. Failure of the Company to exercise any right or remedy under this Subscription Agreement or any other agreement between the Company and the undersigned, or otherwise, or delay by the Company in exercising such right or remedy, will not operate as a waiver thereof. No waiver by the Company will be effective unless and until it is in writing and signed by the Company.
- 5. This Subscription Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of Florida, as such laws are applied by Florida courts to agreements entered into and to be performed in Florida and shall be binding upon the undersigned, the undersigned's heirs, estate, legal representatives, successors and assigns and shall inure to the benefit of the Company and its successors and assigns.

6. In the event that any provision of this subscription Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may provide invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.
7. This Subscription Agreement and the Memorandum constitute the entire agreement among the parties hereto with respect to the subject matter hereof and supersede any and all prior or contemporaneous representations, warranties, agreements and understandings in connection therewith. Except as otherwise provided in this Article R, this agreement may be amended only by a writing executed by all parties hereto.
8. Title to the Shares shall be taken as follows (circle one):
- (a) Husband and Wife, as Community Property;
 - (b) Joint Tenants;
 - (c) Tenants in Common;
 - (d) Separate Property;
 - (e) Other (e.g., corporation, partnership, custodian trustee, etc.):
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DCICF of CENTRAL FLORIDA, ISSUER
SUBSCRIPTION AGREEMENT
SIGNATURE PAGE

This page constitutes the Signature Page for the Subscription Agreement. The undersigned represents to you that (a) the information contained herein is complete and accurate on the date hereof and may be relied upon by you and (b) the undersigned will notify you immediately of any change in any of such information occurring prior to the acceptance of the subscription and will promptly send you written confirmation of such change. The undersigned hereby certifies that he has read and understands the Memorandum and this Subscription Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement this _____ day of _____.

Number of Shares Subscribed for
at \$ _____ per Share

\$ _____
Total Purchase Price

NAME OF PURCHASER

Signature

Title of Authorized Signatory if Purchaser is a corporation,
partnership or other entity

Signature of Spouse or Co-Owner

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED UNLESS THE SECURITIES ARE REGISTERED UNDER THE ACT OR AN EXEMPTION THEREFROM IS AVAILABLE.

EXHIBIT IV

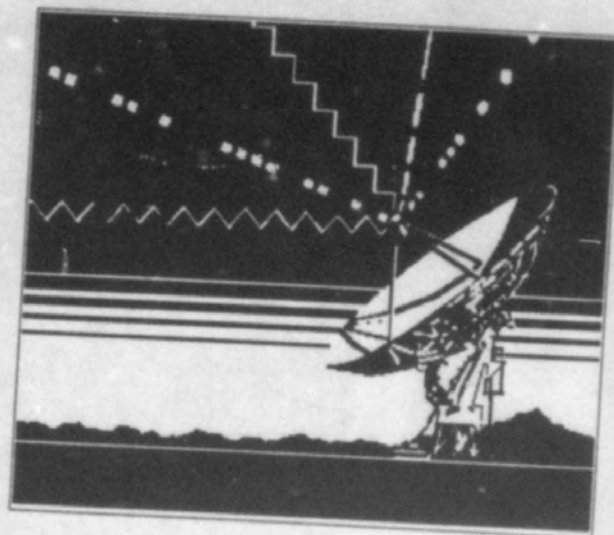
PRO FORMA CAPITAL BUDGET

		Anticipated Cost
		\$ 150,000.00
1) Harris model 20/20 LH Digital Telephony switch.....	\$ 3,000.00	
2) Facility Get ready Costs.....	5,000.00	
Lease Deposits.....	25,000.00	
Co-Location & Design Services.....	25,000.00	
Fire Suppression System.....	<u>17,500.00</u>	75,500.00
Furniture & Fixtures.....		
General Contracting.....		
Total Site setup.....		
3) Specialized switch add-ons:	25,000.00	
Uninterruptible Power Supply (UPS).....	14,000.00	
Call Record recording Software & equipment.....	<u>15,000.00</u>	<u>54,000.00</u>
Voice mail Hardware & Software.....		404,500.00
Total Upgrades.....		
Total Switch Costs...		
4) Local Exchange Interconnect Costs:	70,000.00	
Trunc Group Circuit costs.....	65,000.00	
Installation contracting costs.....	<u>5,000.00</u>	140,000.00
Testing & Get ready.....		
Total LEC Connection Costs		<u>55,000.00</u>
5) Construction Contingency.....		500,000.00
	Total Switch cost & Setup	
6) Projected Property Demarcation costs		379,500.00
Calculated as \$86.00 per door for Property connections in the	(1)	
first twelve months.....		<u>120,500.00</u>
7) Working Capital requirements during the first twelve months.....	(1)	
	Total Pro Forma Capital Requirement	<u>\$1,000,000.00</u>

(1) The Company believes that subsequent to the first twelve months of operations, additional funds required to continue growth will be self funded. No assurance can be given that this goal can be reached. The inability to reach planned switch limits along with profitability as projected may not be attainable.

EXHIBIT IV, "Resume' "

**Digital Cable Inc.
Resume'**



CHRISTOPHER W. PARKER, CPM

Chris Parker has over twenty years experience in all phases of the multi-family management and brokerage business. He has designed complex operational programs to manage all facets of multi family housing including the newly emerging services of telephone and cable television now becoming available to the apartment resident through the property management office.

SUMMARY OF EXPERIENCE

- Developed managed telecommunications services for apartment properties.
- Designed lease management/billing system to handle multiple services of phone, cable television and utilities to apartment properties.
- Devised a workable service provider plan with Bellsouth and Florida Public Service Commission to offer shared tenant services in a regulated environment.
- Designed and sold telephony product for use in the student property market niche

Commercial Property Management

- Managed over 10,000 multi-family units.
- Managed over 1,000,000 square feet of retail/ office space.
- Developed short and long range management/ workout/turnaround plans.
- Developed and organized operational structures for real estate management companies.

Market Research/Site Selection/Project Marketing

- Assisted clients in market research to determine development potential.
- Provided in depth market analysis to clients to assist in investment decisions.
- Developed market specific occupancy and absorption statistics for major Florida markets of Jacksonville, Orlando, Tampa and West Palm Beach.
- Developed investor specific marketing plan to raise \$50 million for a blind pool syndication
- Developed leasing/sales strategies for new individual lease programs resulting in 100% pre-leased projects.

Brokerage

- Sold as sole broker largest apartment transaction in history of local area-\$33 million.
- Started and directed commercial real estate sales group that was market leader.
- Designed brokerage correspondent system for major syndicator that resulted in \$150 million in acquisitions.

SPECIFIC EXPERIENCE

Commercial Property Management

Served as fee manager for properties in the following areas: Florida: Jacksonville : Blanding Place Apartments-240 units, Cedar Creek Landing Apartments-60 units, Alexandria Condominiums-90 units, Tahitian Village Apartments-304 units, Silver Springs Apartments-275 units, Creekwood Apartments-280 units, Baytree Apartments-125 units, Lion's Head Apartments-156 units, Royal Pointe Apartments-180 units, LeChateau Apartments-165 units, Mandarin Lakes Apartments-75 units, Canterbury Court Apartments-126 units, Lakeside Mobile Home Park-125 units, Highlander Apartments-104 units, Oak Creek Apartments-170 units, Williamsburg Village Apartments-375 units, Arrowhead Apartments-220 units, The Oaks Office Park-300,000 sf, Edgewood Shopping Center-100,000 sf, Hillman Square Shopping Center-75,000 sf, Market Square Mall-500,000 sf, Walnut Bend Office Park 10,000 sf, Pine Park Plaza Office Park-60,000 sf Tampa/St. Petersburg: Carrollwood Apartments-250 units, Johnson Court Apartments-600 units, Orlando: Sand Lake Villas-175 units, Village Green Apartments-120 units, Gainesville: Melrose Apartments 234 units, Millhopper Village Apartments-200 units, West Palm Beach: Riviera Gardens Apartments-400 units, Miami: Kendall Lakes Apartments-375 units, Georgia: Atlanta: Checkmate Apartments-250 units, The Paces Apartments-200 units, Sandpiper Apartments-300 units, Augusta: Willowwick Apartments-200 units, LeChateau Apartments-150 units, Chalet North Apartments-112 units, James Bible Properties-200 units, South Carolina: Greenville: White Horse Manor-200 units, Mountain Trace Apartments-150



units, Plantation Apartments-250 units, lakeside Apartments-350 units, The Villa Apartments-180 units, Spartanburg: Colonial Greens-150 units, Oakwood Apartments-200 units, Anderson: Le Chateau Apartments-165 units, Anderson Villa-60 units, Countryside Apartments-250 units. Developed or assisted in developing short and long range management/workout/turnaround strategies for properties owned by the following: U.S. Shelter Corp., Barnett Bank, First Union Bank, Amerifirst Savings and Loan, Transohio Savings and Loan, Mellon Bank, American Saving and Loan, Resolution Trust Corp., Federal Asset Disposition Association, South Carolina National Bank, Chrysler Financial Corp., Hollywood Federal Savings and Loan.

Market Research/ Site Selection/Project Marketing

Prepared site selection proposals for Wal-Mart, Fernandina Beach, FL., Winn Dixie Stores, Jacksonville, Gainesville, and Fernandina Beach, FL., Publix Supermarkets, Jacksonville, FL., U.S. Shelter Corp., apartment sites in Jacksonville, Orlando, Tampa, FL., Blockbuster Video, Jacksonville, FL., Travelers Insurance Company retail development group in Jacksonville, FL., Prepared investment analysis reports for U.S. Shelter Corp. for projects in Jacksonville, Orlando, Tampa, Gainesville, Daytona Beach, Palm Beach, and Miami, FL., The Fox Companies in Jacksonville, FL., Consolidated Capital Company in Atlanta, GA., Jacksonville, FL., Orlando, FL., Travelers Insurance Company in Jacksonville and Tampa, FL., John Hancock Insurance Company in Jacksonville, FL., Pro Development Group in Jacksonville, FL., and Ft. Lauderdale, FL., Southeast Bank in Fernandina Beach, FL.

Brokerage

Brokered or co-brokered projects in the following markets: Jacksonville, FL.: Baymeadows Apartments-\$33 million, Harbor Place Shopping Center (Land)-\$3.5 million, Creekwood Apartments-\$1.1 million, Cypress Lakes Apartments (Land)-\$1.75 million, Crossroads Shopping Center-\$13 million, Oaktree Apartments-\$2.1 million, Tahitian Village Apartments-\$2.3 million, Cedar Creek Landing Apartments-\$2.4 million, Amelia Plaza Shopping Center-\$1.75 million, Sadler Square Shopping Center-\$1.5 million, Hillman Square Shopping Center-\$2.2 million, Mandarin Landing Shopping Center-\$2.1 million, Gainesville:

Millhopper Village Apartments-\$4.5 million, Atlanta, Ga: Checkmate Apartments-\$3.5 million, Tampa, FL: Johnson Court Apartments-\$6 million, Woodlake Apartments-\$12.1 million, Orlando, FL: Village Green Apartments-\$2.75 million, Sand Lake Villa-\$3.2 million. Developed correspondent brokerage system for U.S. Shelter Corp. which covered all southeastern markets by providing local brokers with protected territory with fees paid by the buyer. Resulted in \$150 million real estate acquisitions for U.S. Shelter's public syndication funds.

CAPABILITIES

Plan organize and manage complex projects, programs, and ventures. Consult, troubleshoot and negotiate with all management levels. Create and/or evaluate business plans and strategies for the successful disposition or revitalization of real property assets. Efficiently manage budgets and operate in a cost efficient manner. Execution of workout plans by structuring of financial arrangements to conform with real estate cash flow capabilities. Stabilize asset through aggressive sales and marketing goals. Assume a leadership role and accept responsibility for the success of a venture.

ACCOMPLISHMENTS

Founded and organized a full service cable television and telephone company in partnership with one of the largest private cable and telephone companies in the country. Attained the Certified Property Manager(CPM) designation from the Institute of Real Estate Management. Recruited by Federal Government and Court System to manage troubled assets. Served as court appointed receiver on multiple assignments. Managed over 10,000 apartment units and 1,000,000 sf of retail/commercial space. Started and directed a real estate sales group whose revenues led the local market. Developed and applied a unique marketing system resulting in \$75 million in sales. Formulated and effectively implemented a marketing plan to raise \$50 million. Implemented and secured start-up funding for two major charity programs. Developed a state of the art database lease management system for use in multi family management systems. Authored a complete policies and procedures manual which served as one of the foundations for the growth of one of the nations largest property management companies.



Nelson W. Perrin, CPA

SUMMARY

Mr. Perrin is a Financial/accounting executive with 29 years experience in managing accounting, taxation and data processing departments. His experience includes computer programming, systems design, and implementation, strategic planning, budgeting, banking and stockholder relations, equity and debt funding, acquisition analysis and negotiations, SEC regulatory matters from IPO's to periodic filing requirements and consulting in both high and low tech industries of manufacturing, retailing, telecommunication and professional services. His employment, audit and entrepreneurial involvement's have ranged from small privately held companies to large Multi-national publicly traded companies traded on AMEX & NASDAQ exchanges along with extensive government accounting contracting activities. As a professional CPA, he has dealt with all aspects of private practice from forensic or reconstructive accounting in the legal arena to standard audit and taxation issues with an emphasis' small business planning, systems and software implementation.

CHRONOLOGY

1989 to Current

Gasson, Perrin & Associates, Glendale, CA. & Jacksonville FL., Partner

- Tax planning & preparation
 - Financial Forecasting & business plan preparation
 - Computer installation, Financial systems and systems consulting
- Areas of emphasis: commercial property management, cellular services, construction and real estate development, time management and professional billing systems, and PC based management information systems, economic modeling in Urban land planning projects.
- Contract CFO services

1990-92

Environmental Capital Holding, Inc. (ECH), Jacksonville, FL., CFO

Developer of companies and projects focus on improved environmentally sensitive methods and techniques in the waste management industry. William Gibbes, President. Landfill acquisition, construction and operations, bottom ash metals separation. Accounting staff of 5 plus DP technician and 2 financial analysts. Computer modeling cover the topics of Project planning and budgeting, funding and cost control.

1989-90

ABC Markets, Los Angeles, CA., CFO

\$135mm retail grocer with 7 locations in So. Central L.A., Harley Delano, VP. & GM. (currently with Cal Foods, Inc. Privately owned Sub Chapter S Corp. Managed accounting staff of 6 and DP staff of 4, personally responsible for investment performance of 6 to 7mm excess cash investment portfolio. Retail accounting in the consumer food industry. Company was Unionized, heavy emphasis in labor cost control, purchasing and inventory control. Introduced PC networking to enhance IBM-36 and mainframe. Responsible for "wind down" of affairs after sale to Food's for Less.

1986-1989

ComSystems, Inc. Van Nuys, CA., Controller. (AMEX trading symbol CTM)



Gregory Gasson, VP Finance, Rex A. Licklider, C of B & CEO. Regional TELCO serving customers primarily in LA., So. Ca and the Tri-state. First fully fiber optic world wide system and first independent operator service provider in US. Revenue \$20mm for 1985 to \$125mm in 1989, 15th fastest growing small business in US as published in INC. Responsible for A/R customer data base of 40,000 customers. Full financial management and SEC reporting, signatory to 10-q and 10-K for 1988 and 89. Introduced PC networking for cash application, payroll processing, financial planning and budgetary control and customer service. Heightened financial priorities of independent DP staff. Established and managed an accounts receivable collection improvements program, utilizing the "cream" of the Company's staff which released over 4.5mm of working capital to cash. Participated in the planning and acquisition of TMC, Santa Barbara based 7,500 subscriber base.

1982-86

Appli-Mation, Inc., Orlando, FL., CFO and Director.

\$30mm manufacturer of simulators and other training devices to the US government, Foreign governments and commercial aircraft and airlines in US. JR Boyles, C of B, Pres. Functioned as general administrator while other technical shareholders exercised their special skills in construction and systems design. Fully responsible for all internal and external corporate affairs covering contracting, finance, accounting and job cost control, personnel, general property management litigation and Political affairs. Automated all accounting functions, with particular attention to project costing and budgetary controls. Established redefinition of costing and controls governing overhead, G&A and R&D burden rates within Gov't FAR guidelines. This redefinition resulted in improved cash flow and more contemporary cost absorption and higher prices/revenues for spares and repairs. Prepared and won two requests for equitable contract price adjustments and one PL-85(804) contract adjustment. Initiated and managed international Letter of credit financing for equipment purchases by the Governments of Indonesia, Egypt and Mexico. Assisted in LBO and subsequent sale of Company.

1981-82

Victorcraft, Inc., Jacksonville, FL., CFO & Director.

\$5mm Manufacturer of Rattan and Hardwood casual furniture. Frank Bensieck, Pres. Full responsibility for internal and external financial affairs. Setup lines of credit and approved customer credit. Assisted in the establishment of seven store chain of "factory Outlets" in North & Central Fla. Performed cost studies on suite production and participated in productions functions to ascertain actual work flow and floor production time by function. Personally designed and successfully developed prototype material handling/cutting equipment for the transition of production techniques from the "chuck and boar" method to a "gouged joint", resulting in scrap material rates dropped from 35 to 37% to 4 and 5%. Marketed and sold directly to the public through mobile tent sales throughout Florida and So. Ga. Company previous a division of Victor Industries, Inc.

1974-81

Victor Industries, Inc. HQ, Jacksonville, FL. CFO & Director

\$40mm Multi-divisional and multiple product manufacturer, focus in collapsible tooth paste tubes and similar packaging products. Robert Tiberiis, C of B and Pres. Began as staff auditor. Planned and managed economies of scale reorganization, eliminated loosing product lines. Designed and implemented fully automated financial management system on stand alone micro computer. Rectified and satisfied major tax assessments.

1970-74

KPMG Peat, Marwick, Cincinnati, Ohio. Auditor Senior & Management Consultant.



Rit Brennan, current Partner in Charge. Planned and managed audits in various industries, ranging from multiple state land developer, banking institutions, Broadcasting and amusement, entertainment, manufacturing to Professional sporting teams.

1965-68

USAF, military service, Computer programmer/analyst

Systems design programming and implementation for personnel, payroll, inventory control for the Logistic Command during Vietnam era.

EDUCATION

- BS, Wright State University, Dayton Oh., 1970
Major: Accountancy, Minor: Finance and Economics
- Masters level classes in Statistics, Marketing, International Economics, Taxation, Public relations and Business law at University of Southern California, Wright State University, Jacksonville University and Florida Community College
- Numerous Computer hardware and Software Manufacturer's technical courses.
- State of Ohio, California and Florida continuing education classes in taxation, small business management & administration, Real estate development updates, Audit methods and standards, Practice development & management.
- Florida Real Estate sales and Mortgage sales classes.
- Numerous employer sponsored management skills seminars ranging from Top-level strategic planning to fundamental sales skills.
- Certified installer of Windows and G/L systems by QuickBooks, Quicken, DacEasy, Peachtree, Mas-90, Great Lakes and various vertical industry G/L systems such as Property management, construction and reservations.

PERSONAL DATA

- 3 Children, Boy 25 - Fine dining waiter/student residing in LA, Daughter 23 - Manager of Special Project for the Ritz Carlton, Pasadena CA, Daughter 17, Student living in Jacksonville FL.
- Hobbies, Long distance Bicycling, Computer equipment, Racquetball, various card games
- Social interests, Participating and contributing member of "Front-line" a homeless support group active and centered in LA CA.
- Divorced Dec. 1986 and single.
- Height 6', brown hair and brown eyes, age 51. Weight 230 lbs., appearance professional.
- Computer Skills, extensive use of Windows 95 and DOS based software in the latest versions. Full capability in Hardware installations and network implementation.



CHRISTOPHER W. PARKER, CPM

Chris Parker has over twenty years experience in all phases of the multi-family management and brokerage business. He has designed complex operational programs to manage all facets of multi family housing including the newly emerging services of telephone and cable television now becoming available to the apartment resident through the property management office.

SUMMARY OF EXPERIENCE

- Developed managed telecommunications services for apartment properties.
- Designed lease management/billing system to handle multiple services of phone, cable television and utilities to apartment properties.
- Devised a workable service provider plan with Bellsouth and Florida Public Service Commission to offer shared tenant services in a regulated environment.
- Designed and sold telephony product for use in the student property market niche

Commercial Property Management

- Managed over 10,000 multi-family units.
- Managed over 1,000,000 square feet of retail/ office space.
- Developed short and long range management/ workout/turnaround plans.
- Developed and organized operational structures for real estate management companies.

Market Research/Site Selection/Project Marketing

- Assisted clients in market research to determine development potential.
- Provided in depth market analysis to clients to assist in investment decisions.
- Developed market specific occupancy and absorption statistics for major Florida markets of Jacksonville, Orlando, Tampa and West Palm Beach.
- Developed investor specific marketing plan to raise \$50 million for a blind pool syndication
- Developed leasing/sales strategies for new individual lease programs resulting in 100% pre-leased projects.

Brokerage

- Sold as sole broker largest apartment transaction in history of local area-\$33 million.
- Started and directed commercial real estate sales group that was market leader.
- Designed brokerage correspondent system for major syndicator that resulted in \$150 million in acquisitions.

SPECIFIC EXPERIENCE

Commercial Property Management

Served as fee manager for properties in the following areas: Florida: Jacksonville : Blanding Place Apartments-240 units, Cedar Creek Landing Apartments-60 units, Alexandria Condominiums-90 units Tahitian Village Apartments-304 units, Silver Springs Apartments-275 units, Creekwood Apartments-280 units, Baytree Apartments-125 units, Lion's Head Apartments-156 units, Royal Pointe Apartments-180 units, LeChateau Apartments-165 units, Mandarin Lakes Apartments-75 units, Canterbury Court Apartments-126 units, Lakeside Mobile Home Park-125 units, Highlander Apartments-104 units, Oak Creek Apartments-170 units, Williamsburg Village Apartments-375 units, Arrowhead Apartments-220 units, The Oaks Office Park-300,000 sf, Edgewood Shopping Center-100,000 sf, Hillman Square Shopping Center-75,000 sf, Market Square Mall-500,000 sf, Walnut Bend Office Park 10,000 sf, Pine Park Plaza Office Park-60,000 sf Tampa/St. Petersburg: Carrollwood Apartments-250 units, Johnson Court Apartments-600 units, Orlando: Sand Lake Villas-175 units, Village Green Apartments-120 units, Gainesville: Melrose Apartments 234 units, Millhopper Village Apartments-200 units, West Palm Beach: Riviera Gardens Apartments-400 units, Miami: Kendall Lakes Apartments-375 units, Georgia: Atlanta: Checkmate Apartments-250 units, The Paces Apartments-200 units, Sandpiper Apartments-300 units, Augusta: Willowick Apartments-200 units, LeChateau Apartments-150 units, Chalet North Apartments-112 units, James Bible Properties-200 units, South Carolina: Greenville: White Horse Manor-200 units, Mountain Trace Apartments-150



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Market Research/Site Selection/Project Marketing

Prepared site selection proposals for Wal-Mart, Fernandina Beach, FL., Winn Dixie Stores, Jacksonville, Gainesville, and Fernandina Beach, FL., Publix Supermarkets, Jacksonville, FL., U.S. Shelter Corp., apartment sites in Jacksonville, Orlando, Tampa, FL., Blockbuster Video, Jacksonville, FL., Travelers Insurance Company retail development group in Jacksonville, FL., Prepared investment analysis reports for U.S. Shelter Corp. for projects in Jacksonville, Orlando, Tampa, Gainesville, Daytona Beach, Palm Beach, and Miami, FL., The Fox Companies in Jacksonville, FL., Consolidated Capital Company in Atlanta, GA., Jacksonville, FL., Orlando, FL., Travelers Insurance Company in Jacksonville and Tampa, FL., John Hancock Insurance Company in Jacksonville, FL., Pro Development Group in Jacksonville, FL., and Ft. Lauderdale, FL., Southeast Bank in Fernandina Beach, FL.

Brokerage

Brokered or co-brokered projects in the following markets: Jacksonville, FL.: Baymeadows Apartments-\$33 million, Harbor Place Shopping Center (Land)-\$3.5 million, Creekwood Apartments-\$1.1 million, Cypress Lakes Apartments (Land)-\$1.75 million, Crossroads Shopping Center-\$13 million, Oaktree Apartments-\$2.1 million, Tahitian Village Apartments-\$2.3 million, Cedar Creek Landing Apartments-\$2.4 million, Amelia Plaza Shopping Center-\$1.75 million, Sadler Square Shopping Center-\$1.5 million, Hillman Square Shopping Center-\$2.2 million, Mandarin Landing Shopping Center-\$2.1 million, Gainesville:

Millhopper Village Apartments-\$4.5 million, Atlanta, Ga.: Checkmate Apartments-\$3.5 million, Tampa, FL.: Johnson Court Apartments-\$6 million, Woodlake Apartments-\$12.1 million, Orlando, FL.: Village Green Apartments-\$2.75 million, Sand Lake Villa-\$3.2 million. Developed correspondent brokerage system for U.S. Shelter Corp. which covered all southeastern markets by providing local brokers with protected territory with fees paid by the buyer. Resulted in \$150 million real estate acquisitions for U.S. Shelter's public syndication funds.

CAPABILITIES

Plan organize and manage complex projects, programs, and ventures. Consult, troubleshoot and negotiate with all management levels. Create and/or evaluate business plans and strategies for the successful disposition or revitalization of real property assets. Efficiently manage budgets and operate in a cost efficient manner. Execution of workout plans by structuring of financial arrangements to conform with real estate cash flow capabilities. Stabilize asset through aggressive sales and marketing goals. Assume a leadership role and accept responsibility for the success of a venture.

ACCOMPLISHMENTS

Founded and organized a full service cable television and telephone company in partnership with one of the largest private cable and telephone companies in the country. Attained the Certified Property Manager (CPM) designation from the Institute of Real Estate Management. Recruited by Federal Government and Court System to manage troubled assets. Served as court appointed receiver on multiple assignments. Managed over 10,000 apartment units and 1,000,000 sq of retail/commercial space. Started and directed a real estate sales group whose revenues led the local market. Developed and applied a unique marketing system resulting in \$75 million in sales. Formulated and effectively implemented a marketing plan to raise \$50 million. Implemented and secured start-up funding for two major charity programs. Developed a state of the art database lease management system for use in multi family management systems. Authored a complete policies and procedures manual which served as one of the foundations for the growth of one of the nations largest property management companies.



Nelson W. Perrin, CPA

SUMMARY

Mr. Perrin is a Financial/accounting executive with 29 years experience in managing accounting, taxation and data processing departments. His experience includes computer programming, systems design, and implementation, strategic planning, budgeting, banking and stockholder relations, equity and debt funding, acquisition analysis and negotiations, SEC regulatory matters from IPO's to periodic filing requirements and consulting in both high and low tech industries of manufacturing, retailing, telecommunication and professional services. His employment, audit and entrepreneurial involvement's have ranged from small privately held companies to large Multi-national publicly traded companies traded on AMEX & NASDAQ exchanges along with extensive government accounting contracting activities. As a professional CPA, he has dealt with all aspects of private practice from forensic or reconstructive accounting in the legal arena to standard audit and taxation issues with an emphasis small business planning, systems and software implementation.

CHRONOLOGY

1989 to Current

Gasson, Perrin & Associates, Glendale, CA & Jacksonville FL., Partner

- Tax planning & preparation
- Financial Forecasting & business plan preparation
- Computer installation, Financial systems and systems consulting
- Areas of emphasis: commercial property management, cellular services, construction and real estate development, time management and professional billing systems, and PC based management information systems, economic modeling in Urban land planning projects.
- Contract CFO services

1990-92

Environmental Capital Holding, Inc. (ECH), Jacksonville, FL., CFO

Developer of companies and projects focus on improved environmentally sensitive methods and techniques in the waste management industry. William Gibbes, President. Landfill acquisition, construction and operations, bottom ash metals separation. Accounting staff of 5 plus DP technician and 2 financial analysts. Computer modeling cover the topics of Project planning and budgeting, funding and cost control.

1989-90

ABC Markets, Los Angeles, CA., CFO

\$135mm retail grocer with 7 locations in So. Central L.A., Harley Delano, VP. & GM. (currently with Cal Foods, Inc. Privately owned Sub Chapter S Corp. Managed accounting staff of 6 and DP staff of 4, personally responsible for investment performance of 6 to 7mm excess cash investment portfolio. Retail accounting in the consumer food industry. Company was Unionized, heavy emphasis in labor cost control, purchasing and inventory control. Introduced PC networking to enhance IBM-36 and mainframe. Responsible for "wind down" of affairs after sale to Food's for Less.

1986-1989

ComSystems, Inc. Van Nuys, CA., Controller, (AMEX trading symbol CTM)



DIGITAL CABLE, INC.

The Finest in Local Telephony Service

Gregory Gasson, VP Finance, Rex A. Licklider, C of B & CEO.. Regional TELCO serving customers primarily in LA., So. Ca and the Tri-state. First fully fiber optic world wide system and first independent operator service provider in US. Revenue \$20mm for 1985 to \$125mm in 1989, 15th fastest growing small business in US as published in INC. Responsible for A/R customer data base of 40,000 customers. Full financial management and SEC reporting, signatory to 10-q and 10-K for 1988 and 89. Introduced PC networking for cash application, payroll processing, financial planning and budgetary control and customer service. Heightened financial priorities of independent DP staff. Established and managed an accounts receivable collection improvements program, utilizing the "cream" of the Company's staff which released over 4.5mm of working capital to cash. Participated in the planning and acquisition of TMC, Santa Barbara based 7,500 subscriber base.

1982-86

Appli-Mation, Inc., Orlando, FL., CFO and Director.

\$30mm manufacturer of simulators and other training devices to the US government, Foreign governments and commercial aircraft and airlines in US. JR Boyles, C of B, Pres. Functioned as general administrator while other technical shareholders exercised their special skills in construction and systems design. Fully responsible for all internal and external corporate affairs covering contracting, finance, accounting and job cost control, personnel, general property management litigation and Political affairs. Automated all accounting functions, with particular attention to project costing and budgetary controls. Established redefinition of costing and controls governing overhead, G&A and R&D burden rates within Gov't FAR guidelines. This redefinition resulted in improved cash flow and more contemporary cost absorption and higher prices/revenues for spares and repairs. Prepared and won two requests for equitable contract price adjustments and one PL-85(804) contract adjustment. Initiated and managed international Letter of credit financing for equipment purchases by the Governments of Indonesia, Egypt and Mexico. Assisted in LBO and subsequent sale of Company.

1981-82

Victorcraft, Inc., Jacksonville, FL., CFO & Director.

\$5mm Manufacturer of Rattan and Hardwood casual furniture. Frank Bensieck, Pres. Full responsibility for internal and external financial affairs. Setup lines of credit and approved customer credit. Assisted in the establishment of seven store chain of "factory Outlets" in North & Central Fla. Performed cost studies on suite production and participated in productions functions to ascertain actual work flow and floor production time by function. Personally designed and successfully developed prototype material handling/cutting equipment for the transition of production techniques from the "chuck and boar" method to a "gouged joint", resulting in scrap material rates dropped from 35 to 37% to 4 and 5%. Marketed and sold directly to the public through mobile tent sales throughout Florida and So. Ga. Company previous a division of Victor Industries, Inc.

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\$40mm Multi-divisional and multiple product manufacturer, focus in collapsible tooth paste tubes and similar packaging products. Robert Tiberiis, C of B and Pres. Began as staff auditor. Planned and managed economies of scale reorganization, eliminated loosing product lines. Designed and implemented fully automated financial management system on stand alone micro computer. Rectified and satisfied major tax assessments.

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Rit Brennan, current Partner in Charge. Planned and managed audits in various industries, ranging from multiple state land developer, banking institutions, Broadcasting and amusement, entertainment, manufacturing to Professional sporting teams.

1965-68

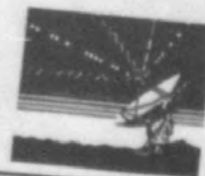
USAF, military service, Computer programmer/analyst
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- Masters level classes in Statistics, Marketing, International Economics, Taxation, Public relations and Business law at University of Southern California, Wright State University, Jacksonville University and Florida Community College
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- Certified installer of Windows and G/L systems by QuickBooks, Quicken, DacEasy, Peachtree, Mas-90, Great Lakes and various vertical industry G/L systems such as Property management, construction and reservations.

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1965-68 USAF, military service, Computer programmer/analyst
Systems design programming and implementation for personnel, payroll, inventory control for the Logistic Command during Vietnam era.

EDUCATION

- BS, Wright State University, Dayton Oh., 1970
Major: Accountancy, Minor: Finance and Economics
- Masters level classes in Statistics, Marketing, International Economics, Taxation, Public relations and Business law at University of Southern California, Wright State University, Jacksonville University and Florida Community College
- Numerous Computer hardware and Software Manufacturer's technical courses.
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- Florida Real Estate sales and Mortgage sales classes.
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