ORIGINAL HOLLAND & KNIGHT LLP

315 South Calhoun Street

Suite 600

P.O. Drawer 810 (ZIP 32302-0810) Tallahassee, Florida 32301

850-224-7000 FAX 850-224-8832 www.hklaw.com

November 10, 2003

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Bethesda Tallahassee
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Portland Tokyo

Providence St. Petershura

St. Petersburg *Holland & Knight LLC
**Representative Office

KAREN D. WALKER

850-425-5612

Internet Address: karen.walker@hklaw.com

VIA HAND DELIVERY

Blanca S. Bayo Division of Commission Clerk and Administrative Services Florida Public Service Commission Capital Circle Office Center 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

031040 -TX

S NOV 10 PM 12: 19

Re:

<u>In re: Application of Americatel Corporation for Authority to Provide</u> Alternative Local Exchange Service Within the State of Florida

Dear Ms. Bayo:

Enclosed for filing are the original and six (6) copies of Americatel Corporation's Application for Authority to Provide Alternative Local Exchange Service Within the State of Florida. We have also enclosed our firm check in the amount of \$250.00 for the filing fee.

For our records, please acknowledge your receipt of this filing on the enclosed copy of this letter. Thank you for your consideration.

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward deposit information to Records.

Initials of person who forwarded chedic

W.S.

Sincerely,

HOLLÁND & KNIGHT LLP

Karen D. Walker

KDW:chs Enclosures

I 1 2 0 2 NOV 10 8

FPSC-COMMISSION CLERK

Blanca Bayo November 10, 2003 Page 2

cc: Veronika Foster

Denisse Becerra

1355255_v1

** FLORIDA PUBLIC SERVICE COMMISSION **

DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT CERTIFICATION

APPLICATION FORM

for

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

Instructions

Application of the state of the
This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).
Print or type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
Use a separate sheet for each answer which will not fit the allotted space.
Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:
Florida Public Service Commission Division of the Commission Clerk and Administrative Services 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850 (850) 413-6770
If you have questions about completing the form, contact:
Florida Public Service Commission Division of Competitive Markets and Enforcement Certification 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850 (850) 413-6600

APPLICATION

i. This is an application for / (check one):			s an application for / (cneck one):
	()	()	Original certificate (new company).
	()	Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
	()	Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
	()	Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.
2.	Na	ame	e of company:
			Americatel Corporation
3.	N	ame	e under which the applicant will do business (fictitious name, etc.):
			N/A
4.			ial mailing address (including street name & number, post office box, city , zip code):
			5 N.W. 97 th Avenue mi, Florida 33178

5.	Florida address (including street na zip code):	nme & number, post office box, city,	state,
	4045 N.W. 97 th Avenue Miami, Florida 33178		
	6. Structure of organization:	-	-
	() Individual(X) Foreign Corporation() General Partnership() Other	() Corporation() Foreign Partnership() Limited Partnership	
7.	<u>If individual,</u> provide:		
	Name: <u>N.A</u>		
	Title:		
	Address:		
	City/State/Zip:		
	Telephone No.:	Fax No.:	
	Internet E-Mail Address:		
	Internet Website Address:		
8.	<u>If incorporated in Florida,</u> provide p	proof of authority to operate in Florid	la:
	(a) The Florida Secretary of Stat	e corporate registration number:	
	N/A		

9.	If foreign corporation, provide proof of authority to operate in Florida:
	(a) The Florida Secretary of State corporate registration number:
	P39482 See Attached Exhibit "A"
10.	<u>If using fictitious name-d/b/a,</u> provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:
	(a) The Florida Secretary of State fictitious name registration number: N/A
11.	If a limited liability partnership, provide proof of registration to operate in Florida:
	(a) The Florida Secretary of State registration number:
	N/A
12.	If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.
	Name: N/A
	Title:
	Address:
	City/State/Zip:
	Telephone No.: Fax No.:
	Internet E-Mail Address:
	Internet Website Address:
13.	If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

14. Provide <u>F.E.I. Number</u>(if applicable):

06-1344625

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. <u>Provide explanation.</u>

None

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

They have not. They have only been associated with Americatel Corporation, which is currently certificated by the Florida Public Service Commission as an interexchange company. Its certificate number is 5313.

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: Karen D. Walker

Title: Attorney - Holland & Knight LLP

Address: 316 South Calhoun Street, Suite 600

City/State/Zip: Tallahassee, Florida 32301

Telephone No.: (850) 425-5612 Fax No.: (850) 224-8832

Internet E-Mail Address: karen.walker@hklaw.com

Internet Website Address: www.hklaw.com

(b) Official point of contact for the ongoing operations of the company:

Name: Jorge Asecio

Title: CEO

Address: 4045 NW 97th Ave. City/State/Zip: Miami, FL 33178

Telephone No.: 305-717-0200; Fax No.: 305-716-8833

Internet E-Mail Address: <u>jasecio@americatel.net</u> Internet Website Address: <u>www.americatel.net</u>

(c) Complaints/Inquiries from customers:

Name: Matias Arentsen

Title: VP Marketing, Sales and Customer Service

Address: 4045 NW 97th Ave. City/State/Zip: Miami, FL 33178

Telephone No.: <u>305-717-0340</u>; Fax No.: <u>305-994-7294</u>

Internet E-Mail Address: <u>marentsen@americatel.net</u> Internet Website Address: <u>www.americatel.net</u>

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

None at present.

(b) has applications pending to be certificated as an alternative local exchange company.

None at present; however, similar applications for certification will be filed in multiple jurisdictions within the Continental United States.

- (c) is certificated to operate as an alternative local exchange company.
 - None at present.
- (d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

None.

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None.

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None.

18. Submit the following:

A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

See Attached Exhibit "B"

B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

See Attached Exhibit "C"

C. Financial capability.

The application <u>should contain</u> the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

See Attached Exhibit "D"

- 1. the balance sheet:
- 2. income statement; and
- 3. statement of retained earnings.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

Further, the following (which includes supporting documentation) should be provided:

See Attached Exhibit "E"

- 1. <u>written explanation</u> that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
- 2. <u>written explanation</u> that the applicant has sufficient financial capability to maintain the requested service.
- written explanation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

THIS PAGE MUST BE COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

- 1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
- 2. APPLICATION FEE: I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:	May]
Print Name	Signature
Title	- Date M 06 2003
3057170293 305	716 8833
Telephone No. Fax No.	
unue anth	No.

Address: 4045 NW 97th Ave. Miami, FL 33178

THIS PAGE MUST BE COMPLETED AND SIGNED

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 company 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 a false statement 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."

UTILITY OFFICIAL: JORGE ASECIO	Has
Print Name	Signature
CFO	Date M/06/2003
Title	Date MIOOI
3057170293 3050	116-8833
Telephone No. Fax No.	

Address: 4045 NW 97th Ave. Miami, FL 33178

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request. $_{\rm N/A}$

POP: Addresses w	here located, and indicate if owned or lea	sed.
1)	_ 2)	
3)		
SWITCHES: Addr	ess where located, by type of switch, a	nd indicate if
1)		
3)		
TRANSMISSION F (microwave, fiber, c	- ACILITIES: POP-to-POP facilities by typ copper, satellite, etc.) and indicate if owned	e of facilities d or leased.
POP-to-POP	<u>OWNERSHIP</u>	
1)	_	
2)		
3)		
4)		

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

	N / A	
l, ((Ti	(Name) tle)	of (Name of Company)
an a:	d current holder of Florida Public s	rvice Commission Certificate Number # s application and join in the petitioner's request for
() sale	
() transfer	
() assignment	
of	the above-mentioned certificate.	
<u>U</u>	TILITY OFFICIAL:	
Pr	int Name	Signature
Tif	tle	Date
Te	elephone No.	Fax No.
Ac	ddress:	



Department of State

I certify from the records of this office that AMERICATEL CORPORATION, is a corporation organized under the laws of Delaware, authorized to transact business in the State of Florida, qualified on June 26, 1992.

The document number of this corporation is P39482.

I further certify that said corporation has paid all fees due this office through December 31, 2003, that its most recent annual report/uniform business report was filed on May 5, 2003, and its status is active.

I further certify that said corporation has not filed a Certificate of Withdrawal.

Given under my hand and the Great Seal of the State of Florida at Tallahassee, the Capitol, this the Twenty-seventh day of October, 2003

CR2EO22 (2.03)

Trada E. Hood Glenda F. Haad Secretary of State

Jorge Antonio Asecio Chief Executive Officer Americatel

Mr. Asecio is the Chief Executive Officer for Americatel, based in Miami, Florida.

Prior to joining Americatel, Mr. Asecio was initially CEO of Entelfonica and later Public Services Vice President at ENTEL-Chile. He managed the company's massive products line and supervised marketing, budget figures, and customer service procedures.

Prior to Entel, Mr. Asecio worked for VTR Telecomunicaciones S.A., in Chile as Sales Vice President and later as Marketing Vice President.

Mr. Asecio worked for the Chilean government as Under Secretary of Economy for several years. His experience also includes his work as Marketing Vice President and Investment Vice President for the AFP Proteccion S.A.

Throughout his career he has served as chairman of the Board of Directors for several organizations including Entel Inversiones, S.A., Transaxion S.A and member of the Board of director for Entel PCS Telecomunicaciones S.A.

He was also a member of the Board of Directors for Isapre Ferrosalud, Cotrisa S.A., IANSA, ESVAL, FF. CC. S.A. and COFOMAP S.A.

Other organizations he is involved in are the Merchant Marine Commission, the Forestall Investment Committee, the Antimonopoly Prevention Commission and the Privatization Committee.

He was professor for the Universidad de Concepción, Universidad de Chile and Universidad Finis Terrae teaching Finance, Economy, and Social Science courses. He graduated in 1980 from the University of Concepción with a Bachelor degree in Business Administration and Economy and in 1982 with a Minor degree in Administration. He also completed Economy Course at the International Monetary Fund in Washington, D.C.

He received the Award of Excellence 2002 USA from the magazine America Economia.

Alejandro Vargas

International Corporate Chief Legal Officer Entel-Chile

Executive Vice President and Corporate Chief Legal Officer Americatel

As International Corporate Chief Legal-Officer for Entel-Chile, Alejandro Vargas is responsible for all international legal and corporate matters of Entel-Chile, the legal and corporate control of all international subsidiaries and the seats held at present in the Boards of Directors of the International affiliates of Entel-Chile.

Mr. Vargas is also Executive Vice President and Corporate Chief Legal Officer for Americatel and is responsible for all strategic legal and corporate matters of Americatel and other matters as Secretary of the Board.

Prior to joining Americatel, Mr. Vargas was Senior Counsel – International Legal Department for Entel, in Chile, where he was responsible for the incorporation and acquisition of all foreign subsidiaries of Entel. He had legal control and supervision of foreign subsidiaries of Entel; and development and legal control of international projects of Entel-Chile S.A. in North America, Central America, South America and Europe.

Throughout his career he has served as member of the Board of Director for the following foreign subsidiaries and affiliates of Entel: Americatel Corporation (USA), Americatel Colombia, S.A. (Colombia), Americatel Peru, S.A. (Peru), Entel Mexico S.A. de C.V. (Mexico), Zetacom de Centro America S.A. (Panama), Telepuerto de Guatemala 90 S.A. (Guatemala), Telepuerto Hondureno S.A. (Honduras), and Telepuerto Salvadoreno S.A. de C.V. (El Salvador). He has also served as Secretary of the Board in the remaining foreign subsidiaries of Entel.

Throughout his career Mr. Vargas participated in several courses and/or seminars including "Investment Projects Evaluation and Company Valuation, NPV and IRR" at the Catholic University of Chile; "Doing Business with Brazil" at the American Conference Institute, New York, NY; and "Negotiation" at Harvard University.

He was Assistant Professor for the Catholic University of Chile and Andres Bello University. Mr. Vargas has taught History and Economy of Law and General Principles of Law.

Mr. Vargas graduated in 1987 from the Catholic University of Chile with a Law Degree.

Denisse M. Becerra

Vice President of Legal Affairs Americatel

Denisse Becerra is Vice President of Legal Affairs for Americatel, where she is responsible for protecting the company's legal and regulatory interests and maintaining its operations within the scope established by law.

Prior to joining Americatel, in 1999 Ms. Becerra was a Foreign Law Specialist for the firm Swidler Berlin Shereff Friedman, LLP in Washington, D.C. She represented U.S. and international telecommunications companies in Latin America and Europe

Previously Ms. Becerra worked for The Interamerican Investment Corporation of the InterAmerican Development Bank in Washington, D.C. as a consultant, assisting investment officers in the negotiations of investments in private equity funds, direct and financial intermediary liaison, agency lines and equity investment, among other things.

Ms. Becerra has worked for the World Bank as an External International Consultant, specializing in privatizations, project finance and foreign direct investment.

From 1996 to 2000, Ms. Becerra was Managing Partner for the law firm Becerra, Ortiz & Zegarra, in Lima, Peru. She represented multinational and Peruvian companies in a wide range of transactions, including Project Finance, Foreign Investment and venture capitals.

She is author of the study "Municipal Privatization in Peru", The George Washington University Law School, Washington, D.C.; and Co-author of the study "El Boom de las Privatizaciones", edited and published by the Universidad de Lima, Peru. Editor and member of the Executive Council of the magazine AGORA: Economia y Actualidad, Lima, Peru.

Ms. Becerra completed in 1990 seminars in International Business and Politics in Latin America from Georgetown University Law School. She graduated in 1994 from the University of Lima with a Juris Doctor degree and a Bachelor degree in Political Science. She also completed a Master of Laws at The George Washington University Law School in 1999.

Daniel Escudero

Vice President of MIS
Americatel

Daniel Escudero is Vice President of M.I.S. for Americatel, where he is responsible for overseeing the implementation of all the hardware and software platforms, which are used to manage the operation of the services that Americatel provides. He is also responsible for troubleshooting, operations and maintenance of Americatel's software applications and computer platforms.

Prior to joinining Americatel, in 2000 Mr. Escudero was a Country Manager for Chile at Guby Networks. He was responsible for the complete Chilean operation on www.brujula.cl, Chile's main search engine.

Previous to Guby Networks, Mr. Escudero worked for CMET Telephone Company, as ISP Director, responsible for all aspects of the creation and operation of the ISP Division and as Acting CTO to the Board of Directors.

Mr. Escudero worked for Adexus (formerly TANDEM Chile) in 1991 as a Sales Manager for Telefonica and later as a Sales Manager – Unix Division.

In 1989 Mr. Escudero was Corporate Project Manager for Computerland, responsible for Sales and Engineering of corporate accounts, which included banks, telecommunications, mining and heavy machinery companies.

From 1985 to 1989 Mr. Escudero was the Software Manager for Prime Computers Chile, responsible for Operating Systems and Application Development for over 40 prime installations in Chile.

Throughout his career, Mr. Escudero participated in several technical seminars with American corporations such as: Bristol Babcock, Prime Computers, Lundy Electronics, Novell, Compaq, MIS, Tandem and SUN. Other courses include various strategic sales, marketing and negotiation seminars with IBM, Tandem Computers and Sun Microsystems.

Mr. Escudero graduated in 1986 from the Universidad de Santiago de Chile with a Bachelor degree in Computer Science.

Jose Vicente Navarro

Vice President - Long Distance and Internet Services
Americatel

As Vice President of Long Distance and Internet Services for Americatel, Jose Vicente Navarro is responsible for the technical and logistical aspects of the long distance service. He is also responsible for strategy and commercial planning as well as product management and international carrier relations.

Mr. Navarro oversees the strategic combination of contracts with other long distance carriers, in order to provide Americatel customers with the highest quality of telecommunications services in each geographical market.

Prior to joining Americatel, Mr. Navarro was Director of Public Products for Entel, in Chile, where he was responsible for the development, control and maintenance of 110 long distance call centers and 30 customer service centers throughout Chile.

Before Entel, Mr. Navarro worked for VTR Telecommunications, also in Chile. First as a Manager, later as Products Vice President, Mr. Navarro was an analyst for the planning, reporting and control departments, developing strategy and commercial plans for international long distance projects. He is credited with the commercial implementation of international private line services and the commercial development of IBS services, credit and prepaid phone card and domestic as well as international long distance services.

Mr. Navarro also worked for the University of Chile as Assistant Operations Management Professor in the Industrial Civil Engineering Department and as Assistant Calculus Professor at the College of Civil Engineering.

Mr. Navarro graduated in 1991 from the University of Chile with Highest Honors in Industrial Civil Engineering.

Matias Arentsen Peña

Vice President of Marketing, Sales and Customer Service Americatel

Mr. Arentsen coordinates all marketing and communications efforts for Americatel.

An Entel executive since 1993, he held several positions in the company's Marketing Department including Marketing Research Manager and, until recently, Advertising and Promotions Manager. He was responsible for the development and implementation of successful marketing campaigns for services such as the 123 Code, Calling Cards, Pre-paid Cards, Internet, Collect and Business Services, among others which earned him the "Premio ENTEL 1995," awarded for quality employee work.

Throughout his career Mr. Arentsen participated in several seminars including a Business Administration Seminar at the University of Adolfo Ibáñez, a "Marketing 1994" Seminar at The Wharton School, the University of Pennsylvania, and a Direct Marketing Seminar at the University of Chile. He has also been invited several times to give lectures at seminars and university discussions.

Mr. Arentsen graduated in 1992 from the Universidad Adolfo Ibáñez, Business School of Valparaíso, with a Bachelors degree in Business Administration and a degree in Commercialization.

Roberto Oyarzun

Vice President, Engineering and Operations Americatel

Roberto Oyarzun has ten years of experience as Vice President of Engineering and Operations for Americatel, where he has been responsible for building up and managing a telecommunications network with nationwide coverage and worldwide access to initially support Business services (VSAT, IBS, Internet access) between US and Latin America and the Caribbean Region, and then retail services (dial around, PIC, Prepaid, ISP) oriented to the Hispanic market in the US.

Before joining Americatel in 1993, Mr. Oyarzun worked for the parent company Entel-Chile, the largest long distance carrier in Chile, and a pioneer in the privatization of Latin America's telecommunications industry. As Entel's Southern Regional Manager, Mr. Oyarzun managed the two most southern regions of Chile, where he was responsible for sales, installation, operation and maintenance of the telecommunication services.

Mr. Oyarzun graduated from the Federico Santa Maria University in Valparaiso Chile, with both a Bachelor of Science and a Master's degree in Electrical Engineering.

Juan Guillermo Ducaud

Vice President, Finance and Administration Americatel

As Vice President of Finance and Administration, Juan Guillermo Ducaud is responsible for the financial management, accounting, human resources and administration issues of Americatel.

Prior to joining Americatel, Mr. Ducaud was Vice President of Finance and Administration for Ogden Services Corporation, where he set up and organized the finance department for the Latin American expansion of the company operating in the fields of aviation, entertainment, energy, and waste water treatment, with responsibilities in the areas of Accounting, Cash Management, Budgeting, Auditing and Controls, Legal and Taxation aspects, Credit and Collection procedures, Labor and Labor union issues.

Before Ogden, Mr. Navarro worked for Ladeco Airlines, as Vice President of Finance for North and Central America and the Orient, responsible for analyzing operations and negotiations, which conduced to a reduction of 18% of the area operating costs. Also supervised the sales and marketing function, aircraft and ground functions as well as the complete operation of the carrier in the territories.

Mr. Ducaud also worked for Seaboard Corporation, Produce and Seafood Division as Comptroller, where he organized and setup operations in several Central American countries with responsibilities including training, procedures development, cash management, reporting and consolidating, project acquisition evaluations, budgeting, and electronic data processing.

As Assistant Vice President at International Bankers Insurance Company, Mr. Ducaud created, organized and headed the accounting, finance and personnel department of a state level property and casualty insurance and premium finance companies.

Mr. Ducaud graduated in 1986 from Florida International University with a Bachelor degree in Business Administration, Finance.

AMERICATEL CORPORATION Application for a Certificate of Public Convenience and Necessity to Operate Public Utility Service

EXHIBIT C

STATEMENT OF TECHNICAL CAPABILITY

Americated Corporation hereby submits the following statement demonstrating its technical capability:

Americatel's engineering and technical staff is under the leadership of Roberto Oyarzun, *Vice President, Engineering and Operations*, with a ten-year tenure in that position. Mr. Oyarzun has been responsible for building up and managing a telecommunications network with nationwide coverage and worldwide access to initially support Business services (VSAT, IBS, Internet access) between US and Latin America and the Caribbean Region, and then retail services (dial around, PIC, Prepaid, ISP) oriented to the Hispanic market in the US. Mr. Oyarzun has more than twenty-five years of telecommunications industry experience.

Mr. Oyarzun's engineering staff consists of about 20 engineers and technicians plus support staff with many years of experience in telecommunications. This group has substantial expertise in areas of systems design and operations for both private networks and public telephony.

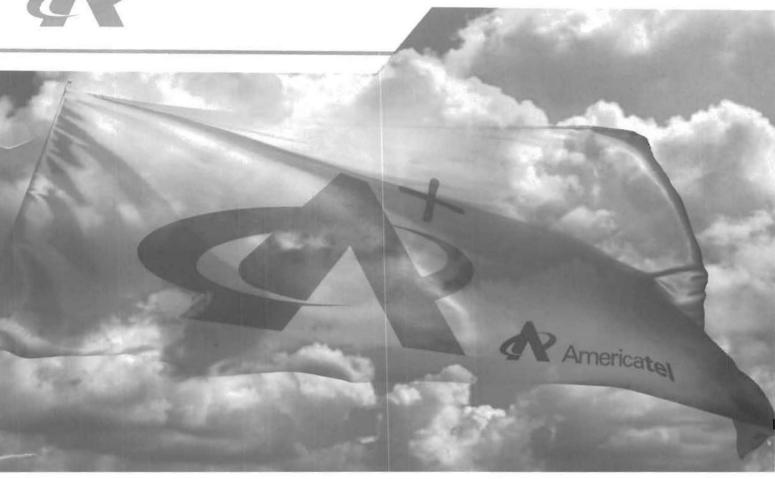
Americatel's teleport in Miami was constructed in 1994 at a cost of several million dollars. In addition to serving as the company's corporate office headquarters, this facility includes three primary satellite earth station antennas (one 15.5 meter and two 9.3 meter dishes). Additionally, Americatel has leased substantial capacity for telephony traffic between the U.S. and Central and South America via submarine cables. The teleport provides direct satellite and fiber access to more than 25 countries throughout Latin America and the Caribbean. Additionally, Americatel owns an international telephony switch, which is located in New York City to take advantage of the proximity of the facilities of most major telecommunications companies in the U.S.

Americatel's MIS Department is spearheaded by Daniel Escudero, *Vice President of MIS*, who, with 18 years of experience, is responsible for overseeing the implementation of all the hardware and software platforms relating to automated systems, electronic management of customer databases, electronic aspects of the billing functions and other responsibilities that are crucial for the provision of Americatel's services in today's competitive and technologically progressive world. The MIS department counts with a staff of 22 experienced professionals, technicians and other support staff.

ARAMERICA (A)

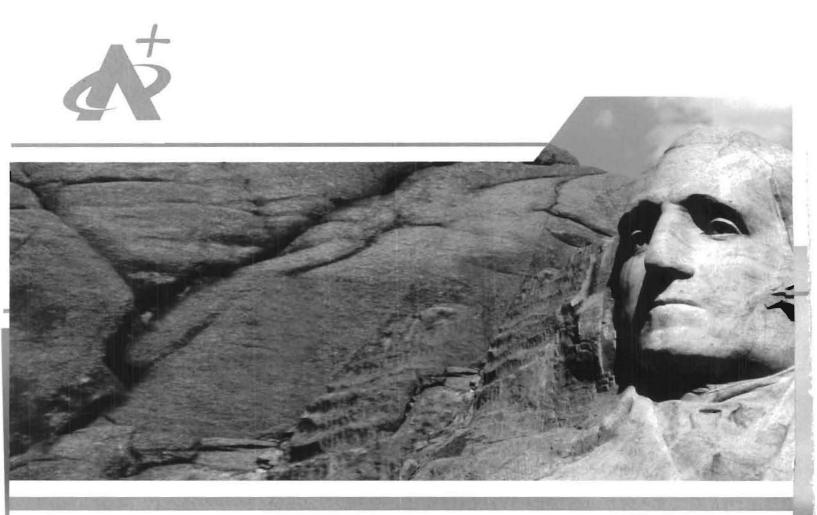
Company of the Compan





Annual Report 2002

AAmericatel



By any measure, Americatel's® performance over its short history deserves an "A"—the solid grade of a leader in the intensely competitive field of telecommunications and its hotly contested Hispanic market.

The goal is now an A+: to be "At the top of the class".

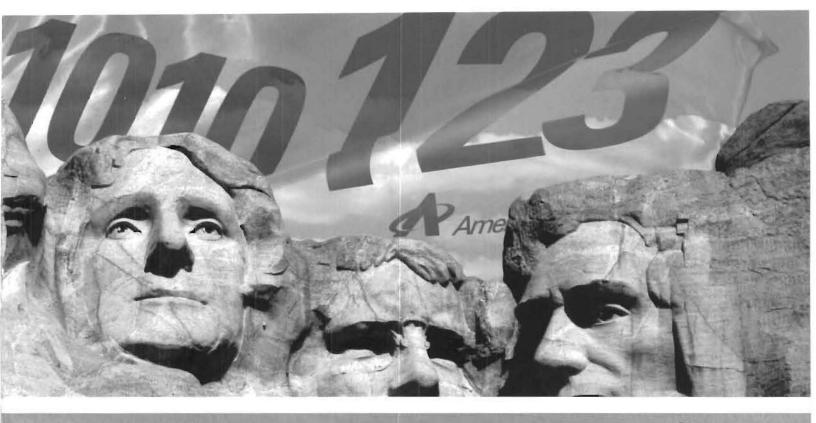
Americatel's® goal is to break away from the pack. To go from being among the leaders to being the leader. Its mission is to be the number one company for the Hispanic market in the United States.

Americatel's® sparkling track record makes it a good bet to cross the finish line first. Over only five years, Americatel has become the most recognized long distance company and ISP provider among Hispanics in the United States. It is among the top 10 U.S.-based carriers for international long-distance minutes, and one of the largest brokers of wholesale minutes in the world.

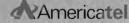
Start with quality. Thousands of satisfied customers who use Americatel's® flagship 1010-123™ dial-around service and Prepaid Calling Cards shifted to Subscribed Services in 2002, boosting the client base by 32 percent. Whether calling a relative anywhere in Latin America or e-mailing a son or daughter away at college, customers want permanent access to Americatel's® clear and rapid connections and top-notch, bilingual service.

Move to efficiency. During the economic downturn in 2002, Americatel® increased its operational income by emphasizing profitability over growth and effectively consolidating its operations.

Add creativity. Americatel® continually introduces new long-distance products and services. Through its Rest of the World Plan, Americatel's® great rates are now available to call across the globe. Americatel's® dazzling 123.com™ portal offers discounted rates and constantly updated features that have made it one of the most preferred Internet home pages among U.S. Hispanics.



Introduction



Efficiency, quality and creativity add up to the leadership that will propel Americatel® from an A to an A+. Americatel® has the technology, the infrastructure, the experience, the personnel, the client base and above all, the strength of conviction, to be the best provider of telecommunications services for U.S. Hispanics—the community where Americatel® comes from, that it knows, and which it serves every day.

Americatel® also has shown its ability to adapt to change—the only constant in today's world of shifting global markets and crossing cultures. It's no wonder that Americatel® received the "2002 Excellence Award" from América Economia magazine for innovation and internationalization.

And it's not all about business—Americatel® benefits from a corporate image of social responsibility that has won the hearts of millions of Hispanics. The company's donations of 800 numbers and other public service contributions have helped millions of people with immigration and education issues that affect their daily lives.

Americatel® doesn't need to call meetings on how to penetrate the Hispanic market. They are already there—U.S. Hispanics already know Americatel® as well as they know its spokesperson, TV personality and philanthropist Don Francisco.

It all adds up to this: our people, our time, our future. Americatel® is ahead of the curve in meeting the telecommunication needs of U.S. Hispanics. Yet the company will need all its assets and more to match strides with its growing and dynamic market.

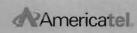
With business booming and its market expanding, this is not the time for Americatel® to settle for an A. Betting on the future requires an A+. It demands the hallmarks of leadership: efficiency, quality and creativity. Americatel's goal is to be at the top of the class: the number one company for the Hispanic market in the United States.



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The year 2002 will go down in history as one of sweeping changes in the telecommunications industry. The shifting economic expectations of U.S. consumers were reflected in regulatory changes, shakeups amongst long distance operators, and ongoing development of the Internet and cellular industries.

Americatel® took on these challenges with the confidence of a company with a clear and unwavering goal: To become the number one telecommunications company for the Hispanic market in the United States

While Americatel's® total international minutes rose in 2002 to 1.1 billion, an increase from the previous year—the focus was on improving margins and results in order

to enter 2003 with a competitive advantage over other operators. The strategy worked. By improving efficiency and reducing costs, Americatel® earned \$266 million in revenues in 2002, increasing its operational income to \$5.9 million.

Americatel's® fundamental strategy during the year 2002 was to be the leader not only in long distance codes, but to consolidate development of its Subscribed Services. Long distance sales for new and loyal subscribed clients in 2002 totaled over \$46 million, a 73 percent increase over 2001. In the meantime, Americatel's® flagship product—the 1010-123™ dial-around calling code—remained the most-frequently dialed long distance code among U.S. Hispanics Spurred by new online sales, Americatel's® Prepaid Calling Cards continue to have a relevant role within Americatel's® services Americatel® also refined and introduced a number of new



A Message from the Chairman of the Board Americatel,

products and services during the year that augur well for the future. These include new long distance services such as the Ametex 10-15-688 dial-around calling code, 900 and 800 numbers, collect calling, and the Rest of the World Plan for calls to countries outside of Latin America.

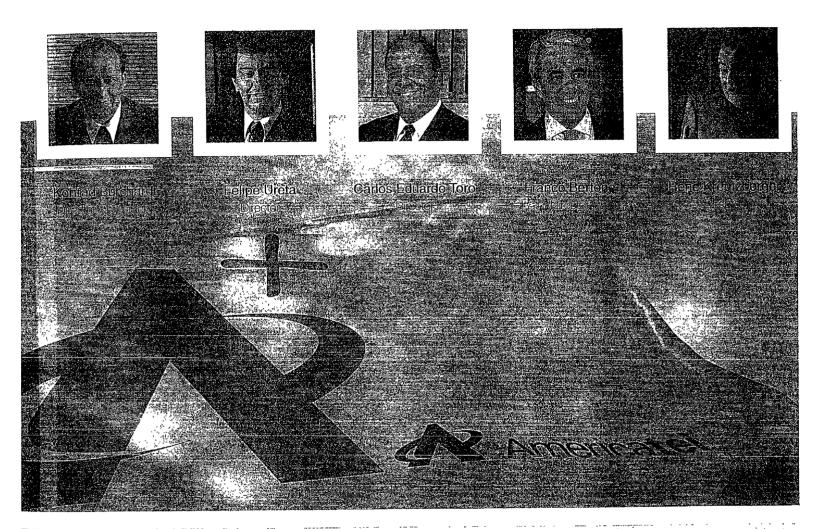
The great strength of Americatel® is not just its prestigious brand name or its portfolio of clients, but rather its unique understanding of the communications needs of U.S. Hispanics. Americatel® products and services succeed because we know our customers. Americatel® reinforces this alliance through ongoing public service initiatives that have made the company part of the fabric of the U.S. Hispanic community.

As Americatel® continues to develop and launch new long distance products, the coming year will be one of change and challenge Americatel® will continue to

strengthen and consolidate staff to develop and promote its growing product lines, maximize efficiency, and provide top-quality service. Americatel's® robust investments in customer service and database development will continue to grow its client base, as well as ensure rapid and secure connections.

These coordinated efforts add up to a positive outlook for 2003 are laying a solid foundation for sustainable long-term growth. Neither fierce competition nor a slow economy will deter our focus. The goal for Americatel® is simple and achievable. To be the number one telecommunications company for Hispanics in the United States.

Mr. Richard Buchi Chairman of the Board



Board of Directors and Senior Management Americatel.





AMerica**tel**.







Americatel's® Long Distance Services

Despite a slow economy, Americatel's® total amount of traffic for post-paid services (1010-123™ and Subscribed services) continued to grow during 2002. The number of international minutes rose 3.7 percent from the previous year. The increase is due in part to Americatel's® strategy of subscribing 1010-123™ clients.

1010-123™

In only four years of operations, Americatel's® flagship product—the 1010-123™ dial-around calling code—has become the one of most-frequently dialed long distance codes among Hispanics in the United States.

Drawn by Americatel's® distinctive and dynamic marketing to the Hispanic community, more than 800,000 customers used the $1010-123^{TM}$ service for the first time in 2002. During an average month, 480,000 loyal customers dialed $1010-123^{TM}$.

More than ever, 1010-123™ is keeping Hispanics in touch with their roots in Latin America. The most popular calling destinations during the year were Mexico, El Salvador, Guatemala, Colombia and Cuba, while the fastest-growing destinations were Brazil, Argentina, Nicaragua, Panama and Uruguay. The main cities from where 1010-123™ calls originated were Los Angeles, New York, San Francisco, Chicago and Washington, DC.

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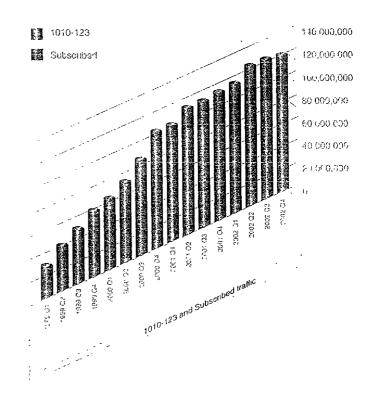
These transfer processes prompted many satisfied customers to increase their business with Americatel®, reflecting the company's strategy during the year to consolidate a loyal and profitable base of clients and lay a foundation for future expansion.

While much has been written about 1010-123's memory-friendly calling code, unbeatable rates and top-notch bilingual customer service, an equally attractive feature is the sheer convenience of using the dial-around service. There is no monthly fee for 1010-123[™], and using it gives people the freedom to make long distance calls without signing a contract with a long distance company. Customers who do have a long distance provider can use 1010-123[™] without changing companies.

Subscribed Services

The growing popularity of Americatel's® Subscribed Long Distance Service shows that many of the company's satisfied customers want Americatel® as their primary long distance carrier in their homes and offices.

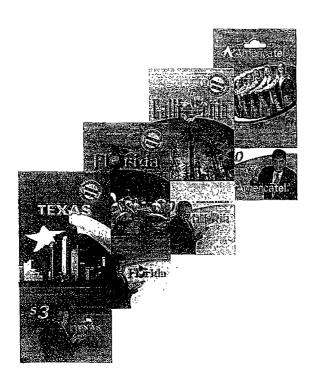
Sparked by innovative marketing campaigns, the number of international Subscribed clients increased 45 percent over 2001 International Subscribed traffic jumped 88 percent











Americatel® has four types of Subscribers: activated clients who use Americatel® through their local phone company and dial 011 or 1 to place long-distance calls Subscribed business clients who receive service and discounts tailored to their specific needs; and Subscribed service with a direct billing option, which allows clients to get a separate bill for long-distance service provided by Americatel®.

Residential Subscribers can select from four differen plans, each with a competitive rate structure tha maximizes discounts and convenience depending on cal frequency and destination. Americatel® Business Long Distance offers calling plans tailored to the needs of smal and medium-sized businesses, with discounts similar to residential plans.

As Americatel's® Subscribed client base diversifies, the company is offering a wider range of promotions and services to meet customer needs and attract new clients Subscription sales during the year benefited from Americatel's® new online sales program through Americatel's® web portal, 123.comTM, which began in May 2002.

Americatel's® Referral Program boosts subscriptions by awarding free long-distance minutes to existing customers who refer new clients. Americatel's® VIP Plan which awards free international long distance minutes to subscribers whose average monthly usage passes a certain threshold, has been credited with increasing

11



customer traffic and reducing abandonment rates.

As a leading telecommunications company, Americatel® knows how important it is to listen to its customers. Americatel® conducts ongoing client satisfaction campaigns and surveys in order to communicate directly with its range of Subscriber clients. This helps the company learn more about its customer's needs and meet them, optimize resources, and discover new business opportunities. Armed with this vital information from its valued clients, Americatel® will continue to refine the pricing, service and convenience of the long-distance products it provides to its growing base of Subscribers.

Americatel's® Prepaid Calling Cards

Prepaid calling cards are the most frequently used method of making long distance calls by Hispanics in the United States. Despite fierce competition, Americatel's® close ties to the Hispanic community have enabled the company to establish itself as a leading contender in this highly contested market.

Americatel's® rapid and clear connections, along with its top-quality service and support, helped place its Prepaid Calling Cards in 1.1 million U.S. Hispanic homes in 2002. For the second consecutive year, Prepaid Calling Cards were a profitable line of business for Americatel®, with more than 6.6 million cards sold.

Just as importantly, Americatel® set the stage for sustainable long-term growth of its calling card products through a series of initiatives. In February 2002, to complement its "Classic" and "No Connection Fee" Prepaid Calling Cards, Americatel® launched a new line of regional prepaid calling cards designed and priced to suit local market conditions. The cards target Hispanic populations in California, Florida, Texas, Georgia and Illinois. By specifically tailoring its Prepaid Calling Cards to particular segments of the country's increasingly diverse Hispanic population, Americatel® aims to expand its market share nationwide.









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Americatel® introduced online sales of Prepaid Calling Cards in 2002 through its 123.com™ portal and other leading Hispanic Internet sites. Americatel® also diversified the distribution channels for it's Prepaid Calling Cards,

Americatel® plans to continue to build on its unique relationship with Hispanic consumers in 2003. The quick success of its online store—sales of Prepaid Calling Cards increased every month in 2002—augur well for the year ahead. Americatel® also plans to expand its number of distributors, including co-brandings and national and regional distributors

New Long-Distance Products

900 Services

In December 2002, Americatel® finalized connections with its provider and began testing of 900 number billed calls. Clients pay a predefined amount per call and per minute, which is then added to their telephone bill. The 900 number code is reserved for value-added services such as information hotlines, voting call-ins and other premium content and services directed to the Hispanic market. Americatel® plans to partner with major media players in the year ahead to develop this dynamic new product.



Long Distance Services



Ametex 10-15-688

Americatel® launched a new dial-around code during the year called Ametex 10-15-688 in three test markets: Chicago, Miami and San Francisco. Initial results were promising, and coupled with ongoing marketing efforts, Americatel® expects Ametex 10-15-688 to become another economic dial-around alternative for current and new customers allke.



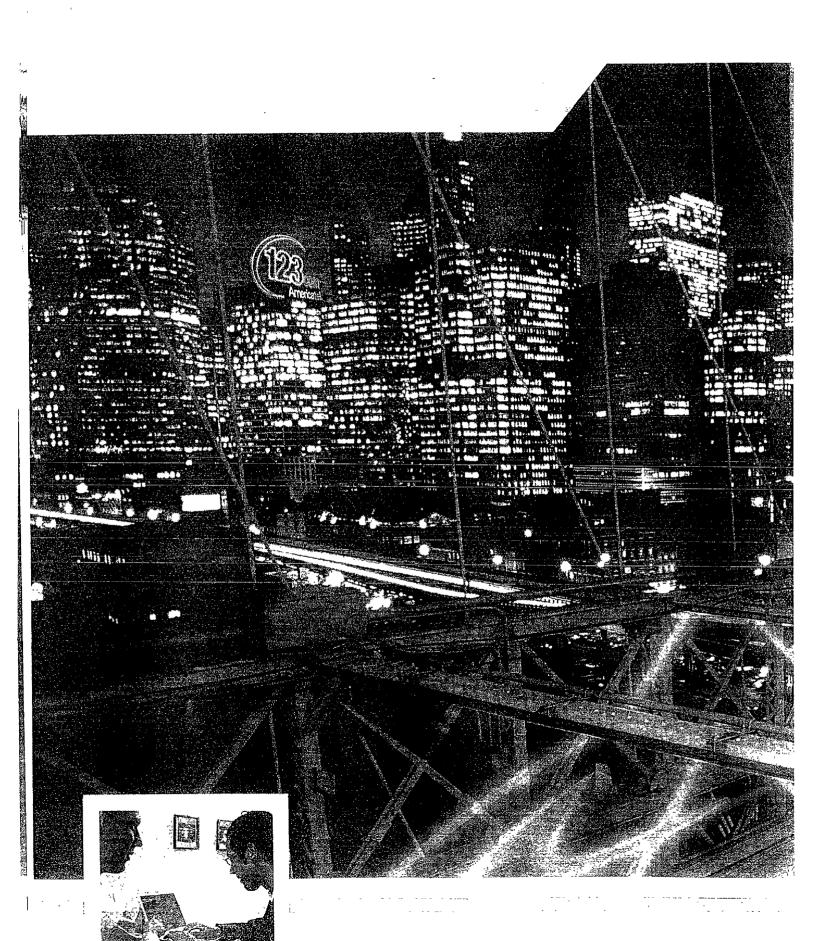
Rest of the World Plan

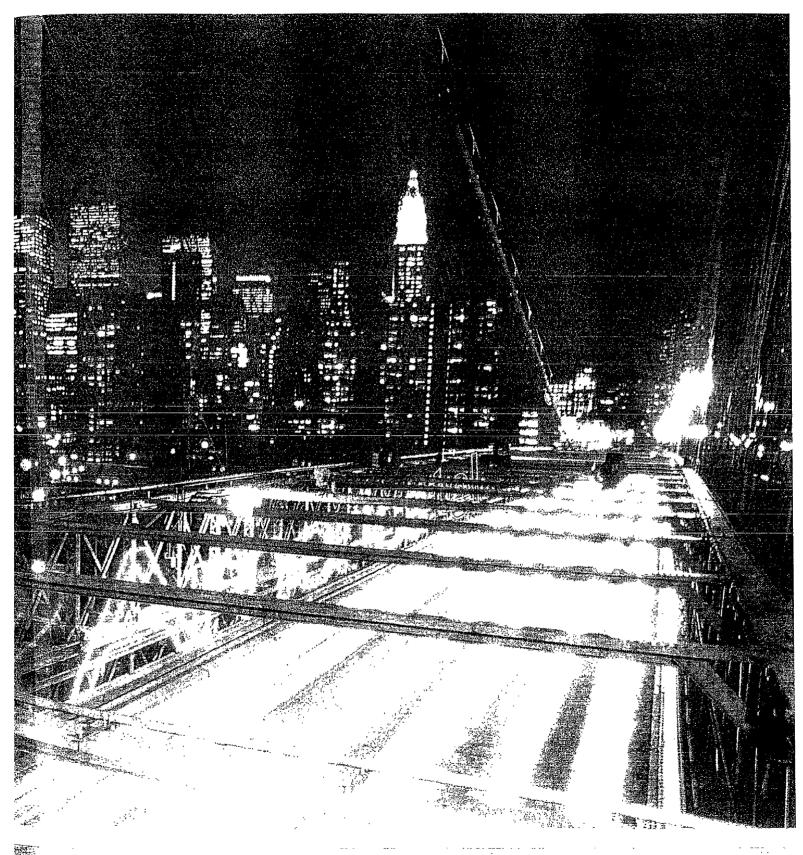
Americatel's® new Rest of the World (ROW) Plan offers economical rates to call destinations worldwide. Launched during the World Cup and promoted in both English and Spanish, ROW helped Americatel® double its average monthly minutes to other countries of Latin America and the world during the year.



Collect

For everyone from business travelers to college students and children, collect calling conveniently enables people to stay in touch when they most need to. Americatel's® new collect calling service, launched in 2002, offers excellent rates. And it is easy to use: callers just need to dial 1-800-30 30-123, say their name when requested, and the call is connected.



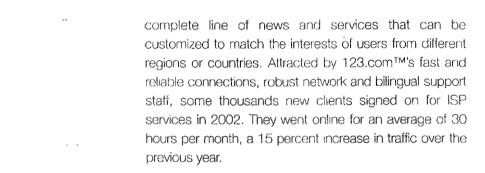


Internet Services

Americatel





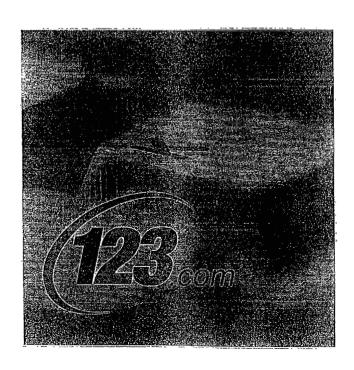


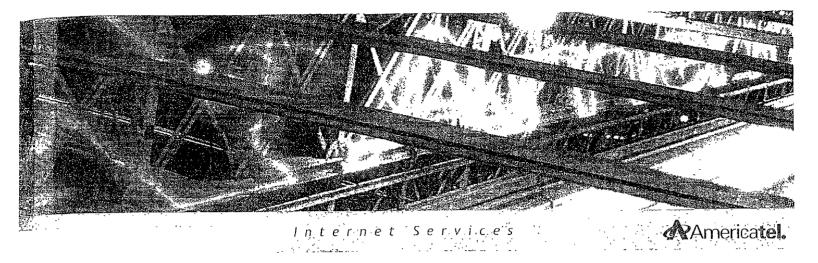


Internet Services Provider (ISP)

As interest in the Internet surges among Hispanics—their online population grew by 25 percent in 2001 alone—Americatel® continues to expand its array of billingual dolcom services to meet the needs of its community.

Nielson/NetRatings reported in 2002 that web surfers of Hispanic origin were the fastest growing at-home ethnic group on the web, a finding mirrored by Americatel's® growing ISP services. The preferred home page for U.S. Hispanics is Americatel's® dynamic and bilingual web portal, www 123 com™, which provides an attractive and



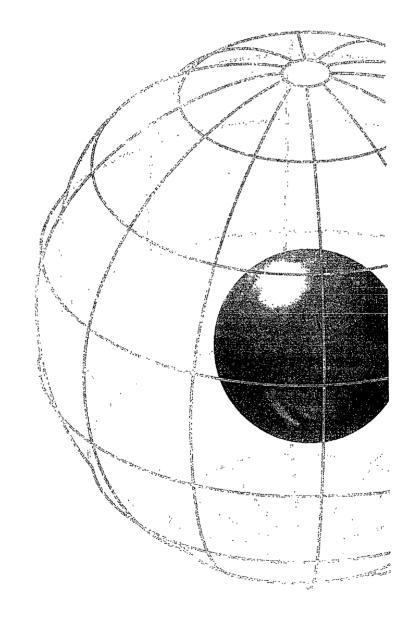


Americatel® launched a number of customer-friendly services during the year that made it easier than ever to go online. Customers can now have their payment added to their telephone bill, a convenience that has also facilitated sales. Nearly half of those who sign up for ISP services now choose this payment option.

Americatel® also offered some irresistible bargains during the year for new customers who wanted to sign up for the 123 com[™] service. A special promotion offered monthly ISP services at a cost more than a third lower than other leading providers such as AOL and included a free month of comprehensive Internet and e-mail service

Prices were also discounted for Americatel's® spectacular "bundled PC" package, which includes a home computer, color monitor, free technical support, and a full warranty and Internet access included for one year. Some 85 percent of Americatel's® ISP customers have purchased the service through the "bundled PC" package—a clear sign that Americatel® is not only selling online services, it is providing a full package that literally pulls Hispanics into the Internet age and positions them to take optimal advantage of it.

Looking ahead, Americatel® aims to consolidate its position as the preferred ISP of Hispanics by continuing to adapt its services to meet the community's growing and evolving online needs.





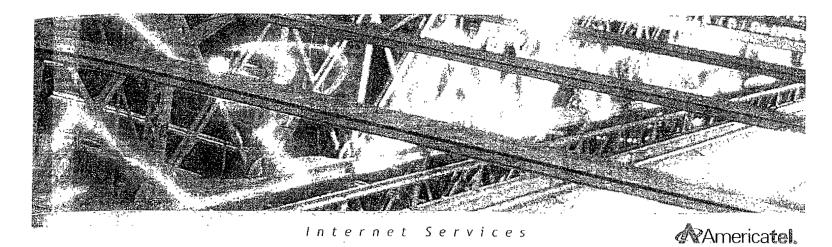


123.com[™] - Americatel´s Communications Portal

Americatel's® 123.com™ portal is a colorful window to the world as dynamic as any website on the Internet. The site offers affordable Internet access to an exciting array of bilingual content while serving as an effective mechanism for promoting Americatel's® other communications products.

Conceived from the start as the online communications center for Hispanics, 123.com™ offers news, sports, weather, music, entertainment, job information, and even a shopping mall, Compras123, that is affiliated with top-of-the-line online and offline retailers. The web content is continually updated by Americatel's® specialized U.S. and Latin American editors and includes topics of particular importance to Hispanics, such as up-to-date information on immigration laws, as well as special events and contests associated with holidays celebrated in Hispanic cultures.

Recently added interactive features include Parejas123, an online personals section; bilingual greeting cards that can be designed by users; online video games in Spanish; and updated educational software for learning English. The number of users of the new and wildly popular Chat123, Americatel's® bilingual discussion forum, increased almost 900 percent in 2002.



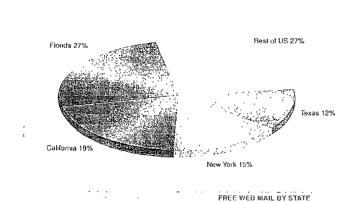
Americatel's® online store for its Prepaid Calling Cards and Long-Distance Subscription Service, launched in January 2002, has been an instant hit with customers. Sales of both products have increased every month, and both the base of loyal clients and the conversion rate have been strong for an online store.

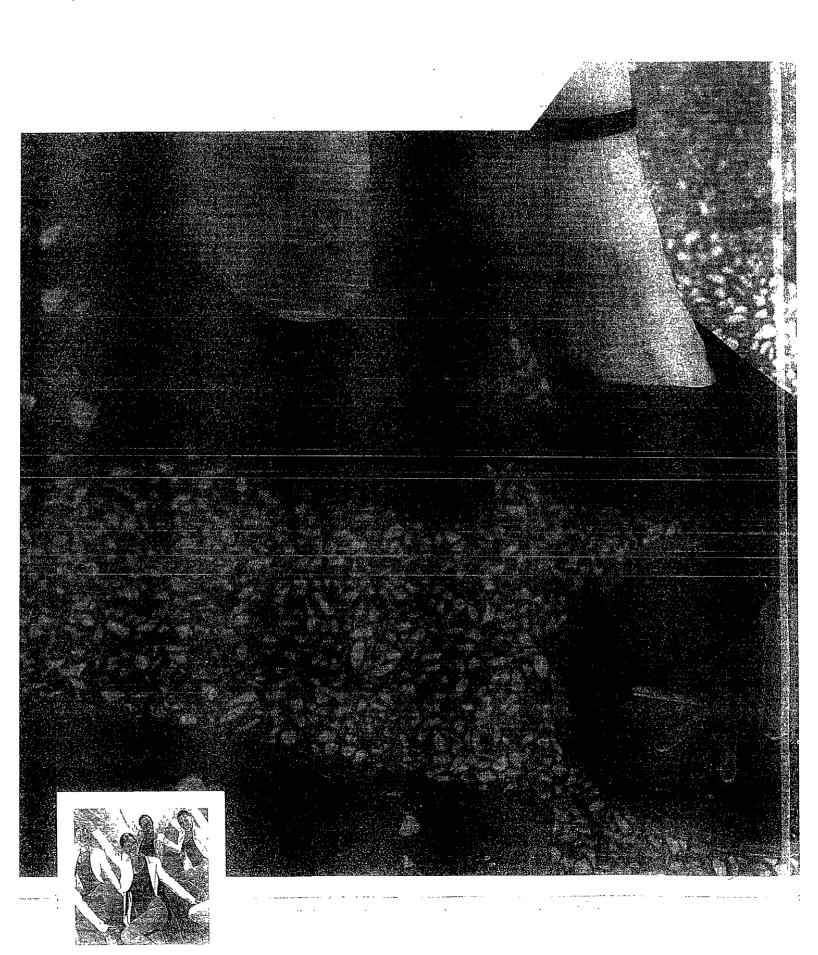
Education Trobalor?

| Comparison | Continue | Continue

Americatei® has also made its Prepaid Calling Cards available through affiliate networks by offering commissions to other portals for calling card sales. More than 1,200 affiliate portals have been accepted into the network to date.

By expanding its interactive content platform and introducing e-commerce options linked to its other products, Americatel® continues to capture the attention of growing numbers of Internet users. Americatel's® proven strategy of providing value-added services to its customers will make $123.\text{com}^{\text{TM}}$ a strong competitor in the year ahead.







Strengthening Customer Relations &Americate



television program Sabado Gigante, with the winning family awarded \$140,000 they could use towards the purchase of a home. Similar family-oriented promotions included a popular contest for a vacation to Orlando theme parks, and a Mother's Day contest that included a trip to Miami, makeover and shopping spree.

Americatel® was also active during the year's most memorable sporting event, the World Cup soccer championship, investing in the seven principal U.S. Hispanic markets. Americatel® ran commercials in both English and Spanish in order to reach the full breadth of the huge audience for this event

Corporate Relations/Public Service

Americatel® has become part of the fabric of the U.S Hispanic community—a corporate identity that gives the company a competitive edge and is a vital part of its growth strategy.

As in business, Americatel® leads the way in community service By donating 800 numbers, sponsoring mobile consulates, and supporting other charitable events and initiatives, Ámericatel® has become part of the fabric of the U.S. Hispanic community—the very people who use its products and services

In 2002, thousands of people called 800 numbers donated by Americatel® for free information. A toll-free line donated by Americatel® to Mexico's Department of

Education enabled Mexican migrant workers in the United States to obtain information regarding the transfer of their children's school records to U.S. schools.

The governments of Bolivia and Honduras have brochures donated by Americatel® to disseminate critical consular information for Consulates in USA. Also for the Governments of Guatemala, Peru and El Salvador, 800 numbers were donated to provide important immigration information as well as Consular procedures. For Guatemala Consulates, Americatel® sponsors mobile consulate services in Connecticut, Rhode Island, Pennsylvania, Boston, New York, New Jersey, Atlanta, South Carolina and throughout Florida, for Guatemalan nationals who do not have access to consulate offices.



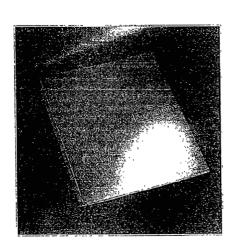
Americatel Award Governor of the Year, 2002 George E. Patakı, NY











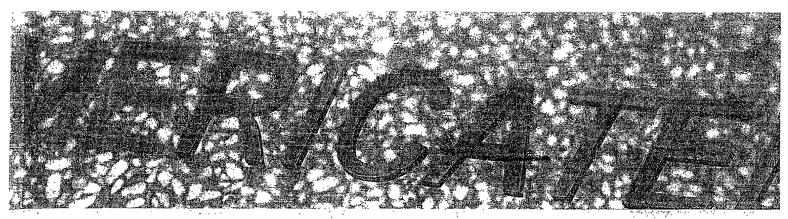
Americate! Annual Report
"North America Bronze Awards 2002"

In November 2002, Americatel played a key role in helping the Salvadoran government advise its nationals living in the United States to meet a pending deadline to extend their U.S. work permits for the TPS program. At no charge, Americatel sent a message from Salvadoran President Francisco Flores into the homes of 500,000 U.S. clients identified in its database as having called El Salvador, which is the second largest calling destination for Americatel customers.

"Many Salvadorans have told me, with great emotion, that they had received a call from the president," said the Salvadoran Ambassador to the United States in a front-page article in *The Washington Post* "They didn't know how President Flores knew their telephone number."

Also, Americatel's® ISP services designs and maintains websites for the Central American Chamber of Commerce and the Embassy of El Salvador, providing access to services for millions of Hispanics living throughout the United States. The website designed by Americatel for the Embassy of El Salvador provides information for all the consulates within U.S.

Americatel has a special place in the hearts of many U.S. Hispanics because its image is based on a concrete record of public service, particularly for recent immigrants who are most in need. Americatel has stood shoulder-to-shoulder time and again with Latin American and U.S government agencies, community organizations and the media in support of initiatives to help Hispanic communities.



Strengthening Customer Relations



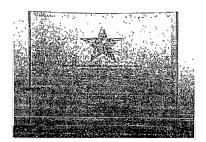
Special Recognition

Americatel's® world-class public service, as well as its success as a Hispanic company, has not gone unrecognized. Each year, Americatel is honored by organizations for its achievements and contributions to the U.S Hispanic community and Latin America.

In 2002, the U.S.-Mexico Chamber of Commerce awarded Americatel its "Double Eagle Leadership Award" for ongoing support to the Mexican and overall Hispanic community in the United States. The award recognized Americatel for its unique contributions to Hispanic culture, arts and social initiatives.

During the year, Americatel also received the prestigious "Orquidea USA 2002" Award from the Colombian community in the United States in honor of the company's ongoing support for Hispanic and Latin American causes and community.

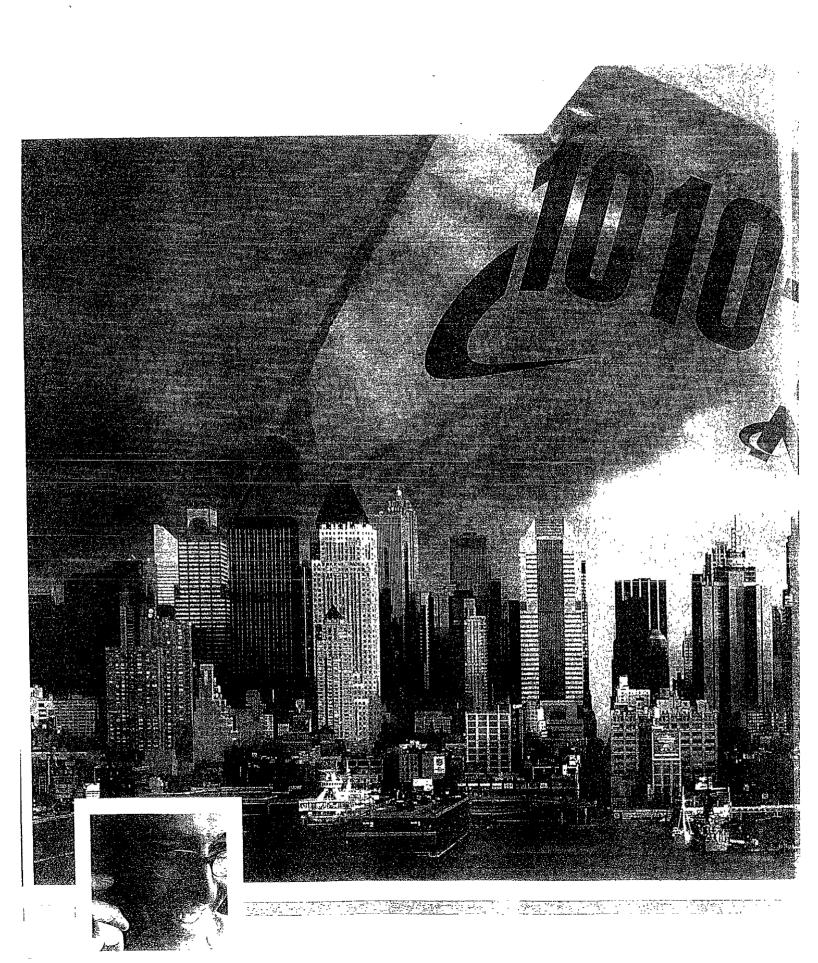
Americated CEO Jorge Asecio received the "2002 Excellence Award" from the magazine América Economía and was featured in its September issue. The annual award is given to leading companies and executives in Latin America, with the emphasis in 2002 on innovation and internationalization.

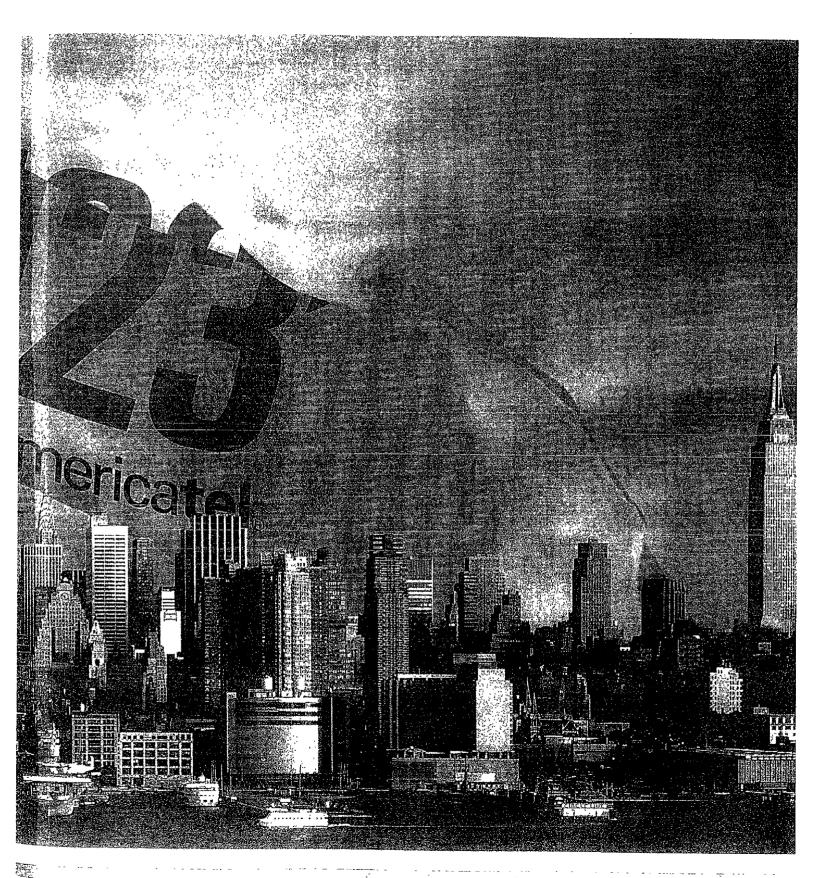


Double Eagle Leadership Award United States - Mexico Chamber of Commerce



#7 Private Hispanic Company in Florida Greater Miami Chamber of Commerce

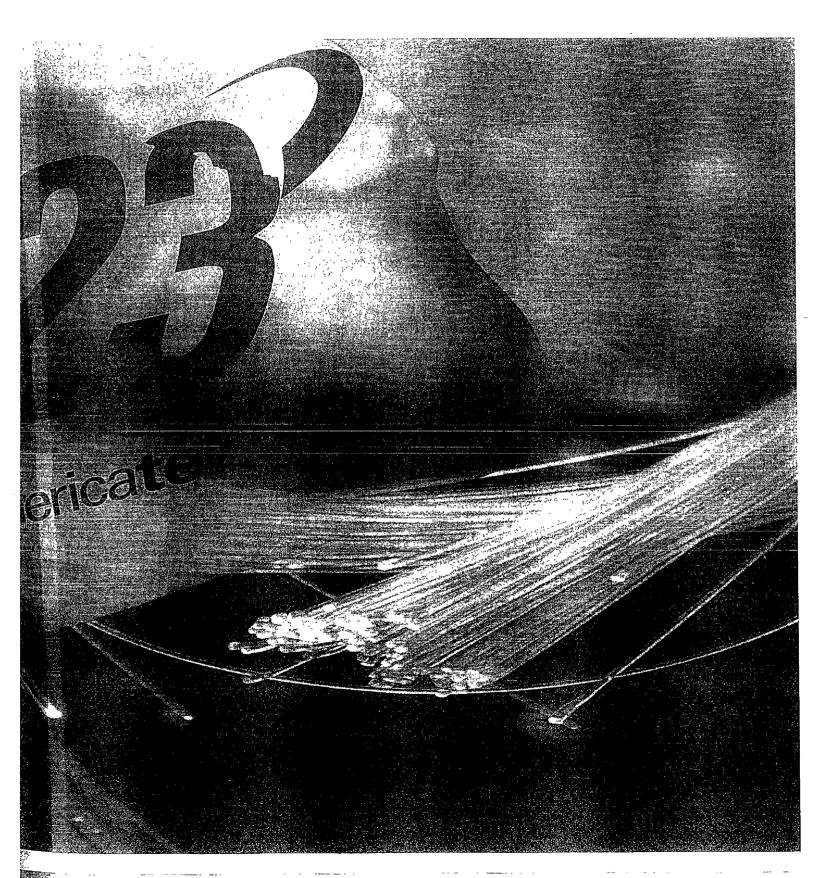




Sales and Customer Service









Infrastructure and Facilities

Security is a priority at Americatel® With our nation facing unprecedented threats of terrorism, Americatel® is taking concrete steps to ensure continuous operation of critical telecommunications services for the thousands of families who depend on its services.

To protect its customers, Americatel's® international gateway switching facility in New York—a key component in the company's network infrastructure—is equipped with an Uninterruptible Power Supply (UPS) and a DC power battery back up system. The state-of-the-art facility also houses a carrier class prepaid platform, a carrier grade voiceover IP (VoIP) platform, and the latest T1/E1/DS3/OC3/STM-1 multiplexers

Americatel® connects with over 230 countries through correspondent agreements with more than 75 telecommunications carriers, and made possible by different satellites and fiber optic cables.

Americatel® Miami International Telecommunications facility is also equipped with high-capacity UPS and an electrical power generator to ensure continuous operation of mission-critical telecommunications equipment in the event of a power outage.

Americatel's® employees are no strangers to operating effectively in a crisis. Despite the chaos in New York immediately following September 11, Americatel's® declicated technicians worked around the clock to prevent

any service interruptions—no easy feat, considering that many solutions had to be devised remotely.

In Miami, the company operates a total access ISP platform that provides Internet access to customers throughout the U.S mainland, and web portal services.

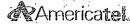
The Miami teleport facility provides state-of-the-art telecommunications infrastructure to support a wide variety of Americatel's® services. It features a base satellite telecommunications infrastructure comprised of one Standard-A, one Standard-B and one Standard-F3 antenna. All of these are equipped with fully-redundant electronic components, including IBS/IDR/TCM-IDR compatible satellite modems, High Power Amplifiers (HPA) and Low Noise Amplifiers (LNA). The equipment is diligently configured and maintained around the clock to guarantee the highest level of reliability.

In addition to its base satellite telecommunications capabilities, Americatel's® Miami teleport is interconnected to the submarine fiber optic cable systems located off Florida's east coast. The facility houses state-of-the-art T1/E1/DS3/OC3/OC48 multiplexers, VSAT hubs and carrier class IP routers.

The aftermath of September 11 was a reminder that reliable communications are more important than ever during a crisis. Customers can count on Americatel's® cutting edge technology and experienced professionals to provide secure and reliable telecommunications services in good times and bad



Operations



Fiber Optic Cables

Americatel® uses world-class fiber optic and satellite transmission resources to offer crystal clear sound, secure and reliable connections, and low prices.

Ever since it began operations, Americatel® has leveraged the fiber optic resources of its parent company, ENTEL Chile, for consistent competitive advantage.

Americatel® currently uses several top-quality Atlantic and Pacific Ocean submarine fiber optic cable systems. The Latin American Nautilus (LAN) Global Crossing's Pan American Crossing (PAC), South American Crossing (SAC) and Mid Atlantic Crossing (MAC) widely connect Americatel® with ENTEL Chile and facilitate additional connections to Mexico, Panama, and South American countries such as Peru, Bolivia, Colombia and Venezuela.

The Maya-1 submarine cable system provides Americatel® with exceptional connectivity to Mexico, Colombia and Central American countries such as Honduras, Panama and Costa Rica. The Columbus III cable provides a unique connection between the United States and Italy, ensuring high-quality connections to the rest of Europe, as well as Africa and the Middle East Americas II connects South Florida to Fortaleza, Brazil.

Americatel® also enjoys the unique advantage of points of presence at the OJUS submarine cable landing station in Hollywood, Florida, and at the NAP of The Americas

(NOTA) in Miami. The OJUS POP provides the company with direct connections to the Maya-1, Americas II and Columbus III submarine cable systems, while its presence at the NOTA gives the company a number of options in terms of interconnecting with domestic as well as international telecommunications providers.

Satellites

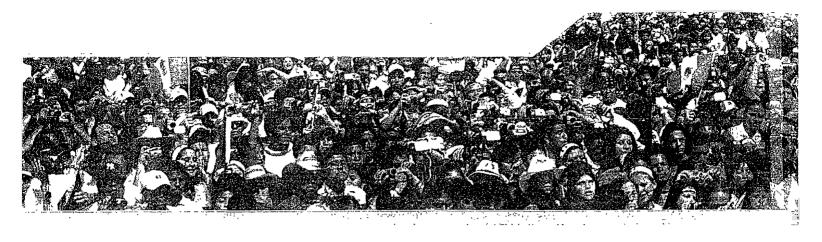
Americatel® constantly readjusts and optimizes the use of its cable and satellite resources in order to provide secure, industry-leading service and adapt to changing circumstances. In approximately ten years of operation, Americatel® has developed a range of satellite resources to further extend its reach and as an alternative to restoring fiber optics links.



Facilities for New York Switch



Miami Facilities, Satellite ARTH Station





Billing and Collections

Americatel® outsources most billing and collection functions in order to minimize operating costs and maximize shareholder value. The functions are carried out by established external providers who provide coverage for more than 1,300 North American local telephone companies (LECs). Americatel's® billing and collections department monitors, controls and analyzes information pertaining to all the billing provider's activities. This includes information on remittances, service charges, unbillable accounts, bad debts and account adjustments. The department is also responsible for all Exchange Message Interface (EMI) traffic control, and initiates blocking procedures for unbillables and rejected EMIs as needed. Americatel® operates a direct billing program for customers living in areas where they cannot be billed through a LEC, thus making it possible for them to use Americatel® as a their long distance carrier.

Revenue Protection

As Americatel's® long distance call volume has grown, the company has taken aggressive steps to protect its revenue by installing the latest software technology systems available. Those efforts continued in earnest during 2002. Americatel® refined its revenue protection capacity by updating Out Smart, its fraud control software. The changes have enabled Americatel® to customize fraud detection measures according to markets and call destinations.

Americatel's® Revenue Protection Department employs an online call detail report (CDR) system to continually monitor and analyze traffic in search of possible fraudulent calls. This system tracks the duration, frequency and timing of calls and generates alerts whenever an irregularity is detected. Analysis tools are also used to study customers' calling patterns by origin and call destination

Americatel's® advances in revenue protection during the year build on a series of investments by the company in recent years to enhance its fraud detection systems. The company has expanded its capacity to store information related to alerts and CDRs, and has implemented more direct methods for blocking accounts identified as fraudulent. Americatel's® software establishes precise and flexible alarm parameters by using such variables as the time of day, week or month and call destination, length and cost. These systems have enabled Americatel® to



Operations



greatly reduce blocking response time when fraudulent calls are detected, resulting in substantial monthly savings.

Americatel® has also brought in revenue protection specialists. New fraud analysts with Americatel's® expanded revenue protection staff ensure full 24x7 coverage, including special focus coverage peak usage times.

Human Resources

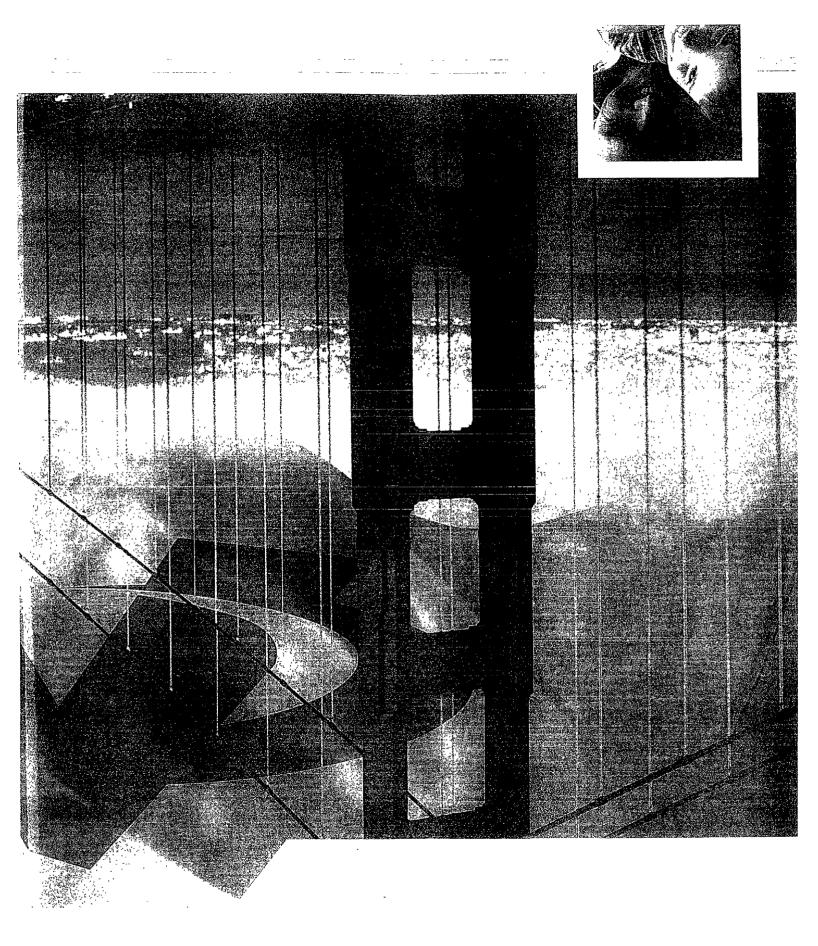
A company is only as strong as its people, and Americatel® and its employees keep getting stronger and stronger.

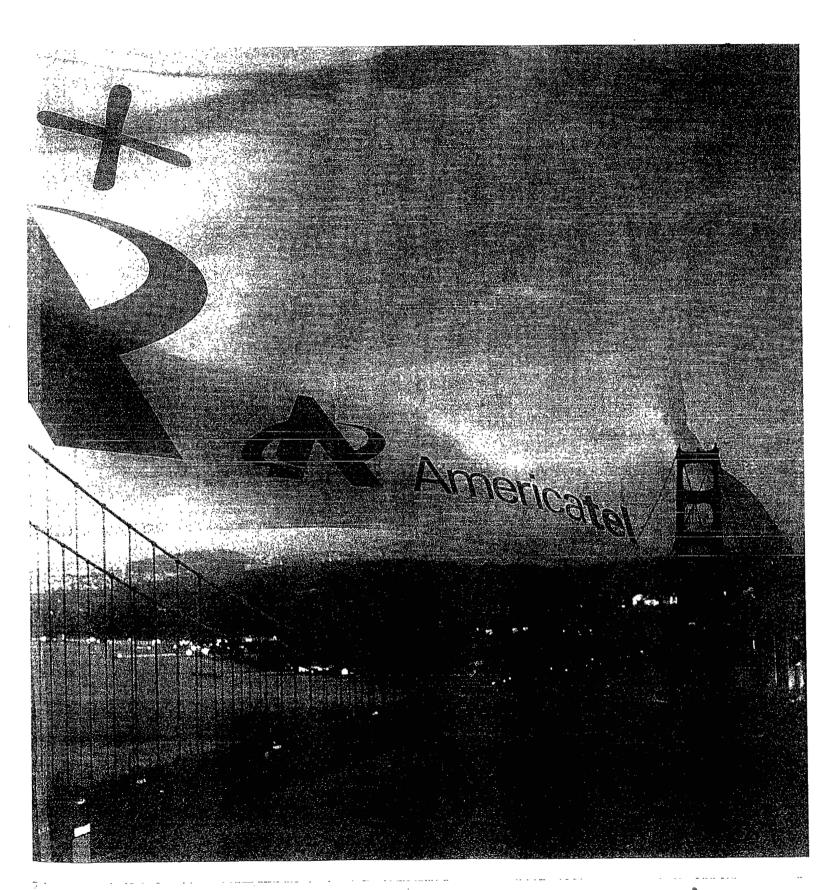
The exponential growth of such products as 1010-123™ and ISP/Portal Services has created great demand for qualified staff for Americatel® since its inception. Staff increased on average by 24 percent annually up until last year.

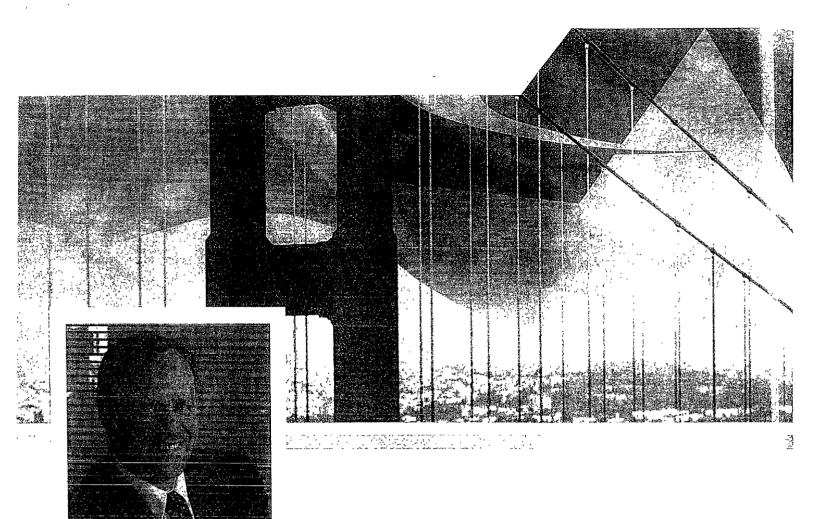
But with Americatel® now consolidated telecommunications business, staffing increased by only 4 percent in 2002. With able growth, the focus was on strengthening and consolidating current staff in order to maximize efficiency, develop and promote its growing product lines, and provide the best service possible.

Americatel® is an Equal Opportunity Employer, with an Affirmative Action Plan. The company provides a comprehensive benefit package to its employees.









Why Americatel® is a Leader

By Konrad Burchardt

Americatel® serves the 42 million people that comprise the Hispanic market by offering them an economical way of making long distance calls.

Our traditional product 1010-123™ has become the leading carrier for long distance phone calls among Hispanics. However, in order to stay on top of the competition in the telecommunications market, we must face new challenges. Therefore, this year Americatel® will launch an innovative line of products and services that will offer customers the control, security, and trust they need in order to better manage their accounts.

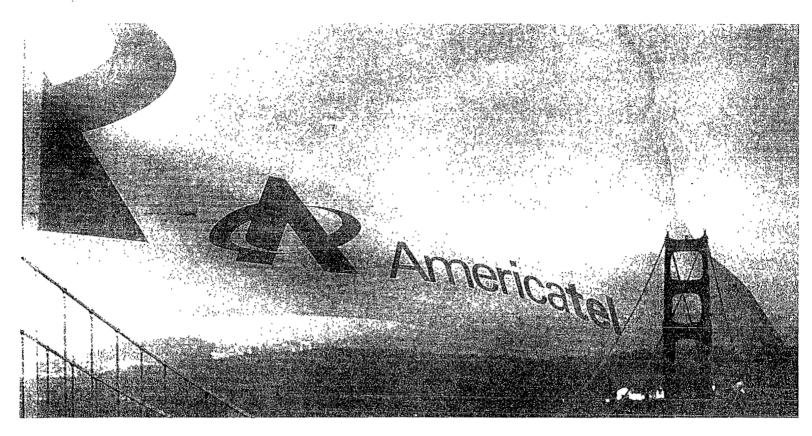
One of the products that Americatel® has introduced with much success is its new calling card, which meets the

needs of the thousands of immigrants arriving in the United States every year.

Americatel® knows its clients as no other company does, and we know which products and services are important to them. Armed with this knowledge, experience and commitment, Americatel® will meet the needs of the Hispanic market like never before, making us a leader in 2003 and beyond

Americatel® has international vision and experience, but also the savior faire to create a niche in one of the most competitive markets in the world.

Americatel® has drive and creativity. Building on six years of success, we have skyrocketed to the top of the telecommunications industry because of our technical expertise and our unparalleled knowledge of the Hispanic market.



Looking Forward



With our quality products and sterling image, Americatel® today stands poised to take a leading position in the Hispanic telecommunications market

Americatel® has proven it can grow and will continue to grow Our greater strength in this pursuit are our clients. We are a Hispanic company with a special understanding of the Hispanic market—a competitive advantage that has helped us close the gap between the largest companies in the industry, continuing to increase our market share. Americatel® has become a telecommunications giant in its own right, today ranked as the 40th largest worldwide carrier in terms of traffic.

Exciting challenges lay ahead Americatel® has developed and launched a new generation of communications and service solutions for our clients. In 2002 alone, Americatel® launched new long distance services such as the Ametex 10-15-688 dial-around, 900 numbers, collect calling, and the Rest of the World Plan. All the while there was continued

growth in Americatel's® popular 1010-123™, Subscribed Services and Prepaid Calling Cards, which meet the needs of thousands of immigrants arriving in the United States every year.

An industry leader takes the initiative and grabs hold of the future

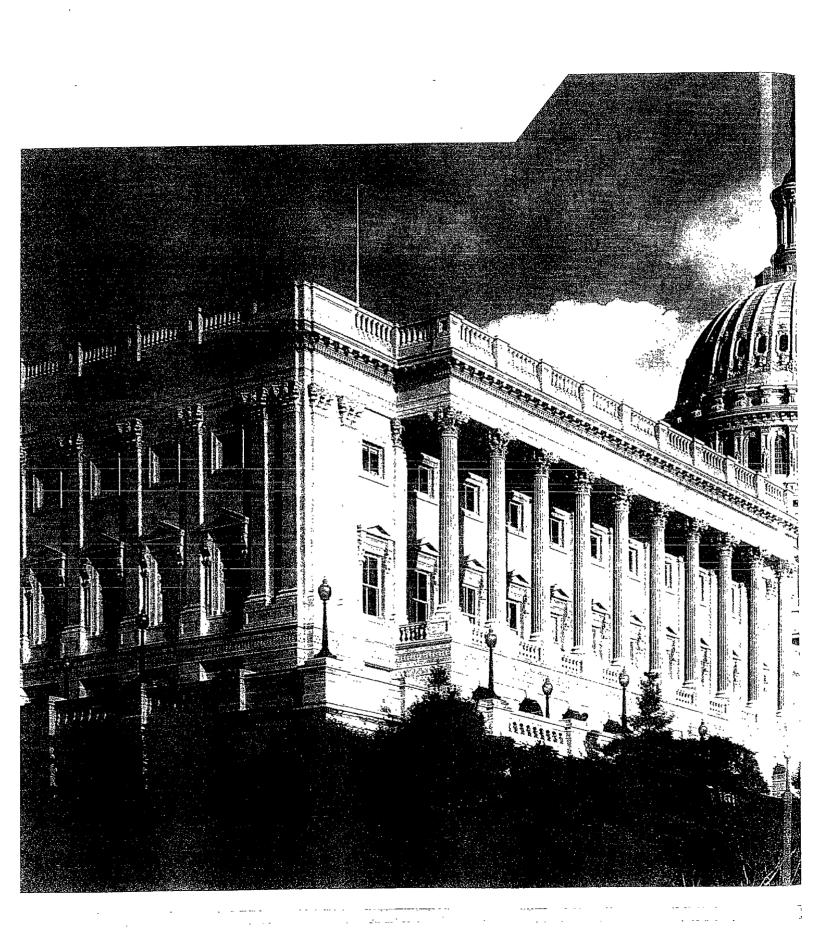
An industry leader is innovative, quickly harnessing the most efficient resources and technology.

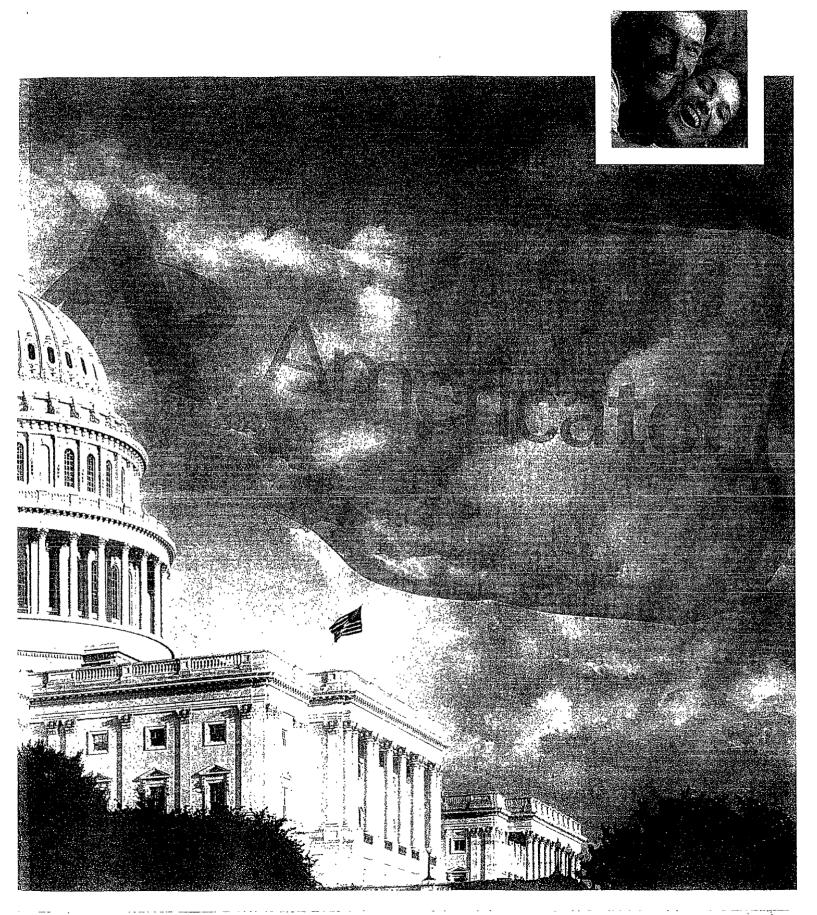
An industry leader is able to supply everything a client needs today and anticipates what they will need tomorrow

An industry leader is capable of providing customers the optimal combination of convenience, quality, service, and technology

Americatel® is this kind of leader

Konrad Burchardt





Management Discussion and Analysis Americatel.





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USS	1997	1996	1999	2000	2001	2002
Revenues	11,238	32,817	146,427	210,905	314;525	-265,620
Cost of revenue	9,256	28,174	110,792	157,353	265,779	207,140
14 Havenues	121	JG:	78	751		74.5
Gross Margin	1,982	4,644	35,635	53,542	48,746	59,410
Acconucts		ie.	241.	25%	15%	22%
G&A Expenses	10,475	23,426	38,711	47,208	55,115	52,565
* Revenues	F3.	71%	26*	22°-	11.1	202
Operating Income	B,494	- 18,783	3,076	6,334	. 6,359	5,895
T. Revenues	761	57.	2.	15	26	2"
Other Income Net	1,215	859	332	278	1,382	- 2,600
t. Revanues	ns c	3:1	0	.0*4	0:-	
Other Income B/Tax	- 7,278	17,893	2,745	6,612	-7.751	3,294
* Revenues	65%	an -55%	21.	35	2.5	11.
-Taxes	-0	4400	D	226	8.138	11.55
As enues	der 7	0%	o:.	,0°•	3%	01.
		S. Martine				
Net Income A/Tax Sederation	-7,278	17,693	-2,745	6,386	387	4,179
					101	21.
EBITOA	-7,395	17,017	• 649	9,054	1,509	11,434

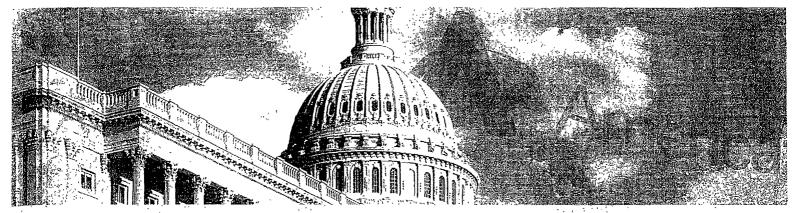
Prepared in accordance with buddling standars generally accepted in Chile

Since its inception, Americatel® has enjoyed sustained growth both in terms of expanding its client base and incorporating new products. In 2002, having attained a significant share of the Hispanic market, Americatel® began the process of consolidating its operations. The focus was on implementing measures to make the company more efficient and profitable. In this manner, Americatel® achieved sales of \$266 million and, despite a 15 percent decline in revenue, turned around its operational results from -\$6.4 million in 2001 to +\$5.8 million in 2002. In short, Americatel's® new strategy for 2002 favored profitability over growth. It is also important to note that these positive results came during downturn in the economy that had a particularly negative effect on Hispanics.

Revenues

Americatel's® 1010-123™ service continued to be the company's lead product in 2002, accounting for 45 percent of total revenues of \$266 million. This was followed by Carrier Services with 18 percent, Long-

50 -



Management Discussion and Analysis.



Distance products with 17 percent, and Prepaid Calling Cards with 16 percent.

Americatel® centered its strategy in 2002 on consolidating a loyal and profitable base of clients and offering them Subscription service. This resulted in a 32 percent increase in the client base, bringing the total number of subscribed clients to 171,000.

It should be pointed out that Carrier Services, through the sale and purchase of minutes, increased its volume of international traffic in 2002 by 25 percent over the previous year, surpassing the growth of the market. The volume of minutes moved by Carrier Services place it among the largest 40 carriers in the world.

Cost of Sales

The cost of sales declined by 22 percent to \$207 million in 2002, compared with a decline of only 15 percent in revenue. As a result, Americated's® gross margin increased by approximately \$10 million compared to 2001, which represents a net increase of 20 percent.

Administrative and Sales Expenses

Americatel's® administrative and sales expenses in 2002 were reduced by \$2.5 million from the previous year. This can be explained in part by a restructuring of expenses and by more efficient policies in terms of control of expenses.

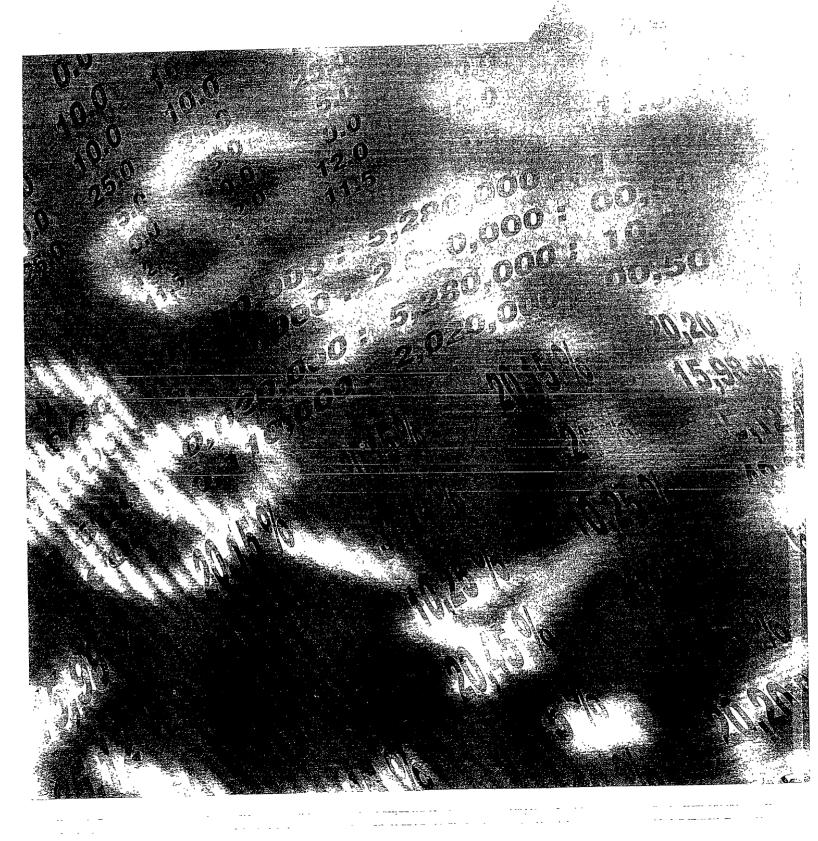
Operational Income

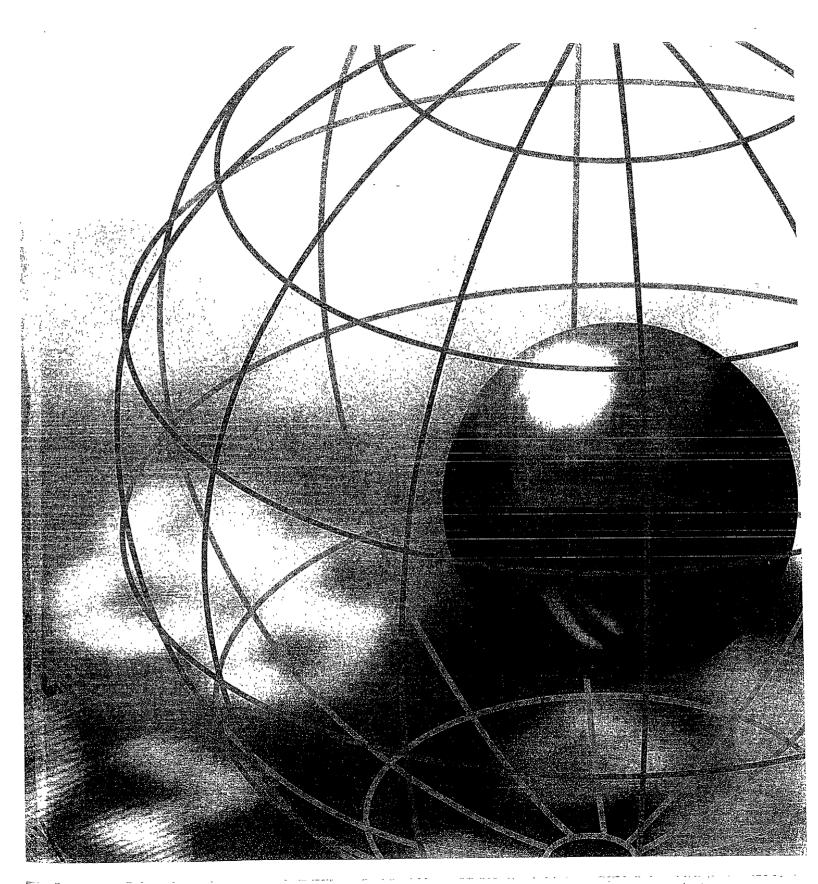
As a result of management during 2002, Americatel's® operational income amounted to \$5.8 million, compared to -\$6.6 million in the previous year.

EBITDA

Americatel's® EBITDA in 2002 amounted to \$11.4 million, compared to -\$1.5 million in 2001.







Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Americatel® Corporation:

We have audited the accompanying balance sheets of Americatel® Corporation (the "Company") as of December 31, 2002 and 2001, and the related statements of income and cash flows for the years then ended (all expressed in U.S. dollars) which, as described in Note 1, have been prepared on the basis of accounting principles generally accepted in Chile. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

January 24, 2003

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AMERICATEL® CORPORATION

December 31, 2002 and 2001

Balance Sheets

ASSETS	2002	2001
CURRENT ASSETS Cash and cash equivalents Trade receivables, net of allowance for doubtful accounts of	\$ 2,340,495	\$ 1,379,465
\$8,692,304 in 2002 and \$7,979,360 in 2001 Prepaid expenses and other current assets	44,047,382 5,812,110	50,744,691 3.769.492
Deferred tax asset, net	9,886,000	8,642,000
Due from related parties	1,168,690	1,187,176
Total current assets, 1999 Williams	63,254,677	66,722,824
OTHER RECEIVABLE, net	23,169,092	23,169,092
PROPERTY AND EQUIPMENT, net	14,858,702	16,699,812
OTHER ASSETS, net	5,741,909	4,058,651
TOTAL TOWARD AND AND THE CONTRACTOR OF THE CONTR	\$ 107,024,380	\$ 109,650,379.
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES Accounts payable and accrued expenses Deferred revenues Revolving lines of credit agreements Current portion of obligations under capital leases Due to stockholder and related parties, net	\$ 30,301,048 1,755,346 7,500,000 382,274 36,773,009	\$ 45,016,054 7,521,823 7,000,000 191,102 23,934,194

240,451

619

62,371,934

(32,300,301)

107,024,380

Total current liabilities

Common stock, \$01 par value, 150,000 shares authorized,

OBLIGATIONS UNDER CAPITAL LEASES, net

61,854 shares issued and outstanding

Total stockholders' equity

STOCKHOLDERS' EQUITY

Additional paid-in capital

Accumulated deficit

TOTAL-

COMMITMENTS AND CONTINGENCIES (Note 8)

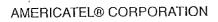
94,379

619

62,371,934

(36,479,726)

\$ 109,650,379



Statements of income Years Ended December 31, 2002 and 2001

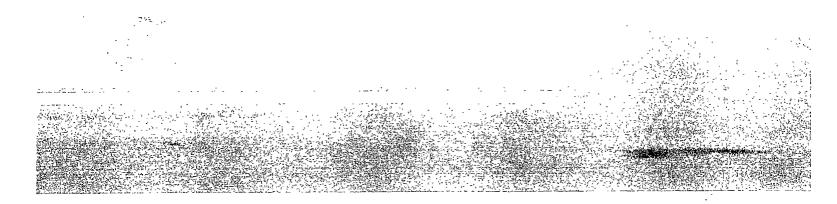
rears Enged December 31, 2002 and 2001		_
	2002	2001
REVENUES	\$ 265,619,542	314,524,957
COSTS AND EXPENSES Cost of revenues Selling, general and administrative expenses	200,389,550 59,335,096	259,589,412 61,304,789
Total	259,724,646.	320,894,201
INCOME (LOSS) FROM OPERATIONS	5,894,896	(6,369,244)
OTHER (EXPENSE) INCOME Interest income Interest expense Other income (expense)	87,684 (2,721,764) 33,559	215,522 (1,192,880) (404,616)
Other expense	(2,600,521)	(1,381,974)
INCOME (LOSS) BEFORE BENEFIT FROM INCOME TAXES	3,294,375	(7,751,218)
BENEFIT FROM INCOME TAXES	885,050	8,137,843
NETINCOME	\$ 4,179,425	\$ 386,625

See accompanying notes to financial statements

AMERICATEL® CORPORATION

Statements of Cash Flows Years Ended December 31, 2002 and 2001

Years Ended December 31, 2002 and 2001		
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash provided from		-
Receipts from customers	\$ 260,674,086	\$ 244,139,355
Interest received	87,684	215,522
Cash disbursed to:		(070,000,050)
Payments to suppliers and employees	(257,726,574)	(270,296,856)
Interest paid	(2,668,205)	(1,168,880)
Income taxes paid	(117,722)	(677,626)
Net cash provided by (used in) operating activities	249,269	(27,788,485)
CASH FLOWS FROM INVESTING ACTIVITIES		/4 070 7EE\
Purchases of property and equipment	(4,477,783)	(4,372,755)
CASH FLOWS FROM FINANCING ACTIVITIES		7 000 000
Proceeds from BCI advance	-	7,000,000
Payments on BCI advance	(3,500,000)	(3,500,000) 10,000,000
Proceeds from BCI loan	- (001 450)	(135,000)
Payment on obligation under capital leases	(361,456)	7,000,000
Net borrowings under revolving line of credit agreements	500,000	7,100,000
Net borrowings from stockholder	8,551,000 5,189,544	27,465,000
Net cash provided by financing activities	961,030	(4,696,240)
Net increase (decrease) in cash and cash equivalents	901,000	(+,000,210)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR CASH AND CASH EQUIVALENTS, END OF YEAR	1,379,465 \$ 2,340,495	6,07 <u>5,705</u> \$ 1,379,465.
RECONCILIATION OF NET INCOME TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES	0 1 170 405	\$ 386,625
Net income	\$ 4,179,425	φ 300,020
Adjustments to reconcile net income to net cash provided by		
(used in) operating activities	5,334,335	4,659,370
Depreciation and amortization	8,570,053	23,992,951
Provision for doubtful accounts	(1,244,000)	(8,642,000)
Benefit from deferred income taxes	(1,244,000)	(3,3 .2,3 3)
Net changes in operating assets and liabilities	1,627,256	(63,751,005)
Decrease (increase) in receivables Increase in piepaid expenses and other current assets	(2,042,618)	(1,399,224)
Increase in prepaid expenses and other correct assets (Decrease) increase in accounts payable and accrued expenses	(14,715,006)	5,627,711
(Decrease) increase in accounts payable and accorded expenses (Decrease) increase in deferred revenues	(5,766,477)	3,836,131
(Decrease) increase in deterred revendes Increase, in due to stockholder and related parties, net	4,306,301	7,751,798
Decrease in other long-term liabilities	· · · · · · · · · · · · · · · · · · ·	(250,842)
Net cash provided by (used in) operating activities	\$ 249,269	\$ (27,788,485)



Notes To Financial statements Years Ended December 31, 2002 and 2001

1. ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Americatel® Corporation (the "Company") was incorporated in Delaware on April 29, 1992. In 1996, the Company became a wholly-owned subsidiary of Entel International B.V.I. Corporation ("Entel BVI"), which is a wholly-owned subsidiary of Empresa Nacional de Telecomunicaciones S.A. ("Entel"). On July 22, 1997, the Company and Entel BVI entered into a stock purchase agreement (the "Agreement") with Seaquins Investments S.A. ("Seaquins") and Gadol, Inc. ("Gadol"). The effective date of the Agreement was May 30, 1997. Pursuant to the Agreement, the Company issued and Seaquins purchased 5,498.11 shares, representing 10 percent of the total outstanding shares of the Company's common stock after the issuance. The total consideration was \$4,625,000. In addition, Gadol was granted an option to purchase 6,872.64 newly issued shares of the Company, at an initial option price of \$4,625,000 plus an interest factor of 10 percent per annum, based on the number of days elapsed during the option period. During December 2000, Gadol exercised the entire option giving 4,810.84 shares to Brundidge Investments, Ltd. and retaining 2,061.8 shares. As of December 31, 2002, Gadol, Brundidge Investments, Ltd. and Seaquins, in aggregate, own and control 20% of the outstanding common shares of the Company.

Description of Business - The Company is a facilities-based telecommunication company based in Miami, providing business services between the U.S., Latin America and the Carribbean over satellite and fiber optic cable. The Company's public long-distance customers are able to access its network by dialing a unique carrier identification code ("CIC code") before dialing the number they are calling. Using a CIC code to access the Company's network is known as a "dial around" or "casual calling" because customers can use the Company's services at any time without changing their existing long distance carrier. To accomplish this, the Company acquired the rights for the CIC code "10-10-123."

In January 2001, the Company launched 123 com[™], an Internet service provider and portal geared towards the U.S. Hispanic market.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Chile ("generally accepted accounting principles").

Cash Equivalents - The Company considers cash on hand and in banks and all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Revenue Recognition - The Company recognizes revenues from "dial around" services and carrier-to-carrier activities based



upon the minutes of traffic processed and established rates. Other service revenues are recognized when the services are provided in accordance with contractual terms. As of December 31, 2002 and 2001, the Company had approximately \$1,755,000 and \$7,522,000, respectively, in deferred revenues primarily from the sale of prepaid calling cards

Property and Equipment - Property and equipment are stated at cost. Depreciation on property and equipment is computed under the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments are capitalized. Repairs and maintenance expenditures are charged to income as incurred.

Other Assets - Other assets consist principally of licenses. The cost of licenses is amortized under the straight-line method over the term of the respective license agreement.

Income Taxes - The Company records income taxes in accordance with Technical Bulletin No. 60 of Chilean accounting standards which parallels Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes.

Under SFAS No. 109, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and to net loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date

2. AGREEMENT FOR CUSTOMER BILLINGS AND COLLECTIONS

During June 2001, the Company engaged Billing Concepts, Inc. ("BCI") to handle the Company's customer billings and collections for its "10-10-123" service. Pursuant to the agreement, BCI performs the following functions/services for the Company:

- Processes and transmits the Company's "10-10-123" billing records to the appropriate local exchange carrier ("LEC") for billing and collection,
- Provides customer service procedures;
 Provides electronic information and reports to the Company,
- Processes payments received from the LECs, determines required holdbacks, fees, taxes, and other relevant charges,
 Remits net proceeds to the Company;

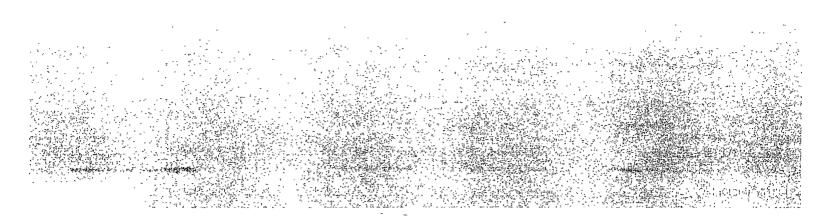
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Determines the amounts of bad debts from the "10-10-123" service; and Performs other relevant services

Funds collected by BCI are remitted to the Company on the first Tuesday following the expiration of seven business days after receipt by BCI of the funds from a LEC. As of December 31, 2002 and 2001, the receivable from BCI amounted to approximately \$32,858,000 and \$36,173,000, respectively.

In June 2001, BCI provided the Company with a \$7,000,000 interest free advance. The terms of the advance required 25% payments, each due in August 2001, November 2001, February 2002 and May 2002. The repayment of the advance was made from the collections on the trade receivables that collateralized the advance. As of December 31, 2002, the outstanding balance on the advance has been paid. In July 2001, BCI also provided the Company with a \$10,000,000 loan bearing interest at prime plus 4% (8.25% at December 31, 2002). The loan matures at the end of the three-year agreement with BCI. The repayment of the loan is to be made from the collections on the trade receivables that collateralized the advance. As of December 31, 2002 and 2001, the outstanding balance of the loan is approximately \$10,436,000 and \$10,000,000, respectively, including interest. The advance and loan gives the Company the right of setoff against the receivable otherwise due from BCI and, accordingly, the amounts have been netted for purposes of the financial statement presentation. The receivable from BCI, net of the advance and loan, are included in trade receivables in the accompanying balance sheets.

Prior to June 2001, the Company had engaged OAN Service, Inc. ("OAN") to handle the Company's customer billings and collections for its "10-10-123" service. During May 2001, OAN filed for Chapter 11 bankruptcy/reorganization, at which time the Company's receivable from OAN totaled approximately \$37,169,000. The Company has initiated an adversary proceeding in the Chapter 11 case against OAN (see Note 8). The Company has reclassified the OAN receivable, net of an allowance for doubtful accounts of \$14,000,000 (see Note 8), to Other Receivable, net in the accompanying balance sheets



3. PROPERTY AND EQUIPMENT

Property and equipment, as of December 31, 2002 and 2001 consist of the following:

	. 2002	2001	Estimated Useful Lives
Land	\$732,700	\$732,700	
Building and improvements	3.485.596	3.244.991	7-40 vears
Telecommunications equipment	26.064.963	23,309,462	5-10 years
Office equipment and software	2.520,091	2,378,035	4-5 years
Furniture and fixtures	416,561	390,958	7-10 years
Automobiles	14,580	14,580	5 years
	33.234.491	30,070,726	
Less accumulated depreciation	(18,375,789)	(13,370,914)	
Property and equipment, net	\$14,858,702,55,753	\$16,699,812	

Depreciation expense for the years ended December 31, 2002 and 2001 amounted to approximately \$5,005,000 and \$4,361,000, respectively. For the years ended December 31, 2002 and 2001, cost of sales includes approximately \$1,797,000 and \$1,458,000, respectively, of depreciation expense related to services rendered during the year. The telecommunications equipment owned by the Company is subject to rapid technological obsolescence; therefore, it is reasonably possible that the equipment's estimated useful lives could change in the near term.

4. REVOLVING LINES OF CREDIT AGREEMENTS

In April 2001, the Company entered into three revolving lines of credit agreements under which the Company was provided three \$3,500,000 lines of credit by Banco Credito Inversiones, Corp Banca NY, and Banque Sudameris. In December 2001, the Company paid off the agreement with Corp Banca NY. As of December 31, 2001, the amounts outstanding under the remaining two revolving agreements was \$7,000,000. Banco Credito Inversiones and Banque Sudameris each had an outstanding balance of \$3,500,000 bearing interest at LIBOR plus 1.2% (3.07% at December 31, 2001). The Banco Credito Inversiones agreement matured and was renewed on January 4, 2002 and is renewable on a month to month basis until demand payment is made by Banco Credito Inversiones. In June 2002 and September 2002, the Company paid the outstanding balance on the two lines of credit with Banque Sudameris and Banco Credito Inversiones.

In November 2002, the Company entered into a \$10,000,000 revolving line of credit with Banco Credito Inversiones bearing an interest rate of LIBOR plus 1.5% (2 92% as of December 31, 2002). As of December 31, 2002 the amount outstanding on the line of credit was \$7,500,000. The revolving agreement does not contain any restrictive financial covenants.

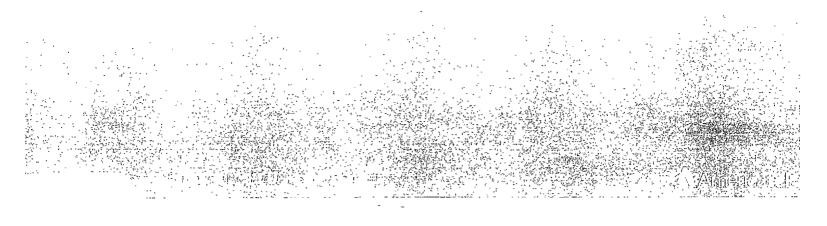
The revolving lines of credit were obtained by the Company in 2001 to alleviate the cash flow needs caused by the OAN Chapter 11 case.

5. RELATED PARTY BALANCES AND TRANSACTIONS

The following table summarizes the related party balances and transactions as of December 31, 2002 and 2001:

	2002	2001
Due from related parties. Services rendered to certain affiliates	\$ - 1,168,690	\$ 71,187,176
Due to stockholder and related parties, net:		
Services provided by certain affiliates	\$ 18,035,009	\$ 15,993,194
Entel Internet Agreement	(3,853,000)	(3,476,000)
Entel LCR Agreement	410,000	1,305,000
Entel Satellite Agreement	4,475,000	2,648,000
Entel Loans	. 17,706,000	7,464,000
CONTRACTOR OF THE PROPERTY OF		
Total due to stockholder and related parties, net	\$ 36,778,009	\$ 23,934,194

Americasky Agreement - On March 31, 1993, the Company entered into an agreement with Americasky Corporation ("Americasky") to provide for the operation and maintenance of the Company's telecommunication facilities given that Americasky owns the Federal Communications Commission license to operate a common carrier radio facility. Americasky is a wholly-owned subsidiary of Entel BVI. The initial term of the agreement is for a period of 10 years with continual self-renewing five-year intervals. The agreement calls for the Company to maintain and operate its facilities and Americasky, in turn, will lease said facilities, in addition to any required office and storage space. There were no amounts outstanding as of December 31, 2002 and 2001 as a result of this agreement.



Entel Internet Agreement - Effective November 1995, the Company entered into an agreement to provide Entel access to the Internet for an initial start-up fee plus a monthly fixed fee. The agreement is effective for a one-year period and renews automatically for additional and successive 12-month terms, provided neither party terminates it. As of December 31, 2002 and 2001, amounts due from Entel related to this agreement are approximately \$3,853,000 and \$3,476,000, respectively, which is netted in due to stockholder and related parties in the accompanying balance sheets.

Entel LCR Agreement - Effective February 1996, the Company entered into another agreement with Entel whereby the Company sells units (minutes) along its link with Entel to other carriers and vice versa. Revenue is generated with the flow from the traffic usage and flow from one country to the other. Effective May 1998, the Company uses its own switch to sell units (versus relying on Entel) on a Least Cost Routing ("LCR") basis. Entel is a major terminating carrier on the LCR System. As of December 31, 2002 and 2001, included in due to stockholder and related parties is a net payable of approximately \$410,000 and \$1,305,000, respectively, related to this agreement.

Entel Satellite Agreement - Also included in due to stockholder and related parties in the accompanying balance sheets as of December 31, 2002 and 2001 is a payable amounting to approximately \$4,475,000 and \$2,648,000, respectively, related to an agreement with Entel whereby the Company pays a fixed monthly charge for the usage of the telecommunication/satellite link between the United States and Chile.

Services Rendered/Provided by Certain Affiliates - In the normal course of business, the Company provides telecommunication services to certain affiliates. As of December 31, 2002 and 2001, the Company had receivables from these affiliates amounting to approximately \$1,169,000 and \$1,187,000, respectively. Additionally, as of December 31, 2002 and 2001, the Company had outstanding payables amounting to approximately \$18,035,000 and \$15,993,000, respectively, for telecommunication services provided to the Company by affiliates.

Entel Loans - In July 2001, the Company obtained two short-term loans of \$7,000,000 and \$3,000,000, both bearing an interest rate of 15% from Entel. In December 2001, the Company paid off these loans. On December 12, 2001, the Company obtained an additional loan for \$5,500,000 bearing interest of 14.29%. Additionally, on December 28, 2001, Entel transferred \$1,600,000 to Americatel® Guatemala on behalf of the Company.

During 2002, the Company obtained three additional loans from Entel totaling \$10,230,000, each bearing an interest rate of 12.86%. A portion of the funds were used to pay off two lines of credit with Banque Sudameris and Banco Credito Inversiones (See Note 4). In November 2002, the Company paid \$1,679,000 on the \$5,500,000 loan obtained in

December 2001. The interest expense incurred on the loans to Entel was \$1,691,000 and \$364,000 for 2002 and 2001, respectively. As of December 31, 2002 and 2001, the outstanding balance to Entel including interest was \$17,706,000 and \$7,464,000, respectively, and is included in due to stockholder and related parties in the accompanying balance sheets

6. INCOME TAXES

The components of the benefit from (provision for) income taxes for the years ended December 31, 2002 and 2001 are as follows:

		2002	2001
Current	\$	(358,950)	\$ (504,157)
Deferred		1,244,000	8.642,000
Total-		885,050	\$ (8,137,843)

The following table summarizes the Company's net deferred tax assets and liabilities as of December 31, 2002 and 2001:

	2002	2001
Deferred tax assets (liabilities):		
Net loss carryforwards	\$ 5,967,000	\$ 8,361,000
Allowance for doubtful accounts	8,615,000	8,238,000
Alternative minimum tax credits	372,000	372,000
Related party accrued interest	781,000	
Other	72,000	(14,000)
Total net deferred tax assets	15,807,000	16,957,000
Valuation allowance	(5,921,000)	(8,315,000)
Net deferred tax asset	\$ 9,886,000	\$ 8,642,000

As of December 31, 2002 and 2001, the Company had net loss carryforwards for federal and state income tax purposes of approximately \$14,929,000 and \$21,653,000, respectively, expiring through 2019. A portion of the tax loss carryforwards are subject to the limitation under Internal Revenue Code Section 382. In July 1996, additional shares of stock of the Company were transferred to Entel. Under the provisions of Section 382, this transfer resulted in an ownership change due to Entel's greater-than 50 percent increase in stock ownership within a three-year period. Once an ownership change is deemed to have occurred under Section 382, a limitation on the annual utilization of net loss carryovers is imposed. As a result of the 1996 ownership change, the utilization of the Company's remaining pre-July 1996 net losses as of December 31, 2002, totals approximately \$2,501,000 and is limited to a maximum of approximately \$1,606,000 annually through their expiration date. If another ownership change should occur in the future, the tax-loss carryovers prior to the change in ownership may be further limited under the provision of Section 382.

Future tax benefits, such as net loss carryforwards, are required to be recognized to the extent that realization of such benefits is more likely than not. A valuation allowance is established for those benefits that do not meet the more likely than not criteria. A valuation allowance has been established at December 31, 2002 for the portion of the net deferred tax assets that in management's judgment may not be realized within the foreseeable future.

7. STATEMENTS OF STOCKHOLDERS' EQUITY

	Additional		Total	
	Common Stock	Paid-in Capital		Stockholders' Equity
Balance, December 31, 2000	\$ 619	\$ 62,371,93	4 \$ (36,866,351)	\$ 25,506,202
Net income			386,625	386,625
Balance, December 31, 2001	619	62,371,93	(36,479,726)	25,892,827
Net income			4,179,425	4,179,425
Balance, December 31, 2002	\$ 619	\$ 62,371,93	\$ (32,300,301)	\$.430,072,252

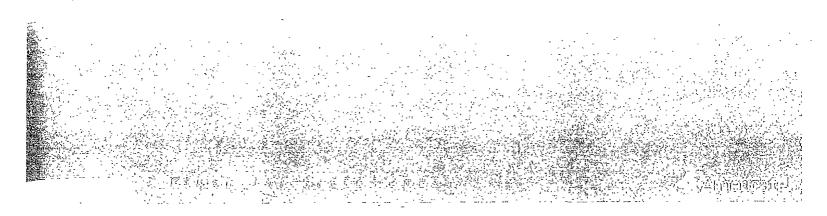
8. COMMITMENTS AND CONTINGENCIES

Leases - The Company is obligated under various noncancelable operating and capital leases expiring through the year 2012 for various equipment used in relation to the operations of the Company. The following is a schedule of future minimum lease payments under the terms of noncancelable operating and capital leases as of December 31, 2002.

	Future Minimun Lease Payments		
Year Ending December 31,	Operating Leases	Capital Leases	
2003 2004 2005 2006 2007 and thereafter	\$ 500,000 434,000 393,000 393,000 1,094,000	\$ 389,058 283,223 - - -	
Totál: minimum tease payments Less: amount representing interest	2,814,000	672,281. (49,556)	
(otal obligation under capital leases Less: current maturities		622,7 25 (382,274)	
Long term obligations under capital leases		\$ 240,451-	

Rent expense for the years ended December 31, 2002 and 2001 amounted to approximately \$797,000 and \$726,000, respectively.

Litigation – In 2001, the Company commenced an adversary proceeding in the Chapter 11 bankruptcy case of OAN. In the adversary proceedings, the Company asserts that certain accounts receivable, and the proceeds thereof, which had been collected by OAN after the commencement of its Chapter 11 case, are not property of the Chapter 11 estate and belong solely to the Company. The amount owed represents receivables that OAN collected on the Company's behalf pursuant to the parties' confractual agreement, but which OAN failed to tender. The Company contends that, at the time that OAN declared bankruptcy, OAN owed the Company an amount in excess of \$37 million. As of December 31, 2002, the litigation is ongoing and the Company has reserved \$14 million of the total receivables balance owed by OAN (see Note 2). The Company has valued the OAN receivables at an estimated net realizable value based on current settlement offers from OAN Management believes that, based on the ongoing proceedings, such receivable will be collected



The Company has been assessed approximately \$1,092,000 in taxes by certain state tax authorities primarily as a result of sales and use tax compliance audits. The Company is contesting these assessments and based on current settlement discussions, management believes that the ultimate assessment will not exceed \$300,000. Management also believes that the final resolution of these tax matters will not have a significant impact to the financial position or results of operations of the Company.

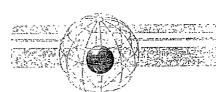
The Company is subject to certain legal proceedings and claims which arise in the normal course of its business. In the opinion of Company management, there is no pending or threatened litigation which will have a material effect on the Company's financial position or results of operations.

9. SAVINGS PLAN

On July 1, 1996, the Company established a savings plan (the "Plan") under Section 401(k) of the Internal Revenue Code. The Plan allows eligible employees to contribute up to 15 percent of their compensation on a pre-tax basis. The Company matches 100 percent of the first \$1,000 and 25 percent of the next \$4,000 an employee contributes to the Plan. The maximum the Company will contribute to the Plan per employee is \$2,000 per plan year. Company contributions are vested incrementally over three years. The charge to operations for the Company's matching contribution was approximately \$99,000 and \$88,000 in 2002 and 2001, respectively.

10.SUBSEQUENT EVENTS

There have been no subsequent events that materially affect the Company's financial position as of December 31, 2002 and the results of its operations for the year then ended

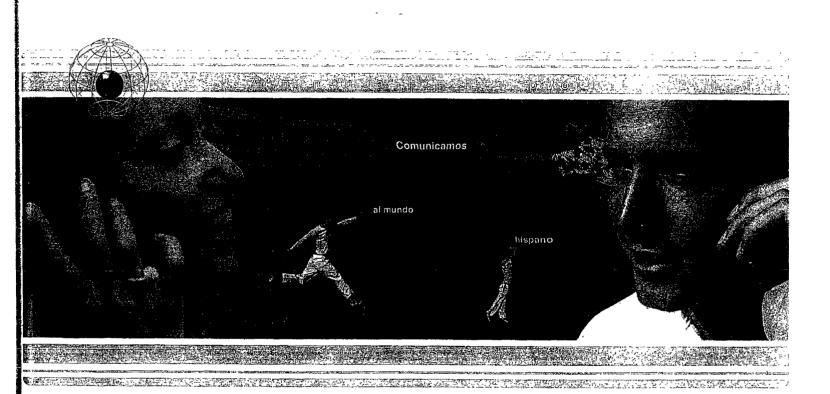




Americatel® Corporation 4045 NW 97 Avenue Miami, Florida 33178 USA (305) 717-0200 Product Information. 1-800-539-5379 www.americatel.com



Annual Report 2001







Introduction

When Hispanics think about calling someone, chances are good that they think about Americatel®.

When a recent Mexican immigrant in Houston gets a sudden urge to talk to his mother back home, he dials 1010-123™—the number one long-distance "dial-around" code in the U.S. Hispanic market—knowing that he'll get a clear connection and a great rate. More than 3.3 million people have used Americatel's® 1010-123™ since the easy-to-remember code was faunched four years ago.

A homemaker in Illinois, the daughter of Peruvian immigrants, likes to call friends and relatives all over the U.S. and Latin America. Having heard about Americatel's® superior service while watching one of her favorite Spanish-language television shows, she has made the company her permanent long-distance provider.

Before sending their son off to college, the parents of a Honduran student in Los Angeles gave him an Americatel® Prepaid Calling Card with instructions to call them—and his grandmother in Tegucigalpa—at least once a week. They choose an Americatel® Prepaid Calling Card that is sold at their favorite grocery store. More than 1.5 million Hispanic households have purchased these cards

since they were introduced in 2000. Last year, sales of Americatel's® Prepaid Calling Cards grew 410 percent, generating \$59.3 million in revenue for the company.

A teenager in New York sends an e-mail message written in exhuberant "Spanglish" to a cousin in El Salvador. While he is online, his father asks him to check the latest scores for the Salvadoran National Soccer League. The teenager is using the e-mail service provided by 123.com™—Americatel's® Internet portal. He has logged on using 123.com™ Internet access, Americatel's® fast-growing ISP service. And he is typing on his family's first home computer—purchased along with a printer and one year's Internet access from Americatel®. During 2001, 123.com™ attracted more than 700,000 visitors per month.

These are some of the reasons why Americatel® has become synonymous with communications for Hispanic consumers in the U.S. The company's long-distance products now account for 14 percent of this market, making Americatel® the number two provider in this highly competitive and rapidly expanding segment.

Internationally, Americatel® is one of the 10 largest U.S.-based carriers, having generated more than one billion international long-distance minutes in 2001. The company's Carrier Services division is

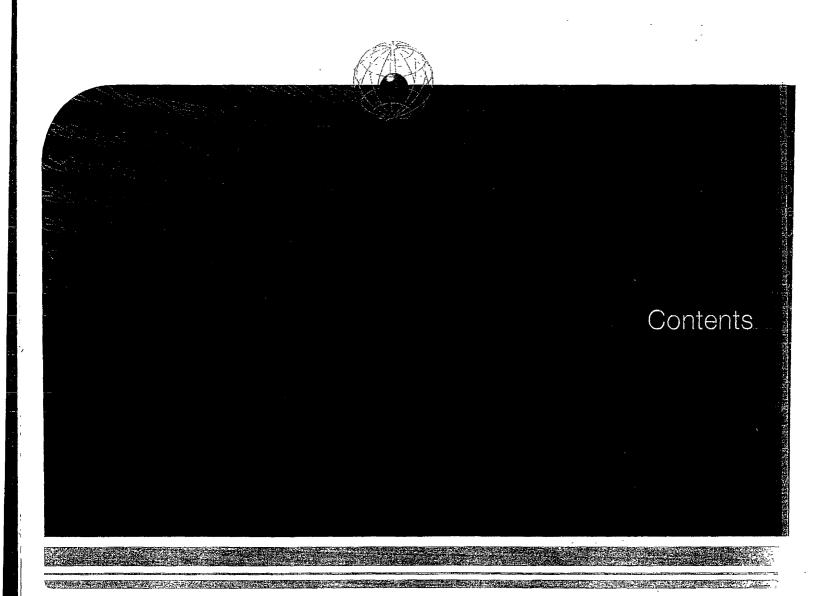
one of the largest brokers of wholesale minutes in the Hemisphere.

Americatel's® success is built on two foundations: sophisticated applications of the best technology and a dedication to building lasting relationships with our customers. Americatel® takes pride in understanding the varied segments of the Hispanic market better than any of its competitors. The company customizes its marketing and sales strategies based on the subtle differences between individual national groups and makes it a point to celebrate the unique cultural heritage of each Hispanic community. During 2001, Americatel's® special relationship with Hispanics was given recognition by numerous community organizations, chambers of commerce and Latin American governments.

But the most eloquent endorsement of Americatel's® corporate philosophy is provided by its consistent growth. In 2001—a year in which many telecommunications companies stumbled amid adverse economic conditions—Americatel's® revenues grew 49 percent, to \$314 million. Americatel® is now the eight largest Private Hispanic business in Florida, based on revenues, and the prospects for continued growth in 2002 are excellent.

Americatel's®, like America's enterprising Hispanic communities, has a very bright future.





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A Message from the Chairman of the Board

Dear Shareholders,

I believe history will regard 2001 as a pivotal year in the worlds of politics, economics and diplomacy. The staggering events of September 11 are still being digested, and their full consequences are not yet fully known.

As people normally consumed by the concerns of business, we have been forced to step back and take stock of what we do. At Americatel®, we are proud of the fact that we were able to provide our service—helping people communicate—even when the terrorist attack threatened to disrupt a crucial part of our infrastructure in New York City. The extraordinary dedication and technical expertise of our employees made it possible to keep the phone lines to Latin America open at a time when millions of family members were desperate to get in touch.

On a more prosaic level, I am also proud to report that 2001 was Americatel's fifth consecutive year of

growth. Our 49 percent increase in revenues, to \$314.5 million, is particularly gratifying in the light of last year's sharp economic contraction. Unfortunately, a one-time charge related to the collection cycle that was beyond the company's control, resulted in a negligible net profit for the year. Absent those charges, Americatel's® profits would have more than doubled in 2001.

Americatel's® 1010-123™ service (long-distance "dialaround" calling code) continued to shine in 2001, generating \$160.4 million in revenues, up 31 percent over the previous year. Prepaid Calling Cards became Americatel's® second most important source of revenue in 2001, less than a year after they were introduced to the market. These cards generated \$59.3 million, up almost six times from 2000. Our subscribed long-distance service also did well in 2001, producing \$26.9 millon in revenues, also six times higher than the previous year. Increasing our array of services directed to the Hispanic community, Americatel® started to provide Internet access and content services through 123.com™. I believe these impressive trends prove that Americatel's® strategy in the U.S. will continue to produce strong results

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In 2002, Americatel® forsees continued growth in market share and revenues. In addition to consolidating our leadership in the calling-code category, we plan to aggressively recruit new customers for our subscribed Long-distance and Prepaid Calling Card services. By deepening our relationships with specific Hispanic communities, we will reinforce our image as the leading communications company serving the Hispanic Market.

Does this sound overly optimistic? Of course it does. At Americatel®, we have a history of optimism backed by superior technology and unmatched market intelligence. Though the clouds may linger for some time over the global economic scene, we believe passionately in the value of the services that we provide. We also believe the number of people demanding those services will have consistent growth for a long time.

Sincerely,

Mr. Felipe Ureta Chairman of the Board





Board of Directors and Senior Management

Felipe Ureta Richard Büchi Konrad Burchardt Ricardo Cruzat

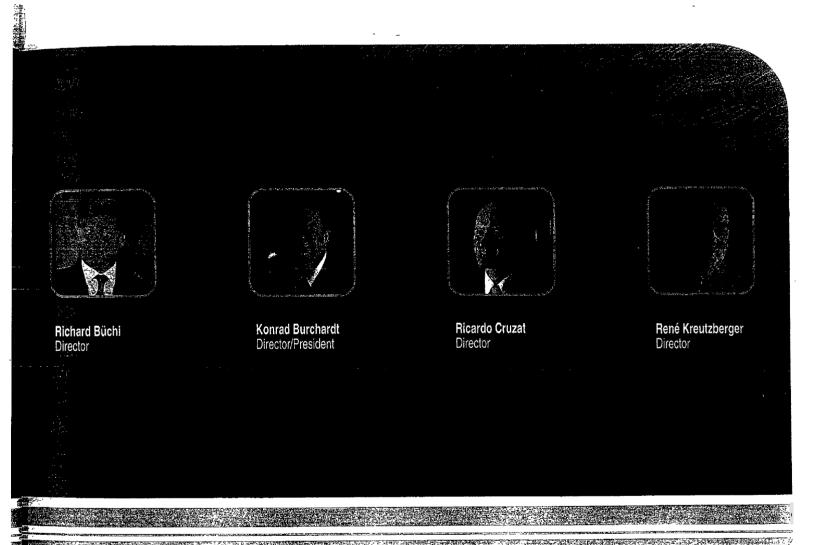
Director / President Director René Kreutzberger Director

Chairman of the Board

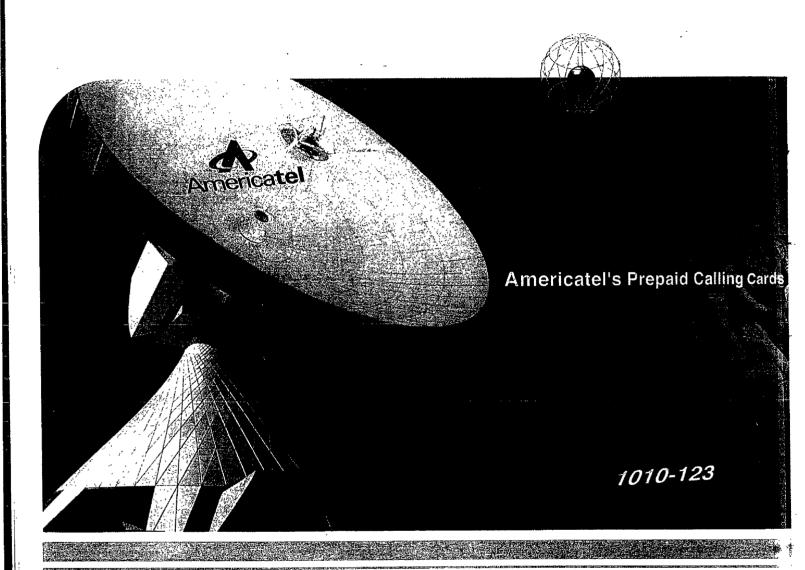
Jorge Asecio Matías Arentsen Juan Ducaud José Navarro Roberto Oyarzún Alejandro Vargas Chief Executive Officer
Vice President of Marketing, Sales and Costumer Service.
Vice President, Finance and Administration
Vice President Long-distance and Internet Services
Vice President, Engineering, Operations and MIS
Vice President and Chief Legal Officer

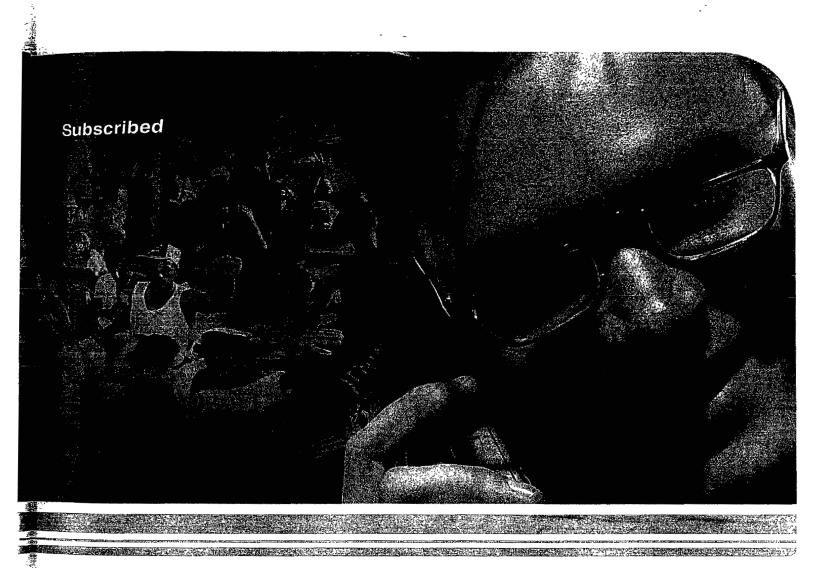


Felipe Ureta Chairman of the Board



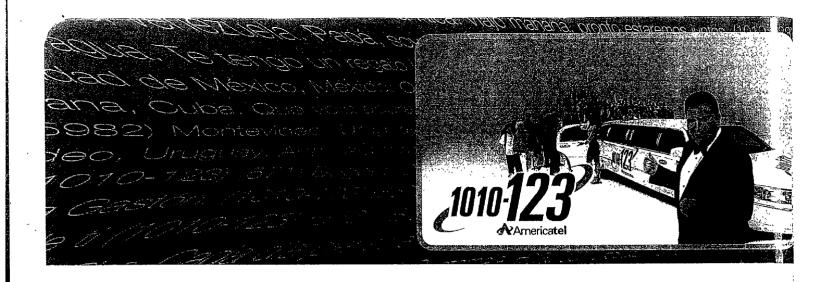






Long-distance Services





TOTAL NUMBER OF CLIENTS ACCUSE ACCUS

1010-123™

It's as easy as one-two-three. In an age where people struggle to remember dozens of numbers for telephones, cell phones, passwords and more, simplicity is a great advantage. Americatel's® flagship product—the 1010-123™ dial-around calling code—combines the industry's most memory-friendly calling code with unbeatable rates and unparalleled bilingual customer service

It is no wonder that 1010-123[™] had another stellar year in 2001.

Propelled by effective marketing and customer loyalty, 1010-123's traffic grew by 25 percent in the last year, to more than 360 million minutes. Calls generated by 1010-123[™] now account for 49 percent of Americatel's[®] international traffic. A total of 1.7 million customers chose 1010-123[™] last year, with 500,000 using the service on an average month.

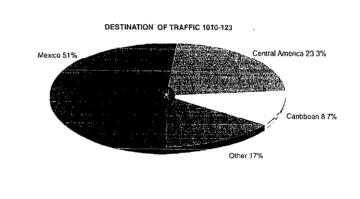
Americatel's® 1010-123™ is the clear favorite for Hispanics who maintain strong ties with their home countries in Latin America. Mexico, El Salvador, Guatemala, Cuba and

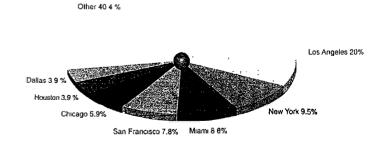




Honduras were the most popular calling destinations in 2001. Los Angeles, New York, Mıami, Chicago, San Francisco and Houston were once again the cities where most of these calls originated. Thanks to a promotional pricing strategy focused on attracting new customers, Colombia, Argentina, Brazil and the Dominican Republic were the fastest-growing destination countries for 1010-123™ last year.

Americatel's® unwavering emphasis on price, service quality, customer support and innovative marketing helped to expand brand recognition for 1010-123™ during 2001, to the point where it now leads customer awareness indicators in the Hispanic market. And since this market is among the fastest growing in the United States, 2002 promises to be another strong year for Americatel's® 1010-123™.





ORIGIN OF TRAFFIC 1010-123





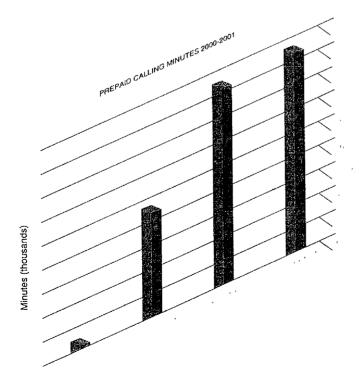
Americatel's® Prepaid Calling Cards

Prepaid Calling Cards have emerged as a vital segment of the U.S. long distance market. Following the launch of its own line of Prepaid Calling Cards last year, Americatel® quickly established itself as a favored alternative among Hispanics in this highly contested market.

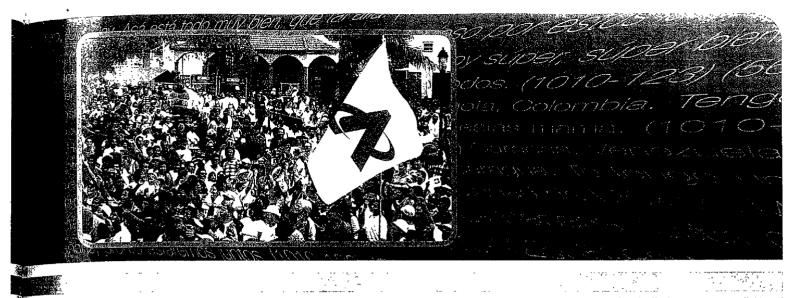
First, Americatel® rolled out Prepaid Calling Cards that sold especially well in California and Illinois, with customers calling Mexico and Central American countries. In August 2001, the company launched Prepaid Calling Cards with no connection fee, which were also very successful.

By year-end, Americatel's® Prepaid Calling Card had generated \$59.3 million in revenue, an increase of 579 percent over the year 2000. More than 9.5 million cards were sold, for a total of 326 million completed long-distance minutes. Despite fierce competition, Americatel's® reputation for quality, promptness and support helped place its Prepaid Calling Cards in 1.5 million U.S. Hispanic homes. Most importantly, in 2001 Prepaid Calling Cards became a profitable line of business for Americatel®.

During 2002, Americatel® will build on these accomplishments by launching a new line of regional Prepaid Calling Cards in additional U. S. markets. The appearance and pricing strategy of these cards will be customized to suit local market conditions. The goal is to offer prepaid products that are specifically tailored to particular segments within the Hispanic population, thereby







expanding Americatel's® market share nationwide. Once again, Americatel® will build on its unique relationship with Hispanic consumers to set itself apart from the competition.

This year, Americatel® will also create new distribution channels for its Prepaid Calling Cards. In addition to the proven retail outlets, Americatel® will begin offering "Virtual" Calling Cards through its website, 123.com™.

Subscribed Services

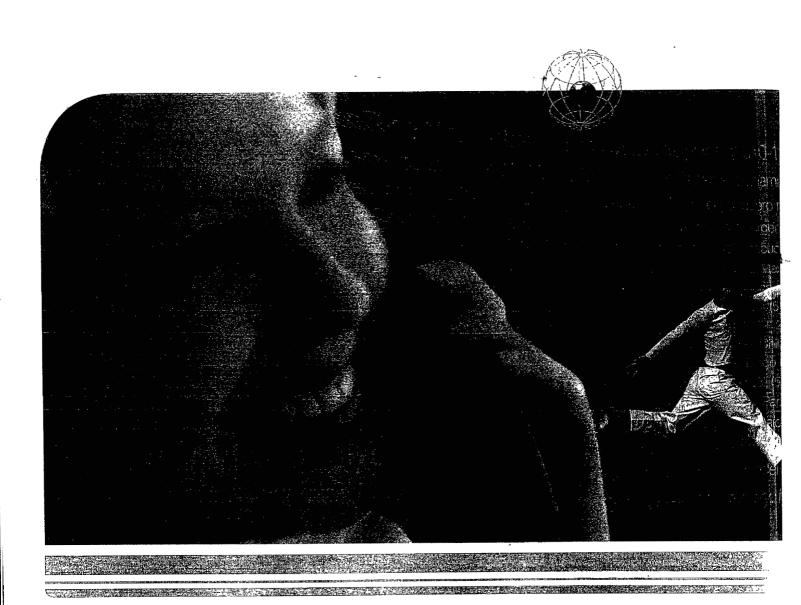
Customers who have used Americatel's® 1010-123™ are often so impressed with the service that they want to use Americatel® on a permanent basis. The company began offering Subscribed Long-distance Service in 2000 as a response to customer interest and this product has grown rapidly ever since.

Last year, Americatel's® international Subscribed traffic increased by 380 percent, from 2 million minutes per month in December 2000 to aproximately 10 million in December 2001. This growth has come from four different types of Subscribed clients.

Activated clients, who use Americatel® through their local phone company and dial 011 or 1 to place long-distance calls, increased from 30,000 to 88,000 during 2001. An additional 41,000 customers last year opted to become Subscribed dial-up clients, who access the service by dialling 1010-123™. In May 2001, Americatel® launched

a special Subscribed, Americatel® Business, product aimed at small and medium-sized bussines client. In November, it began offering Subscribed service with a direct billing option, which allows people, whose local operators are CLECs, to get a separate bill for long-distance service provided by Americatel®. The direct billing option gives Americatel® a distinct advantage over competitors who have not yet established methods for billing long-distance service in this complicated but rapidly expanding market.

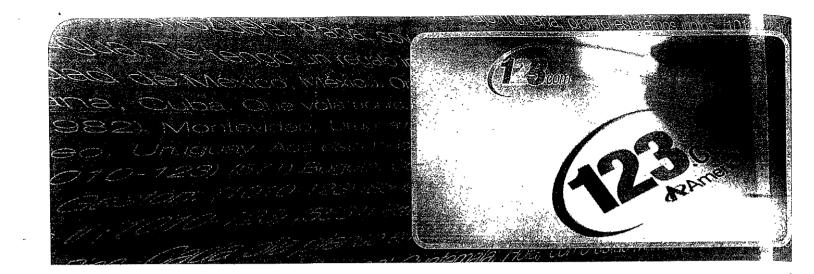
The growing popularity of Americatel's® Subscribed services is further proof that Hispanic consumers are eager to turn to the company for all their communications needs and has allowed to increase brand awareness and customer loyalty. During 2002, Americatel® will focus on identifying the specific features that are of most value to customers within each of their Subscribed products, be it price, service or ease-of-use. By listening to its customers and further fine-tuning this important new family of products, Americatel® will expand the definition of service.





Internet Services





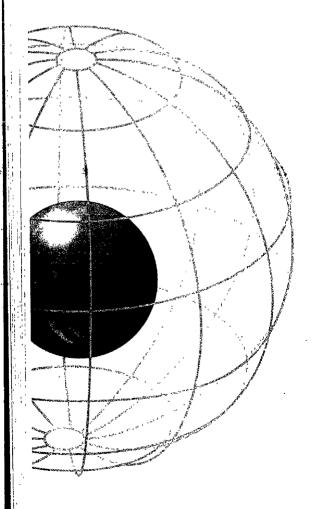
ISP

The "dotcom" boom may be over, but Americatel® believes the Internet Age is just beginning—particularly for Hispanics. Year 2000 U.S. census figures indicate that only 28 percent of Hispanic households own a computer, compared to 52 percent for non-Latin White households. Similarly, 19 percent of Hispanic households use the Internet, compared to 40 percent in the non-Latin White population.

Are Hispanics less interested in the Internet than other consumers? On the contrary. Market research indicates that Hispanics are more eager than ever to go online—but only when they are offered the right combination of price, bilingual technical support and language-specific content.

When Americatel® launched its ISP service in late 2000, we made sure it met all these criteria and more. Today, 123.com™ is known for fast, reliable connections over Americatel's® robust network. Its friendly, Spanish-speaking technical support staff puts customers at ease. And the web portal, 123.com™, offers a rich array of bilingual content that can be customized to match the interests of individuals living in particular countries or U.S. cities.

Research conducted by Americate(*) indicates that 86 percent of its ISP subscribers also chose to use the





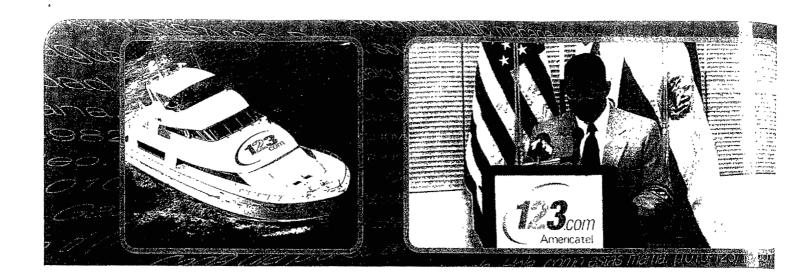


123.com™ service—a powerful testament to brand loyalty in a market crowded with "free" e-mail providers. These surveys also indicate that price and bilingual content were the top reasons why subscribers chose Americatel® over other ISP. In the same survey, most of the respondents rated the quality of the Internet service as "good" or "excellent."

During 2001, Americatel® launched an aggressive sales and marketing campaign to make it easier than ever for existing customers to go online and for new customers to sign-up for the 123.com™ service. Recognizing that a large proportion of potential ISP customers did not have a computer at home, Americatel® introduced a "bundled PC" offer that includes a state-of-the-art computer, color printer, technical support, 12 month warranty and a year's worth of Internet access. Subscribers can also receive 12 months of additional Internet access for free, through an innovative program whereby they pay for one month's access and get the following month at no charge.

This strategy was so successful that today 85 percent of ISP customers have purchased the service through the bundled PC package. During 2002, Americatel® plans to continue building the subscriber base through innovative marketing, with a view of consolidating its position as the preferred ISP among Hispanics.



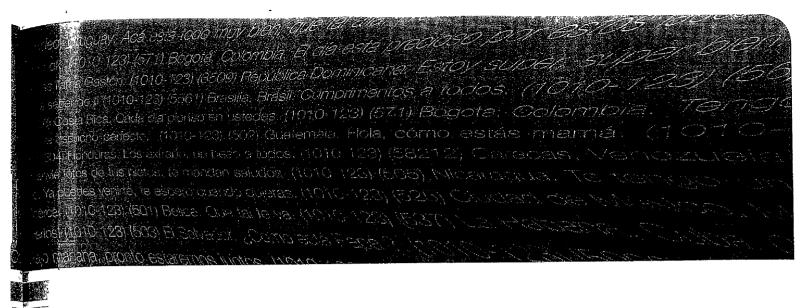


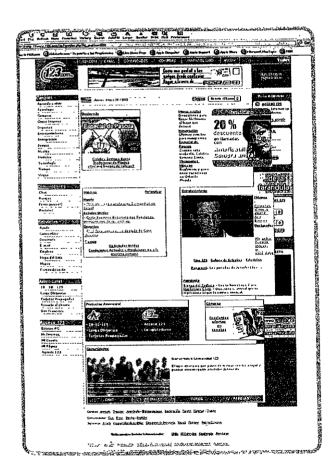
123.COM™ - Americatel's® Communications Portal

In addition to subscriber revenue, Americatel's® Internet Service provides a powerful channel for promoting the company's traditional communication products. That is why the website, 123.com™, was conceived from the start as a "communications portal" for the Hispanic community. The concept is simple: offer affordable Internet access combined with attractive billingual content and then introduce visitors to Americatel's® other products.

Today our web content platform, developed and administered entirely by Americatel's® technical staff, features news, sports, entertainment, immigration materials, weather and more—all continually updated by specialized editors in the U.S. and Latin America. Visitors can customize news content by country of origin or U.S. city of residence, search job listings, get driving directions or sign-up for 123.com™ Internet Service, among many other activities. Throughout 2001, we expanded the scope and variety of content and strengthened the 123.com™ portal through strategic alliances with Service providers focused on the Hispanics community. The results were steadily increasing traffic and a growing percentage of repeat visitors.



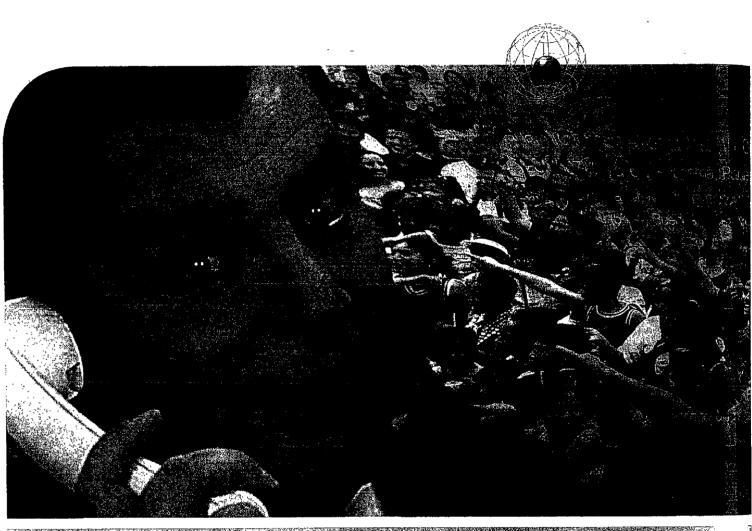




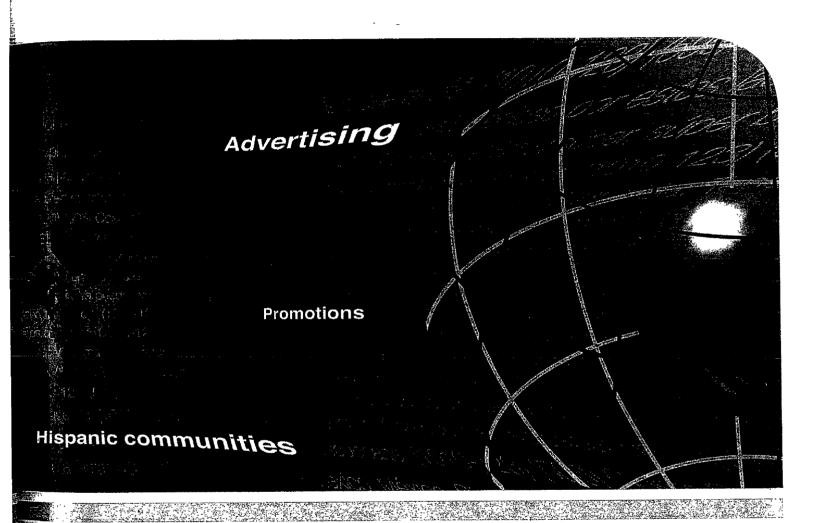
During 2002, 123.com™ plans to build on its interactive content platform by introducing a variety of ecommerce applications that will reinforce the link to Americatel's® other products. In addition to ISP and Subscribed Long-distance products, Americatel® plans to offer Internet-based long-distance services

These initiatives will follow Americatel's® proven strategy of offering value-added services to existing customers. Whether by bundling interactive English-language classes with its PC/ISP contracts or by conducting online sales of Americatel® Prepaid Calling Cards through 123 comTM, this strategy has consistently shown that customer loyalty provides an effective avenue for expansion for Americatel®. Its track record of quickly fielding multi-functional product teams capable of rolling out these value-added services makes Americatel® confident that 2002 will be another stellar year for 123.comTM.



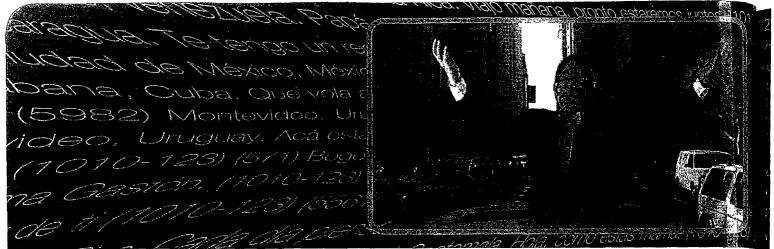


المضجية المسأ



Strengthening Customer Relations







Advertising

Americatel® relies on cutting-edge advertising to connect with its customers. By combining world-class production values with messages that resonate with specific Hispanic communities, Americatel's® ads consistently stand out from the competition.

During 2001, Americatel's® spokesman, television personality and philanthropist Don Francisco, provided the unifying theme in a variety of campaigns supporting new and existing products. Don Francisco has the unique virtue of having built one of the few truly pan-Hispanic television audiences in the history of the medium.

Last year Americatel® reached an estimated 15 3 million U.S. Hispanics with various mass media marketing campaigns. Advertising for its flagship product, 1010-123™ was revised to stress this product's emergence as the first choice of Hispanics.

According to a market penetration study conducted in October 2001 by Cultural Access Group, a division of Access Worldwide, advertising related to 1010-123™ produced a total brand recognition level of 94 percent in Americatel's® target market, along with an overall advertising recognition level of 88 percent. These figures indicate that Americatel® is clearly succeeding in its goal of being the most recognized brand in its market.

During 2001, Americatel® also launched a campaign for Americatel's® ISP and Internet portal services was also anchored by Don Francisco, who emphasized the importance of computer literacy for Hispanic children while promoting Americatel's® budget-friendly PC/Internet product bundle.

Promotions

All of Americatel's® marketing efforts make careful use of dates and events that are especially meaningful to its customers. These range from traditional dates such as Valentine's Day, Mother's Day, Father's Day and Christmas to the Independence days of the Hispanic nations from which most of our customers originate.

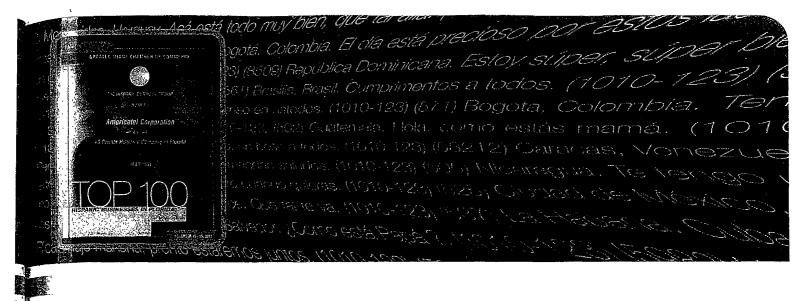
During 2001, Americate® expanded its efforts to sponsor and participate in festivals and special events. These included an "Americate® Soccer Cup" that featured prominent soccer teams from Honduras and Mexico, and a presenting sponsor role at the Grand Prix of Miami, where the company provided special support to Eliseo Salazar, the only Hispanic driver in the race.

During 2001, Americatel® participated in over 100 events, "Calle 8" being the largest, with over 1 million participants.

Corporate Relations

Americatel's® corporate identity—the image it projects toits customers and the wider Hispanic community—is a vital component of its growth strategy.





Americatel® stands out from its competitors because of the unique role it plays in the Hispanic community. The company is viewed as an ally and advocate of Hispanics, most particularly of those who have recently emigrated to the U.S. This special relationship is not an accident. It is the fruit of a multitude of initiatives with Latin American governments, state and governments in the U.S., chambers of commerce, national community groups and the media

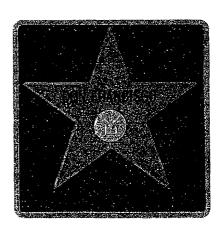
During 2001, Americatel® carried out 60 events that helped to strengthen its ties with various Hispanic communities. The company worked with the American Red Cross to raise funds for the victims of earthquakes in Peru and El Salvador, flooding in Houston and the tragic events of September 11. Americatel® donated special toll-free telephone lines to the embassies of El Salvador, Guatemala and Peru for the purpose of disseminating crucial immigration information Americatel® sponsored the publication of booklets and brochures for immigrants for the embassies of Mexico, Honduras, Guatemala, El Salvador, Peru and Bolivia.

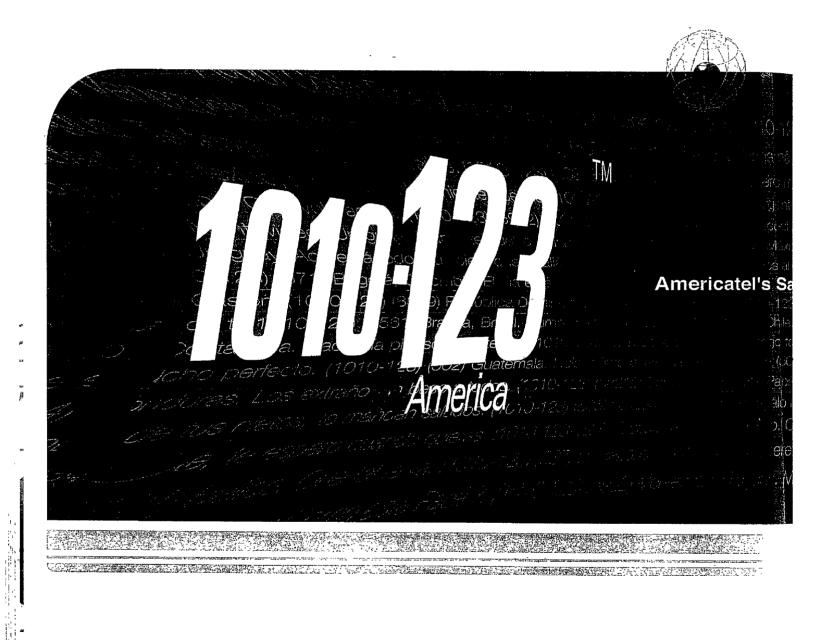
Special Recognition

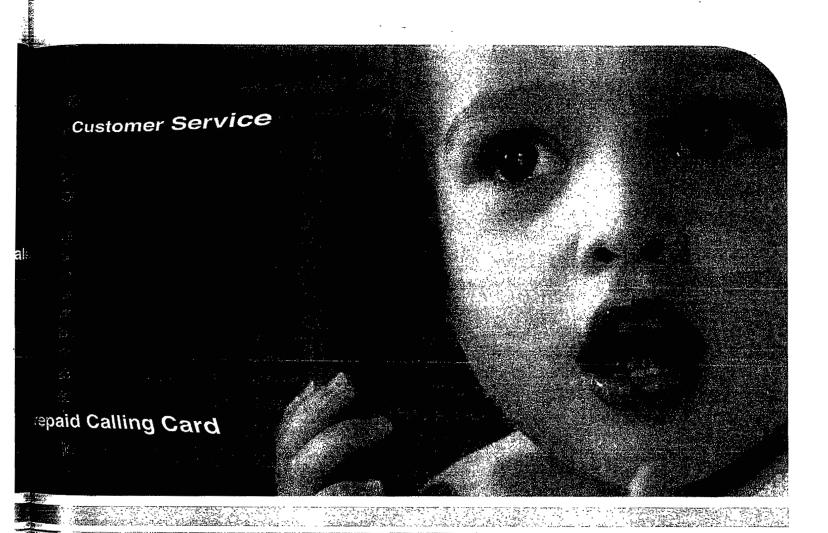
Americatel® also had the honor of receiving a number of personal and official recognitions for its contributions to Hispanic causes. Among the most noteworthy was a visit by Salvadorian president Francisco Flores to Americatel's® corporate offices last July. President Flores praised Americatel's® long-standing efforts to support Salvadorian immigrants in the U.S. and he unveiled a web site that the company designed for the El Salvador Embassy in

Washington, D.C. The web site provides extensive information of El Salvador and contact information for all the country's consulates in the U.S.

Last year Americatel® was also honored by several U.S. local chambers of commerce in which it actively participates. In recognition of the company's growth and its prominent role in Florida, the Greater Miami Chamber of Commerce named Americatel® the eighth largest Hispanic business in the state. In California, the Hollywood Chamber of Commerce honored Americatel's® spokesperson, Mario Kreutzberger, with a star on the Hollywood Walk of Fame. As one of the most visible and respected television personalities in the Spanish speaking community world, Mr. Kreutzberger (known as "Don Francisco") has been a central part of Americatel's® communications strategy.

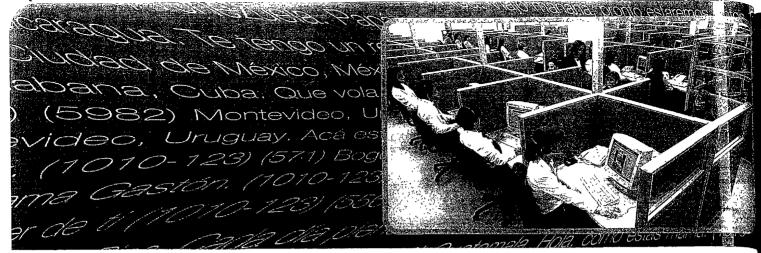






Sales and Customer Service





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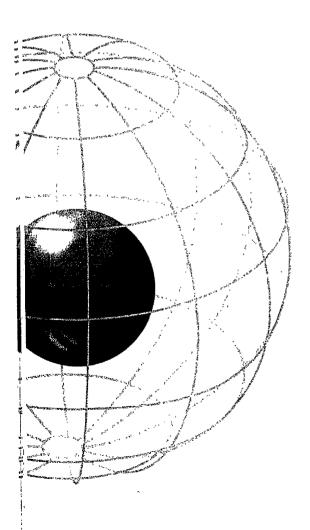
Americatel's® Sales

When it comes to sales, Americatel® stands out from the crowd. The company's sales staff understands the diverse U.S. Hispanic communities better than any competitor, and it uses that knowledge to craft unique campaigns that connect with customers and consistently exceed targets.

During 2001, Americatel's® sales staff undertook a number of initiatives to further diversify the company's sales channels and meet ambitious client growth and market share targets. The sales team also played a crucial role in the introduction of several new products, including the 123.com™ Internet Service, the bundled PC/ISP product, Prepaid Calling Cards with no connection fees, and direct billed long-distance service.

Americatel® enhanced its telemarketing, direct mail and e-mail sales efforts in 2001, using a variety of marketing intelligence techniques to increase the segmentation and specialization of these efforts. Americatel's® telemarketing team, which consists of more than 300 agents operating through call centers in Chile, the U.S. and the Dominican Republic, made a special effort to increase the sales of Prepaid Calling Cards, the new ISP service and the bundled PC/ISP product. These efforts were leveraged through marketing agreements with local distributors in the top Hispanic markets.

Among the year's most significant accomplishments were more than 100,000 verified Long-distance sales for subscribed dilents and the sale of more than 9 million Prepaid Calling Cards that generated \$59 million in revenue.







Americatel® has set aggressive sales targets for 2002. This will require an even more effective use of Americatel's® existing sales channels through the adoption of a Customer Relationship Management system, plus the development of new sales channels through agent programs, online distribution, strategic alliances and cross-selling among the company's products.

If past is precedent, Americatel's® sales staff will once again rise to the challenge.

Customer Service

Customer service is a priority at Americatel®. Many companies in the U.S. offer bilingual customer service as an afterthought—if they offer it at all. But Americatel® knows that many of its customers have had negative experiences when trying to obtain clear information about a product or service in their own language. That's why they go the extra mile to show customers that they will be treated differently at Americatel®.

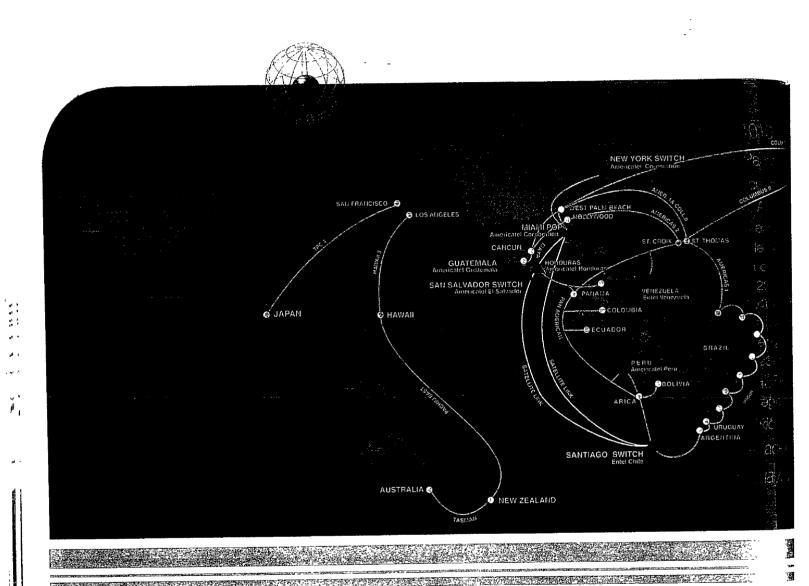
Bilingual customer service agents are available around the clock, seven days a week. Each of them has been thoroughly trained and is prepared to answer detailed questions about all of Americatel's® long-distance and Internet products.

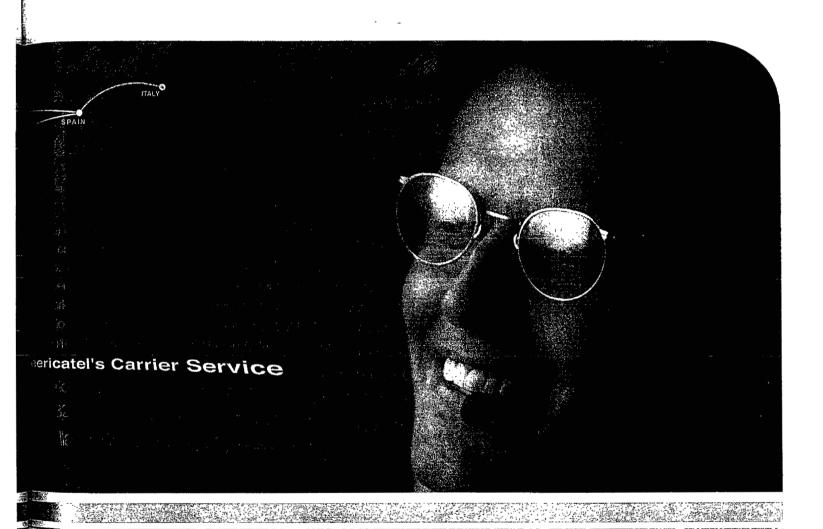
To keep pace with the growth of its long-distance customers in 2001, Americatel® doubled the size of its customer service staff. It has now surpassed the

industry standard by providing more than 95 percent attention level for its dial-around and long-distance services. In mid-2001, Americatel's® customer service agents also began handling fulfillment tasks for the company's new bundled ISP/PC product.

In order to keep up with increased inquiries, Americatel® installed a new call center in 2001 to complement its existing facility. In addition to ensuring prompt, top-quality responses to its growing volume of technical support calls, this facility will be used to handle a variety of incoming and outgoing sales and marketing functions. Americatel® has always monitored its customer service calls with a state-of-the-art quality control program. During 2002, the company plans to strengthen quality monitoring by installing a new "Executive Connect" Agent Monitoring System. This system will allow Americatel® to monitor both pre-recorded and live agent calls and communicate evaluated results to its call center operations managers for the necessary reinforcement and improvement actions. Americatel® is also preparing to integrate its existing quality control program with a new Customer Relationship Management (CRM) system during 2002.

These new systems are complex and will require renewed training efforts for all our staff, but our purpose is simple: to consistently surpass customer expectations and make Americatel® synonymous with friendly, efficient customer service.





Carrier Services





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Carrier Services

In 2001, Americatel® generated more than one billion international long-distance minutes for the first time. Passing the one billion minute milestone put Americatel® among the 10 largest U.S.-based carriers and it made Americatel® one to watch in the Telecom Industry.

Americatel's® Carrier Services division is a crucial part of this growth, accounting for one-third of the company's international traffic and \$53 million in revenue during 2001. Carrier Services was formed in 1998 to leverage the infrastructure of Americatel's® regional partners, ENTEL Chile and Americatel® El Salvador. Two years later Americatel® Guatemala and Americatel® Peru were addec to this partnership. As one of the three nodes in ENTEL's corporate Wholesale Traffics Division, Carrier Services is able to terminate a growing volume of third-party traffic while acting as a preferred broker for wholesale minutes

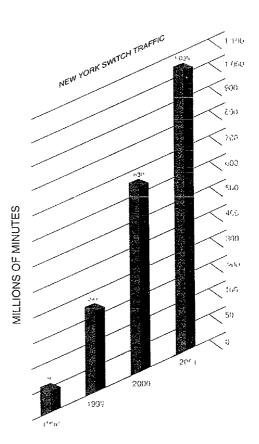


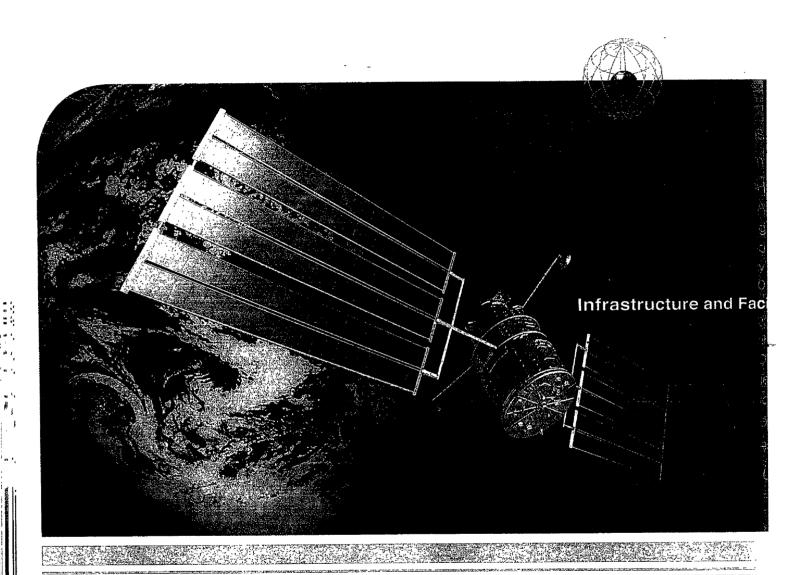


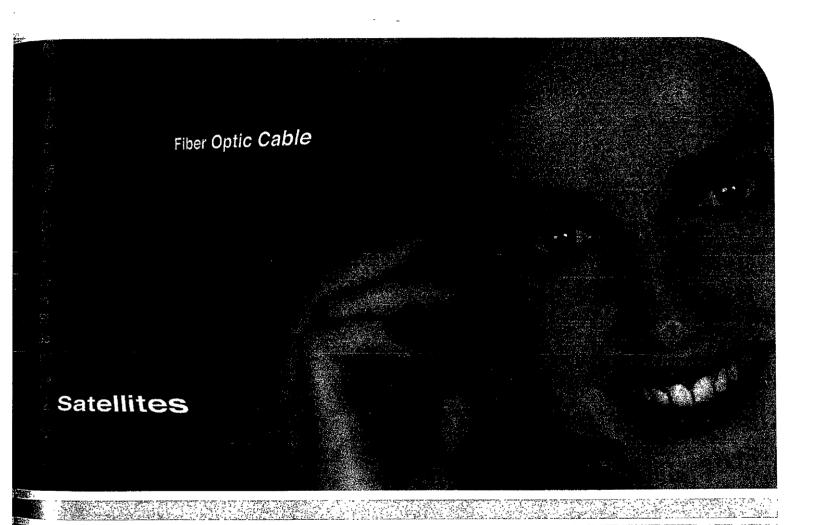
Today, Carrier Services is one the largest buyers and sellers of wholesale minutes in America. The division moved nearly 350 million long-distance minutes for 100 corporate customers in 2001 and is poised for continued growth this year.

During 2001, several large players disappeared from the international long-distance wholesale market, leading to a shakeout in the industry as a whole. Americatel's® management anticipated much of this turbulence and took preemptive steps to renew much of its wholesale client portfolio. As a result, the Carrier Services Division not only maintained a stable position last year—it was also able to increase its business volume with relatively low risk. On the buyer side of the business Americatel® became a more significant player, both because of its wholesale business volume and the steady growth in its 1010-123™ traffic. This extra buying power, combined with the addition of new high-quality, low-rate routes, ultimately benefitted both the retail and wholesale sides of Americatel's® business.

Last year, Americatel® also added a robust IP platform to its network. This has given the company more flexibility and lower costs. During 2002, Americatel's® Carrier Services will continue to give the company a competitive advantage by connecting hundreds of destinations with low-cost, high-quality routes and by seeking out new opportunities to optimize Americatel's® network.







Operations



Montevideo.

Facilities for New York Switch



New York Facilities for 123.com

Infrastructure and Facilities

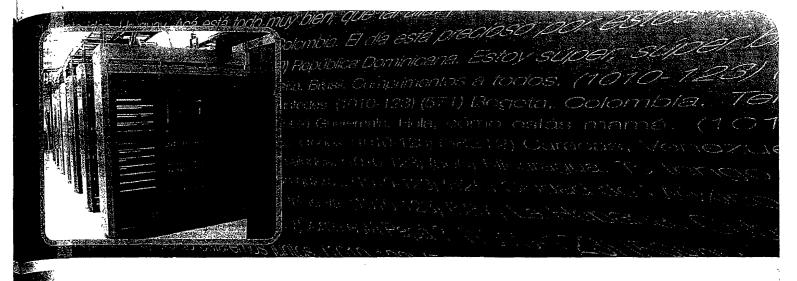
Americatel's® employees have always thrived on unexpected challenges, but nothing could have prepared them for the events of September 11, 2001.

One of the central pieces of Americatel's® network infrastructure—an international gateway switching facility in New York City—is situated at 60 Hudson Street, a few blocks away from the site of the former World Trade Center. Even before Americatel's® employees could fully comprehend the horrlic images broadcast on the morning of the attacks, they were forced to think about ensuring uninterrupted service for their customers. Since the switching facility was within the no-access perimeter established in the aftermath of the attacks, Americatel's® engineers had to devise solutions remotely The situation presented the ultimate test for the technical staff, which worked around the clock to manage Americatel's® traffic despite the chaos in New York.

It is a testament to the dedication and professionalism of its employees that mone of Americatel's® services suffered interruptions.

Americatel® is equipped with fully-redundant electronic components including, but not limited to, IBS/IDR/TCM-IDR compatible satellite moderns, High Power Ämplifiers (HPA) and Low Noise Amplifiers (LNA). The equipment is diligently configured and maintained 24x7 to guarantee the highest level of reliability. In addition to its base satellite telecommunications capabilities, Americatel's® Miami





teleport is interconnected to the submarine fiber optic cable systems located off Florida's East Coast. State-of-the-art T1/E1/DS3/OC3/OC48 multiplexers, VSAT hubs and carrier class IP routers platform are also housed at Americatel's® Miami Teleport facility. A high-capacity Uninterruptible Power Supply (UPS) and an electrical power generator guarantee the continuous operation of mission-critical telecommunications equipment at the Miami teleport, should a power outage affect the facility. Together, these resources make it possible for Americatel® to provide reliable and fully integrated telecommunications services but as the events of last September made clear, people are the most vital component of Americatel's® infrastructure.

Fiber Optic Cables

In order to offer clear sound, reliable connections and low prices, Americatel® makes sophisticated use of world-class fiber optic and satellite transmission resources. Ever since it began operations, the company has leveraged the fiber optic resources of its parent Company, ENTEL Chile, for consistent competitive advantage.

Currently, Americatel® uses the following Atlantic and Pacific Ocean submarine fiber optic cable systems. Latin American Nautilus (LAN), Global Crossing's Pan American Crossing (PAC), South American Crossing (SAC) and Mid Atlantic Crossing (MAC), Maya-1, Americas II, Columbus III, Unisur and Transandino. The Columbus III cable provides a unique connection between the U.S. and Italy, ensuring high-quality connections to the rest of Europe, as well as Africa and the Middle Fast.

The LAN and MAC/PAC/SAC fiber optic submarine cables widely connect Americatel® with ENTEL Chile and enable additional connections to Mexico, South American countries such as Peru, Bolivia, Colombia and Venezuela and Panama in Central America. The Maya-1 submarine cable system provides Americatel® with exceptional connectivity to Mexico, Colombia and Central American countries such as Honduras, Panama and Costa Rica. Americatel® also enjoys the unique advantage of a point of presence in the ATT OJUS submarine cable landing station in Hollywood, Florida This link provides the company with direct connections to the Maya-1, Americas II and Columbus III submarine cable systems.

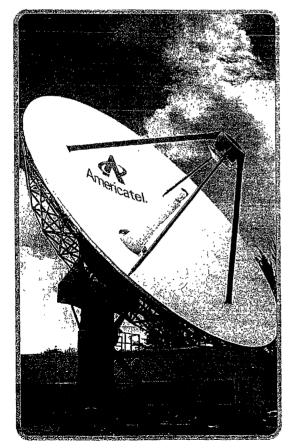
Satellites

To further extend its reach and provide redundancy in the event of cable failures, Americatel® has developed robust satellite resources. Americatel® was one of the first carriers in the United States to sign a contract with INTELSAT for Level 3 Direct Access to international satellite services—an option made available in the United States in December 1999. Cornsat, the U.S. government-sanctioned satellite organization, was formerly the only link to INTELSAT's global satellite network.

With INTELSAT service, Americatel® not only provides backup to its facilities operations, but also interconnects directly with 70 countries around the world.

By constantly readjusting and optimizing the use of its cable and satellite resources, Americatel® is able to provide industry-leading service.





Miami Facilities, Satellite Station

Billing and Collections

To keep operating costs at a minimum and maximize shareholder value, Americatel® outsources most billing and collection functions to established external providers who provide coverage for more than 1,300 North American local telephone companies (LECs). The billing and collections department at Americatel® is responsible for monitoring, controlling and analyzing information pertaining to all the billing provider's activities. This includes information on remittances, service charges, unbillable accounts, bad debts and account adjustments. The department is also responsible for all Exchange Message Interface (EMI) traffic control, initiating blocking procedures for unbillables and rejected EMIs as needed. For customers who live in areas where they cannot be billed through a LEC, Americatel® also operates a direct billing program that makes it possible to use Americatel® as a long-distance carrier.





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Revenue Protection

Americatel® uses sophisticated software systems to protect its revenue. The company's Revenue Protection Department employs an online call detail report (CDR) system to continually monitor and analyze traffic in search of possible fraudulent calls. This system tracks the duration, frequency and timing of calls and generates alerts whenever an abnormality is detected. Analysis tools are also used to study customers' calling patterns by origin and call destination

During 2001, Americatel® invested in numerous enhancements to its fraud detection systems. The company now has a greater capacity to store information related to alerts and CDRs and a more direct method for blocking accounts that have been identified as fraudulent. Americatel's® software is now also capable of establishing alarm parameters with much greater precision and flexibility, using variables such as time of day, week or month and call destination, length and cost. Continuous use of these systems has allowed Americatel® to greatly reduce blocking response time when fraudulent calls are detected, resulting in substantial monthly savings.

The continued growth of Americatel's® long-distance call volume has also prompted the company to increase its revenue protection staff. New fraud analysts hired in 2001 now make it possible to ensure full coverage during peak usage times and to maintain 24x7 coverage.

During 2002, Americatel® plans to further hone its revenue protection capacity by adopting emerging technologies that make it possible to anticipate fradulent calls by combining customer data from numerous sources and thereby identifying calling patterns and tendencies.

Human Resources

The growth of our business, from our traditional services and also our new product lines, such as:

Prepaid Calling Cards and ISP/Portal Services continued to create a great demand for qualified individuals.

During fiscal year 2001, Human Resources met the challenge and increased Americatel's® workforce by 25 percent, to a total of 160 employees.

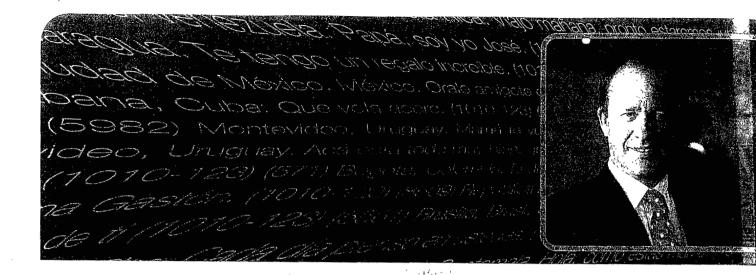
Americatel® is en equal opportunity employer, and is in full compliance with its Affirmative Action Plan. The Company provides a comprehensive benefit package to its employees.





Looking Forward



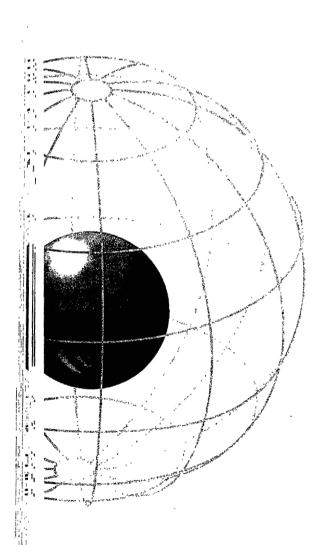


When being second is not enough

By Konrad Burchardt

At Americatel®, we love competition Perhaps it has something to do with our corporate lineage. Our parent company, Entel Chile, played a pioneering role in lobbying for a deregulated and fully competitive telecommunications market in Chile—back when such notions were considered heretical. Once competition became the norm, Entel wasted no time in becoming the dominant Chilean provider of domestic and international long-distance, prepaid calling cards, Internet access, value added services and mobile communications.

Americatel's® founders brought that same competitive instinct to the United States. When we set out to become the number one provider of telecommunications services for the U.S. Hispanic market—in a field dominated by giants—many observers chuckled and shook their heads. But today, after five years of uninterrupted growth, the notion no longer seems tar-fetched.







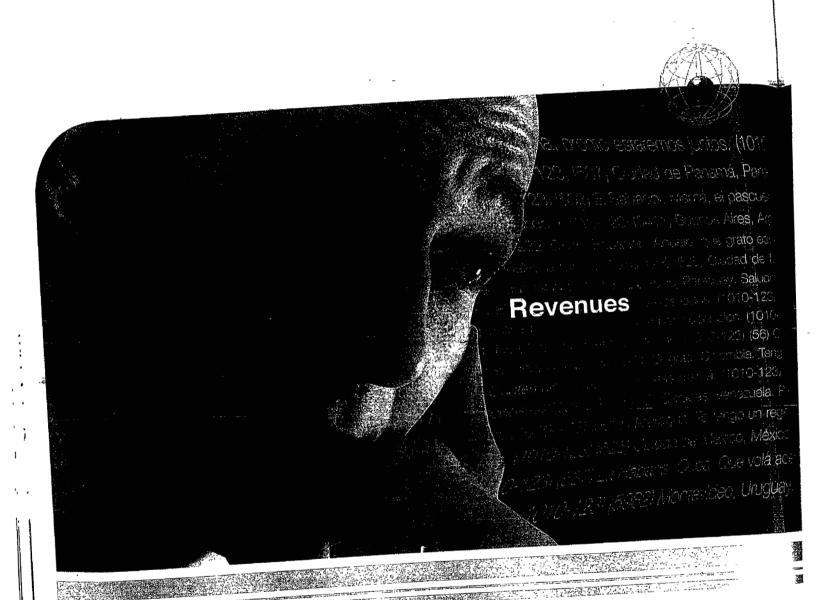
Americatel® is now the leading provider of calling codebased long distance service among U.S. Hispanics, with a 14 percent market share. We are the second largest provider of general telecommunications services in hispanic market. In addition to long-distance telephony, we offer prepaid calling cards, serve the special needs of large corporate clients, and are rolling out a full complement of Internet services.

But the truth is we aren't satisfied. Market leadership is habit-forming, and our experience in Chile makes us unwilling to see Americatel® in the number two slot. That is why Americatel® is determined to be the leading provider of general telecommunications services to the U.S. Hispanic market by 2003.

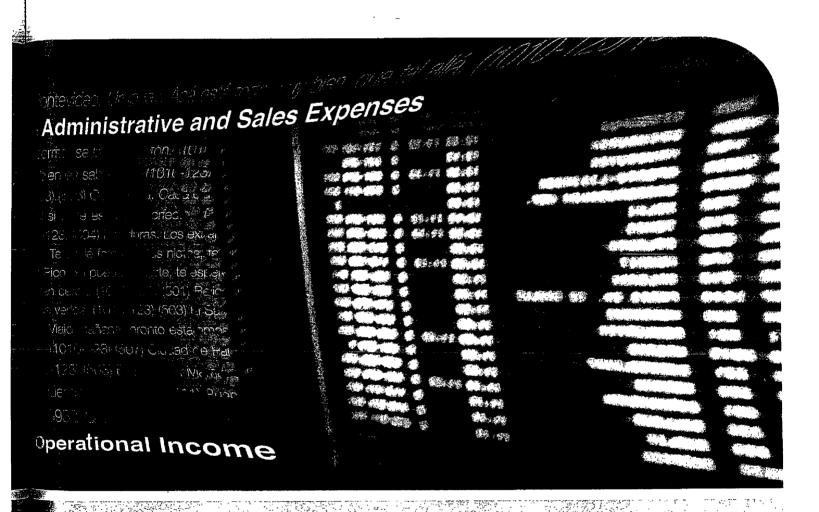
How will we do it? By knowing our customers better than any competitor. By using that knowledge to build relationships rooted in quality service, great rates and an ear for to the cultural and linguistic uniqueness of different Hispanic national groups. We will also succeed by making sophisticated use of technology, both in our products and in management.

The goal will be to become the leader in our market. The motive, of course, will be to increase profitability. But the satisfaction will come from serving a thriving Hispanic population, from being identified with its triumphs and traditions. From proving that passion, dedication and hard work, we hope to make a difference for families, communities and companies.

Mr.Konrad Burchardt
President / Director

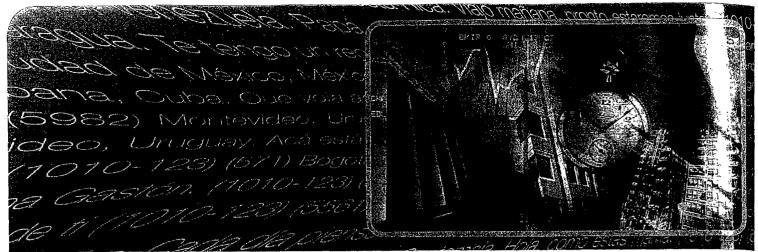


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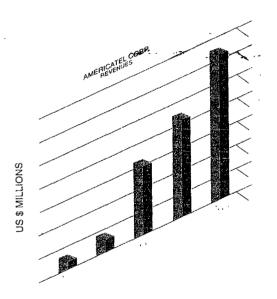


Management Discussion and Analysis









USS	1997	1998	1999	2000	2001 2	001 v/s 2000
Revenues Cost of revenue % Revenues	11,238,377 9,256,477 82%	32,817,110 28,173,551 66%	146,426,107 110,792,208 76%	210,905,273 157,363,271 75%	314,524,957 265,77,345 85%	103,519,684 108,416,074
Gross Margin. % Hevenues	1,981,900 18%	4,643,559 14%	35,633,899 24%	53,542,002 25%	48,745,613 15%1	(4,796,389
G&A Expenses	10,4 75 ,438 <i>93</i> %	23,426,051 71%	38,711,063 26%	47,208,130 22%	55,113,309 18%	7,905,26
Operating Income	(8,493,538) -76%	(18,782,492) -57%	(3,007,164) -2%	6,333,872 3%	(6,367,777) -2%	(12,701,649
Other Income Net	1,215,203	889,210	331,506	277,984	(1,381,974)	(1,659,958
Other Income B/Tax	(7,278,335) -65%	(17,893,282) -55%	(2,745,658) -2%	6,611,856 3%	(7,749,751) -2%	(14,316,607
Taxes % Revenues	0.6 0.6	0 0%	. 0 0%	225,800 <i>0%</i>	(8,137, 843) -3%	(8,363,643)
Net Income A/Tax % Revenues	(7,278,335) 65%	(17,893,282) -55%	(2,745,658) -2%	6,386,056 3%	388,092 0%	(5,997,964
EBITDA	(7,394,999) -66%	(17,086,675) -52%	(849,362)	9,053,653 4%	(1,508,994) <i>0</i> %	(10,562,647

Despite a multitude of challenges, Americatel® completed its fifth consecutive year of strong growth in 2001. During a period in which many telecommunications firms suffered crippling losses, Americatel's® revenues increased by 49 percent over 2000, to \$314.5 million. Strong demand for our existing products, combined with the launch of several successful new services, helped the company to weather an economic downturn that directly affected the Hispanic households that make-up Americatel's® core market.

Americatel® was not entirely immune to the turbulence affecting its industry. The chapter 11 filing of OAN, the company's former collections contractor, forced Americatel® to write down \$14 million in bad debts. As a result, after-tax income for 2001 was a modest \$388,000—a regrettable departure from the trend established in the year 2000.

Revenues

Americatel's® 1010-123™ service continued to be its flagship product in 2001, generating \$160.4 million of the total \$314.5 millon in revenues, a 31 percent increase over sales of the same product in 2000. International long-distance calls were once again the most important source of revenue within the 1010-123™ service, generating \$140.1 million, up 33 percent from the previous year. A total of 368 million minutes o international long-distance were logged over 1010-123™ during the year, an 27 percent increase.



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Prepaid Calling Cards became Americatel's[®] second most important source of revenue in 2001, less than a year after they were introduced to the market. These cards generated \$59.3 million in revenue, up 579 percent from 2000. Some 326 million long-distance minutes were originated with Americatel[®] Prepaid Calling Cards, 410 percent more than the previous year

Americatel's® PSTN services handled 334 million minutes and generated \$53.4 million for the company in 2001, an 11 percent revenue drop from 2000 Americatel's® participation in Worldnet Corporate, which enables the company to act as one of the three nodes in Grupo ENTEL's corporate wholesale trading and terminate third-party traffic, is the basis for the continued productivity of this service segment.

Among the stellar performers in 2001 was Americatel's® subscribed long-distance service. Launched only two years ago, this service produced \$26.9 millon in revenues during 2001, a 651 percent increase over the previous year. More than 100,000 customers signed up for subscribed long-distance last year, generating 112 million minutes.

The company's private services, including private lines and very small aperture (VSAT) satellite connections, earned \$10.9 millon for Americatel® in 2001 or 25 percent less than 2000. Finally, Americatel's® new ISP and Internet portal services, which were launched in the latter half of 2001, generated \$3.3 million by year-end—a promising beginning in a highly competitive market

Cost of Sales

Americatel's® cost of revenue increased by 69 percent in 2001, to \$265.8 million, impelled primarily by growing expenditures related to its two principal products, 1010-123th and Prepaid Calling Cards. The \$14 million write-down described above, required by the bankruptcy of OAN, Americatel's® former collections contractor, contributed significantly to the additional revenue costs

Administrative and Sales Expenses

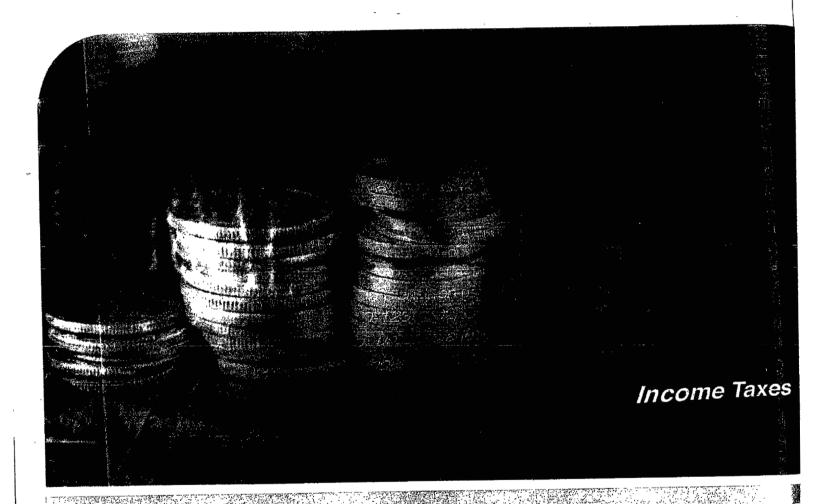
Americatel's® Administrative and Sale Expenses reached \$55.1 million in 2001, up 17 percent from the previous year. Costs associated with launching the company's new ISP and Internet portal products, particularly those related to advertising, accounted for the bulk of this increase.

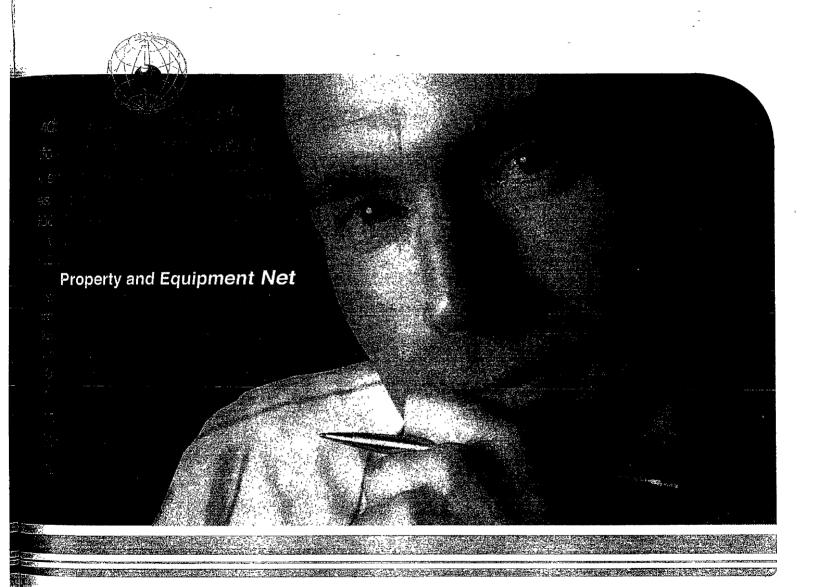
Operational Income

As a result of the developments described above, Americatel® had an operating loss of \$-6.4 million in 2001, which is equivalent to a 201 percent drop in operating income over 2000.

EBITDA

Arnericatel's® EBITDA in 2001 amounted to \$-1.5 million, a drop of 117 percent from the previous year.





Financial Statements



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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Americatel® Corporation:

We have audited the accompanying balance sheets of Americatel® Corporation (the "Company") as of December 31, 2001 and 2000, and the related statements of income and cash flows for the years then ended (all expressed in U.S. dollars) which, as described in Note 1, have been prepared on the basis of accounting principles generally accepted in Chile. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Chile.

Delocthe: Touche CCP January 25, 2002 Americatel Corporation Balance Sheets December 31, 2001 and 2000

Assets	2001		2000
Current Assets: Cash and cash equivalents	\$ 1,379,465	. \$	6,075,705
Trade receivables, net of allowance for doubtful accounts of			
\$7,979,360 in 2001 and \$4,225,772 in 2000	50,744,691		47,655,729
Prepaid expenses and other current assets	3,769,492		2,370,268
Deferred tax asset, net Due from related parties	8,642,000		- 227 521
bue iron related parties	 1,187,176		327,501
Total current assets	 65,722,824		56,429,203
OTHER RECEIVABLE, NET	23,169,092		-
PROPERTY AND EQUIPMENT, net	16,699,812		17,137,086
OTHER ASSETS, net	 4,058,651.		3,772,992
Total	\$ 109,650,379	\$	77,339,281
Liabilities and stockholders' equity			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 45,016,054	\$	39,388,343
Deferred revenues	7,521,823		3,685,692
Revolving lines of credit agreements	7,000,000		
Current portion of obligations under capital leases	191,102		314,986
Due to stockholder and related parties, net	 23,934,194		8,222,721
Total current liabilities	 83,663,173		51,611,742
OBLIGATIONS UNDER CAPITAL LEASES, NET	 94,379		197,254
OTHER LONG-TERM LIABILITIES	 -		24,083
COMMITMENTS AND CONTINGENCIES (Note 8)			
Stockholders' Equity:			
Common stock, \$.01 par value, 150,000 shares authorized;			
61,854 shares issued and outstanding	619		619
Additional paid-in capital	62,371,934		62,371,934
Accumulated deficit	 (36,479,726)		(36,866,351)
Total stockholders' equity	25,892,827		25,506,202
Total	\$ 109,650,379	\$	77,339,281

See accompanying notes to financial statements.

Statements of Income Years Ended December 31, 2001 and 2000

	2001	2000
REVENUES :	\$ 314,524,957	\$ 210,905,273
COSTS AND EXPENSES;		
Cost of revenues	259,589,412	157,363,271 47,208,130
Selling, general and administrative expenses	61,304,789	47,206,130
Total	320,894,201	204,571,401
(LOSS) INCOME FROM OPERATIONS	(6,369,244)	6,333,872
OTHER (EXPENSE) INCOME:		
Interest income	215,522	353,316
Interest expense	(1,192,880)	(76.000)
Other expense	(404,616)	(75,332)
Other (expense) income, net	(1,381,974)	277,984
(LOSS) INCOME BEFORE BENEFIT FROM		
(PROVISION FOR) INCOME TAXES	(7,751,218)	6,611,856
BENEFIT FROM (PROVISION FOR) INCOME TAXES	8,137,843	(225,800)
NET INCOME	\$ 386,625	\$ 6,386,056

See accompanying notes to financial statements

Statements of Cash Flows Years Ended December 31, 2001 and 2000

	2001		2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash provided from.			
Receipts from customers	\$ 244,139,355	\$	196,218,146
nterest received	215,522	•	353,316
Other income received	≘		4,125
Cash disbursed to:			•
Payments to suppliers and employees	(270,296,856)		(189,553,892)
Interest paid	(1,168,880)		-
Income taxes paid	(677,626)		(225,800)
·	, , ,		, ,
Net cash (used in) provided by operating activities	(27,788,485)		6,795,895
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(4,507,755)		(9,971,425)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	-		6,505,837
Proceeds from BCI advance (Note 2)	7,000,000		-
Payments on BCI advance	(3,500,000)		-
Proceeds from BCI loan (Note 2)	10,000,000		-
Net borrowings under revolving line of credit agreements	7,000,000		-
Net borrowings from stockholder	7,100,000		-
Net cash provided by financing activities	27,600,000		6,505,837
Net (decrease) increase in cash and cash equivalents	(4,696,240)		3,330,307
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,075,705		2,745,398
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,379,465	\$	6,075,705
RECONCILIATION OF NET INCOME TO NET CASH			
(USED IN) PROVIDED BY OPERATING ACTIVITIES:			
Net income	\$386,625		\$6,386,056
Adjustments to reconcile net income to net cash (used in)			
provided by operating activities:			
Depreciation and amortization	4,659,370		2,719,781
Provision for doubtful accounts	23,992,951		6,912,539
Benefit from deferred income taxes	(8,642,000)		-
Net changes in operating assets and liabilities:			
Increase in receivables	(63,751,005)		(23,558,058)
Increase in prepaid expenses and other current assets	(1,399,224)		(1,128,397)
Increase in accounts payable and accrued expenses	5,627,711		16,170,327
Increase in deferred revenues	3,836,131		3,685,692
Increase (decrease) in due to stockholder			
and related parties, net	7,751,798		(4,576,774)
(Decrease) increase in other long-term liabilities	(250,842)		184,729

See accompanying notes to financial statements.

Notes to Financial Statements Years Ended December 31, 2001 and 2000

1. ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Americatel® Corporation (the "Company") was incorporated in Delaware on April 29, 1992. In 1996, the Company became a wholly-owned subsidiary of Entel International B.V.I. Corporation ("Entel BVI"), which is a wholly-owned subsidiary of Empresa Nacional de Telecomunicaciones S.A. ("Entel"). On July 22, 1997, the Company and Entel BVI entered into a stock purchase agreement (the "Agreement") with Seaquins Investments S.A. ("Seaquins") and Gadol, Inc. ("Gadol"). The effective date of the Agreement was May 30, 1997. Pursuant to the Agreement, the Company issued and Seaquins purchased 5,498.11 shares, representing 10 percent of the total outstanding shares of the Company's common stock after the issuance. The total consideration was \$4,625,000. In addition, Gadol was granted an option to purchase 6,872.64 newly issued shares of the Company, at an initial option price of \$4,625,000 plus an interest factor of 10 percent per annum, based on the number of days elapsed during the option period. During December 2000, Gadol exercised the entire option giving 4,810.84 shares to Brundidge Investments, Ltd. and retaining 2,061.8 shares. As of December 31,2001, Gadol, Brundidge Investments, Ltd. and Seaquins, in aggregate, own and control 20% of the outstanding common shares of the Company.

Description of Business - The Company is a facilities-based telecommunication company based in Miami, providing business services between the U.S., Latin America and the Carriobean over satellite and fiber optic cable. The Company's public long-distance customers are able to access its network by dialing a unique carrier identification code ("CIC code") before dialing the number they are calling. Using a CIC code to access the Company's network is known as a "dial around" or "casual calling" because customers can use the Company's services at any time without changing their existing long distance carrier. To accomplish this, the Company acquired the rights for the CIC code "10 10-123"

In January 2001, the Company launched 123.com, an Internet service provider and portal geared towards the U.S. Hispanic market

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in Chile ("generally accepted accounting principles").

Use of Estimates - Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Significant estimates include, among others, the useful lives of property and equipment and the allowance for doubtful accounts. Actual results could differ from those estimates.

Cash Equivalents - The Company considers cash on hand and in banks and all highly liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

Revenue Recognition - The Company recognizes revenues from "dial around" services and carrier-to-carrier activities based upon the minutes of traffic processed and established rates. Other service revenues are recognized when the services are provided in accordance with contractual terms. As of December 31, 2001 and 2000, the Company had approximately \$7,522,000 and \$3,686,000, respectively, in deferred revenues primarily from the sale of prepaid calling cards.

Property and Equipment - Property and equipment are stated at cost. Depreciation on property and equipment is computed under the straight-line method over the estimated useful lives of the assets. Expenditures for major renewals and betterments are capitalized. Repairs and maintenance expenditures are charged to income as incurred.

Other Assets - Other assets consist principally of licenses The cost of licenses is amortized under the straight-line method over the term of the respective license agreement.

Income Taxes - The Company records income taxes in accordance with Technical Bulletin No. 60 of Chilean accounting standards which parallels

Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. Under SFAS No. 109, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and to operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date

2. AGREEMENT FOR CUSTOMER BILLINGS AND COLLECTIONS

During June 2001, the Company engaged Billing Concepts, Inc. ("BCI") to handle the Company's customer billings and collections for its "10 10-123" service. Pursuant to the agreement, BCI performs the following functions/services for the Company

- Processes and transmits the Company's "10 10-123" billing records to the appropriate local exchange carrier ("LEC") for billing and collection;
- · Provides customer service procedures,
- · Provides electronic information and reports to the Company;
- · Processes payments received from the LECs, determines required holdbacks, fees, taxes, and other relevant charges;
- · Remits net proceeds to the Company,
- · Determines the amounts of bad debts from the "10 10-123" service, and
- Performs other relevant services.

Funds collected by BCI are remitted to the Company on the first Tuesday following the expiration of seven business days after receipt by BCI of the funds from a LEC As of December 31, 2001, the receivable from BCI amounted to approximately \$36,173,000.

In June 2001, BCI provided the Company with a \$7,000,000 interest free advance. The terms of the advance required 25% payments, each due in August 2001, November 2001, February 2002 and May 2002. The repayment of the advance is to be made from the collections on the trade receivables that collateralized the advance. As of December 31, 2001, the outstanding balance on the advance is \$3,500,000. In July 2001, BCI also provided the Company with a \$10,000,000 loan bearing interest at prime plus 4% (11% at December 31, 2001). The loan matures at the end of the three-year agreement with BCI. The repayment of the Ipan is to be made from the collections on the trade receivables that collateralized the advance. As of December 31, 2001, the outstanding balance of the Ioan is \$10,000,000. The advance and Ioan gives BCI the right of setoff against the receivable otherwise due from BCI and, accordingly, the amounts have been netted for purposes of the financial statement presentation. The receivable from BCI, net of the advance and Ioan, are included in trade receivables in the accompanying 2001 balance sheet in the amount of \$22,673,000

Prior to June 2001, the Company had engaged OAN Service, Inc. ("OAN") to handle the Company's customer bilings and collections for its "10 10-123" service. During May 2001, OAN filed for Chapter 11 bankruptcy/reorganization, at which time the Company's receivable from OAN totaled approximately \$37,169,000. The Company has initiated an adversary proceeding in the Chapter 11 case against OAN (see Note 8). The Company has reclassified the OAN receivable, net of an allowance for bad debts of \$14,000,000 (see Note 8), to Other Receivable, net in the accompanying 2001 balance sheet.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2001 and 2000 consist of the following.

				Estimated
		2001	2000	Useful Lives
Land	har."	\$ 732,700	\$ 732,700	
Building and improvements		3,244,991	3,166,703	7-40 years
Telecommunications equipment		23,309,462	20,040,497	5-10 years
Office equipment and software		2,378,035	1,996,676	4-5 years
Furniture and fixtures		390,958	234,847	7-10 years
Automobiles		14,580		5 years
		30,070,726	26,171,423	
Less accumulated depreciation		 (13,370,914)	 (9,034,337)	
Property and equipment, net		\$ 16,699,812	\$ 17,137,086	

Depreciation expense for the years ended December 31, 2001 and 2000 amounted to approximately \$4,361,000 and \$2,571,000, respectively. For the years ended December 31, 2001 and 2000, cost of sales includes approximately \$1,458,000 and \$929,000, respectively, of depreciation expense related to services rendered during the year. The telecommunications equipment owned by the Company is subject to rapid technological obsolescence; therefore, it is reasonably possible that the equipment's estimated useful lives could change in the near term.

4. REVOLVING LINES OF CREDIT AGREEMENTS

In April 2001, the Company entered into three revolving lines of credit agreements under which the Company was provided three \$3,500,000 lines of credit by Banco Credito Inversiones, Corp Banca NY, and Banque Sudameris. In December 2001, the Company paid off the agreement with Corp Banca NY. As of December 31, 2001, the amounts outstanding under the remaining two revolving agreements was \$7,000,000. Banco Credito Inversiones and Banque Sudameris each had an outstanding balance of \$3,500,000 bearing interest at LIBOR plus 1.2% (3,07% at December 31, 2001). The Banco Credito Inversiones agreement matured and was renewed on January 4, 2002 and is renewable on a month to month basis until demand payment is made by Banco Credito Inversiones. The Banque Sudameris agreement matures on June 7, 2002. The Company's revolving agreements do not contain any restrictive financial covenants.

The revolving lines of credit were obtained by the Company to alleviate the cash flow needs caused by the OAN Chapter 11 case.

5. RELATED PARTY BALANCES AND TRANSACTIONS

The following table summarizes the related party balances and transactions as of December 31, 2001 and 2000:

Total due to stockholder and related parties, net	\$ 23,934,000	\$ 8,223,000
Entel Loans	 7,464,000	-
Entel Satellite Agreement	2,648,000	299,000
Entel LCR Agreement	1,305,000	667,000
Entel Internet Agreement	(3,476,000)	(422,000)
Services provided by certain affiliates	\$ 15,993,000	\$ 7,679,000
Due to stockholder and related parties, net		
Total due from related parties	\$ 1,187,000	\$ 328,000
Due from related parties: Services rendered from certain affiliates	\$ 1,187,000	\$ 328,000
Des formers and a body on the second	2001	2000

Americasky Agreement - On March 31, 1993, the Company entered into an agreement with Americasky Corporation ("Americasky") to provide for the operation and maintenance of the Company's telecommunication facilities given that Americasky owns the Federal Communications Commission license to operate a common carrier radio facility. Americasky is a wholly-owned subsidiary of Entel BVI. The initial term of the agreement is for a period of 10 years with continual self-renewing five-year intervals. The agreement calls for the Company to maintain and operate its facilities and Americasky, in turn, will lease said facilities, in addition to any required office and storage space. There were no amounts outstanding as of December 31, 2001 and 2000 as a result of this agreement.

Entel Internet Agreement - Effective November 1995, the Company entered into an agreement to provide Entel access to the Internet for an initial start-up fee plus a monthly fixed fee. The agreement is effective for a one-year period and renews automatically for additional and successive 12-month terms, provided neither party terminates it. As of December 31, 2001 and 2000, amounts due from Entel related to this agreement are approximately \$3,476,000 and \$422,000, respectively, which is netted in due to stockholder and related parties in the accompanying balance sheets.

Entel LCR Agreement - Effective February 1996, the Company entered into another agreement with Entel whereby the Company sells units (minutes) along its link with Entel to other carriers and vice versa. Revenue is generated with the flow from the traffic usage and flow from one country to the other. Effective May 1998, the Company uses its own switch to sell units (versus relying on Entel) on a Least Cost Routing ("LCR") basis. Entel is a major terminating carrier on the LCR System. As of December 31, 2001 and 2000, included in due to stockholder and related parties is a net payable of approximately \$1,305,000 and \$667,000, respectively, related to this agreement in the accompanying balance sheets.

Entel Satellite Agreement - Also included in due to stockholder and related parties in the accompanying balance sheets as of December 31, 2001 and 2000 is a payable amounting to approximately \$2,648,000 and \$299,000, respectively, related to an agreement with Entel whereby the Company pays a fixed monthly charge for the usage of the telecommunication/satellite link between the United States and Chile

Services Rendered/Provided by Certain Affiliates - In the normal course of business, the Company provides telecommunication services to certain affiliates. As of December 31, 2001 and 2000, the Company had receivables from these affiliates amounting to approximately \$1,187,000 and \$328,000, respectively. Additionally, as of December 31, 2001 and 2000, the Company had outstanding payables amounting to approximately \$15,993,000 and \$7,679,000, respectively, for telecommunication services provided to the Company by affiliates

Entel Loans - In July 2001, the Company obtained two short-term loans of \$7,000,000 and \$3,000,000, both bearing an interest rate of 15% from Entel. In December 2001, the Company paid off these loans. On December 12, 2001, the Company obtained an additional loan for \$5,500,000 bearing interest of 14.29%. Additionally, on December 28, 2001, Entel transferred \$1,600,000 to Americatel® Guatemala on behalf of the Company. The interest expense incurred on the loans from Entel was \$364,000. The amount outstanding to Entel including interest as of December 31, 2001 was \$7,464,000 and is included in due to stockholder and related parties in the accompanying 2001 balance sheet.

6. INCOME TAXES

The components of the benefit from (provision for) income taxes is as follows:

			the Years En December 31		
		2001		2000	
Current Deferred	\$		\$ (225,800) -		
Total	\$	8,137,843	\$	(225,800)	

The following table summarizes the tax effects comprising the Company's net deferred tax assets and liabilities as of December 31, 2001 and 2000:

		2001		
Deferred tax assets (liabilities)				
Net operating loss carryforwards	\$ 8,	361,000	\$	12,577,000
Allowance for doubtful accounts	8.	238,000		1,690,000
Alternative minimum tax credits		372,000		173,000
Other		(14,000)		(120,000)
Total net deferred tax assets	16,	957,000		14,320,000
Valuation allowance	(8,	,315,000)		(14,320,000)
Net deferred tax asset	\$ 8,	,642,000	\$	-

As of December 31, 2001 and 2000, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately \$21,653,000 and \$31,521,000, respectively, expiring through 2019. A portion of the tax loss carryforwards are subject to the limitation under internal Revenue Code Section 382. In July 1996, additional shares of stock of the Company were transferred to Entel. Under the provisions of Section 382, this transfer resulted in an ownership change due to Entel's greater-than 50 percent increase in stock ownership within a three-year period. Once an ownership change is deemed to have occurred under Section 382, a limitation on the annual utilization of net operating loss carryovers is imposed. As a result of the 1996 ownership change, the utilization of the Company's remaining pre-July 1996 net operating losses totaling approximately \$5,713,000 is limited to a maximum of approximately \$1,606,000 annually through their expiration date. If another ownership change should occur in the future, the tax-loss carryovers prior to the change in ownership may be further limited under the provision of Section 382.

Future tax benefits, such as net operating loss carryforwards, are required to be recognized to the extent that realization of such benefits is more likely than not. A valuation allowance is established for those benefits that do not meet the more likely than not criteria. A valuation allowance has been established at December 31, 2001 for the portion of the net deferred tax assets that in management's judgment may not be realized within the foreseeable future.

7. STATEMENTS OF STOCKHOLDERS' EQUIT

Additional Common Paid-in Stock Capital			Accumulated Deficit		Total Stockholders' Equity		
\$	550	\$	55,866,166	\$	(43,252,407)	\$	12,614,309
	69		6,505,768				9 ,505,837
			6,386,056	-	6,386,056		
	619		62,371,934		(36,866,351)		25,506,202
					386,625		386,625
\$	619	\$	62,371,934	\$	(36,479,726)	\$	25,892,827
	\$	Stock \$ 550 69 619	Stock \$ 550 \$ 69 619	Common Paid-in Stock Capital \$ 550 \$ 55,866,166 69 6,505,768 6,386,056 619 62,371,934	Common Paid-in Stock Capital \$ 550 \$ 55,866,166 \$ 69 6,505,768 6,386,056 619 62,371,934	Common Stock Paid-in Capital Accumulated Deficit \$ 550 \$ 55,866,166 \$ (43,252,407) 69 6,505,768 6,386,056 619 62,371,934 (36,866,351) 386,625 386,625	Common Paid-in Accumulated St Stock Capital Deficit \$ 550 \$ 55,866,166 \$ (43,252,407) \$ 69 6,505,768 6,386,056 6,386,056 619 62,371,934 (36,866,351) 386,625

8. COMMITMENTS AND CONTINGENCIES

Leases - The Company is obligated under various noncancelable operating and capital leases expiring through the year 2012 for various equipment used in relation to the operations of the Company The following is a schedule of future minimum lease payments under the terms of noncancelable operating and capital leases as of December 31, 2001:

Future Minimum Lease Payments

Year Ending December 31,	Operating Leases	Capital Leases
2002	\$ 298,000	\$ 187,000
2003	222,000	131,000
2004	146,000	18,000
2005	140,000	
2006 and thereafter	853,000	-
Total minimum lease payments	\$ 1,659,000	 336,000
Less. amount representing interest		 (51,000)
Total obligation under capital leases		285,000
Less, current maturities	 -	(191,000)
Long-term obligations under capital leases		\$ 94,000

Rent expense for the years ended December 31, 2001 and 2000 amounted to approximately \$726,000 and \$367,000, respectively

Litigation - The Company commenced an adversary proceeding in the Chapter 11 bankruptcy case of OAN. In the adversary proceedings, the Company asserts that certain accounts receivable, and the proceeds thereof, which were collected by OAN after the commencement of its Chapter 11-case, are not property of the Chapter 11 estate and belong solely to the Company. The amount owed represents receivables that OAN collected on the Company's behalf pursuant to the parties' contractual agreement, but which OAN failed to tender. The Company contends that, at the time that OAN declared bankruptcy, OAN owed the Company an amount in excess of \$37 million. As of December 31, 2001, the litigation is ongoing and the Company has reserved \$14 million of the total receivables balance owed by OAN (see Note 2). The Company believes that \$14 million is a worse case scenario based on current settlement offers from OAN and believes it will successfully collect a majority of the outstanding receivable.

The Company is subject to certain legal proceedings and claims which arise in the normal course of its business. In the opinion of Company management, there is no pending or threatened litigation which will have a material effect on the Company's financial position or results of operations.

9. SAVINGS PLAN

On July 1, 1996, the Company established a savings plan (the "Plan") under Section 401(k) of the Internal Revenue Code. The Plan allows eligible employees to contribute up to 15 percent of their compensation on a pre-tax basis. The Company matches 100 percent of the first \$1,000 and 25 percent of the next \$4,000 an employee contributes to the Plan. The maximum the Company will contribute to the Plan per employee is \$2,000 per plan year. Company contributions are vested incrementally over three years. The charge to operations for the Company's matching contribution was approximately \$88,000 and \$71,000 in 2001 and 2000, respectively.

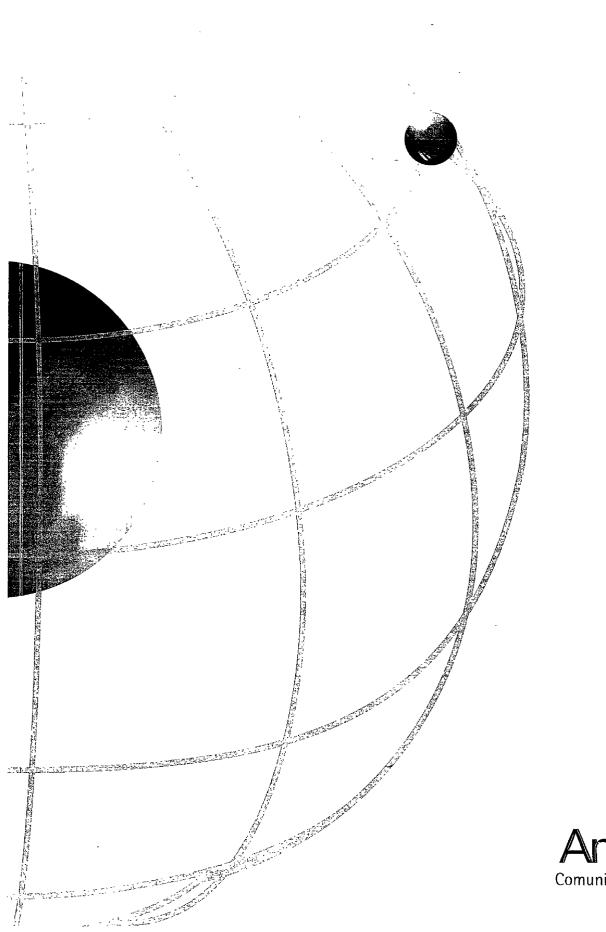
10. SUBSEQUENT EVENTS

There have been no subsequent events that materially affect the Company's financial position as of December 31, 2001 and the results of its operations for the year then ended.





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ANNUAL REPORT 2000





(610110=123) (505) NIGARAGUE



Americatel®, a facilities-based telecommunications company headquartered in Miami, was all but unknown to residential long-distance customers three years ago. That is when is Americatel®, which had built a solid business providing private telecommunications to corporations throughout the Western Hemisphere, began to focus on a nation within a nation: the 34 million Hispanics who live in the United States.

First, Americatel® introduced 1010-123™, its easy to remember long-distance dial-around service. Low rates, excellent sound quality, bilingual customer service and an innovative marketing campaign turned 1010-123™ into an almost immediate success. By the end of 1999, its first full year of operations, 1010-123™ was generating 23 million minutes per month. By the end of 2000, traffic on this product had grown 60 percent, to 33 million minutes per month.

Today 1010-123™ is the most popular long-distance service among U.S. Hispanics, and Americatel® is among the most consistently recognized communications brands in its market segment.

Second, Americatel® leveraged the success of 1010-123™ by introducing a line of calling cards that offer the low rates and quality of its calling-code service in a convenient prepaid format. The cards struck a chord with Americatel's® customers, who find them an ideal way of keeping in touch with relatives in Latin America. During the second half of 2000, less than a year after they were introduced, Americatel's® Prepaid Calling Cards were generating an average 25 million monthly minutes of traffic.

Third, Americatel® took note of the fact that many of its customers were still not using the Internet—largely because of the language barrier. Building on its experience as a provider of high-speed Internet backbone access, Americatel® launched 123.com™ last November, an ISP that 95 percent of Hispanic can access with a local call. Linked with a bilingual Internet portal that is customized to reflect the interests and needs of America's unique and vibrant communities, 123.com™ is the perfect complement to Americatel's® long-distance products.

Today Americatel® is uniquely positioned to meet the communication needs of Hispanics. The company intends to become the market leader in its segments, and is excited by the prospects for continued growth.







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A Message from the Chairman of the Board



Dear Shareholders,

The year 2000 was a momentous one for Americatel®.

Propelled by continued growth in our main product lines and the successful launch of several new services, Americatel® passed \$200 million in revenues and reached profitability ahead of schedule. During 2000, the company consolidated its position as a leading provider of long-distance telephone services to the U.S. Hispanic population, and it is now poised to leverage that leadership through an expanding offer of communication products.

Consolidated revenues increased 44 percent in 2000, to \$210.9 million. Of these, \$122.6 million came from Long Distance services, \$59.9 million from Carrier Services \$14.5 million from Business Services, \$8.3 million from Prepaid Calling Cards and \$3.6 million from Subscribed Services. Americatel® earned an operating income of \$6.3 million in 2000, compared to an operating loss of \$3.1 million in 1999.

During the year 2000, Americatel® served more than two million customers who generated an average 29 million long-distance minutes per month. The company doubled its share of the U.S. Hispanic long-distance market (from five percent to 11 percent) during this period, becoming a major provider in a segment it entered less than three years before. Studies conducted by market research firms tell us that our success is due to credibility, good service and a permanent focus on our customers' needs.

During 2001, Americatel® intends to generate \$300 million in sales, based on continued revenue gains from our traditional products and aggressive growth in services such as Prepaid Calling Cards and the Internet

access. Americatel® will also redouble efforts to make quality the distinguishing feature of its products and services. Each of our divisions has set quality improvement targets for the year. From bilingual customer support to trouble-free traffic routing, Americatel® will set the standard for value, service and reliability.

In short, we anticipate another year of accelerated revenue growth and expanding market share, with a new focus on the fast-moving market for Internet services. We can count on world-class investors, seasoned management and the latest technology, but as always the key to our success will be the dedication, passion and excellence of our employees.

Sincerely,

Mr. Felipe Ureta Chairman of the Board



4



Board of Directors and Senior Management

Board of Directors

Felipe Ureta Richard Büchi

Konrad Burchardt Ricardo Cruzat

René Kreutzberger

Chairman of the Board

Director

Director / President

Director Director

Officers

Jorge Asecio Matías Arentsen Juan Ducaud

José Navarro Roberto Oyarzún

Alfredo Parot Justo Valladares

Alejandro Vargas

Chief Executive Officer Vice President, Marketing

Vice President, Finance and Administration

Vice President, Internet Services

Vice President, Engineering and Operations Vice President, Long Distance Services

Vice President, Sales, Customer Service and MIS Vice President, Corporate and Legal Affairs





Mr. Felipe Ureta CHAIRMAN OF THE BOARD



Mr. Richard Büchi DIRECTOR



Mr. Konrad Burchardt DIRECTOR / PRESIDENT



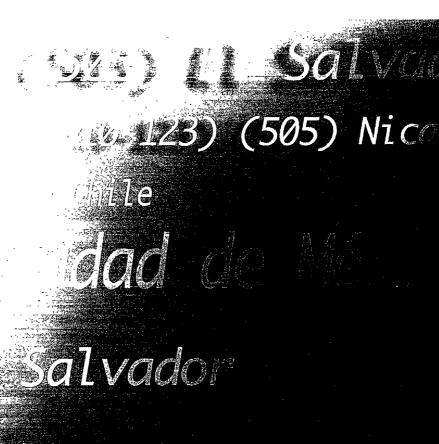
Mr. Ricardo Cruzat DIRECTOR



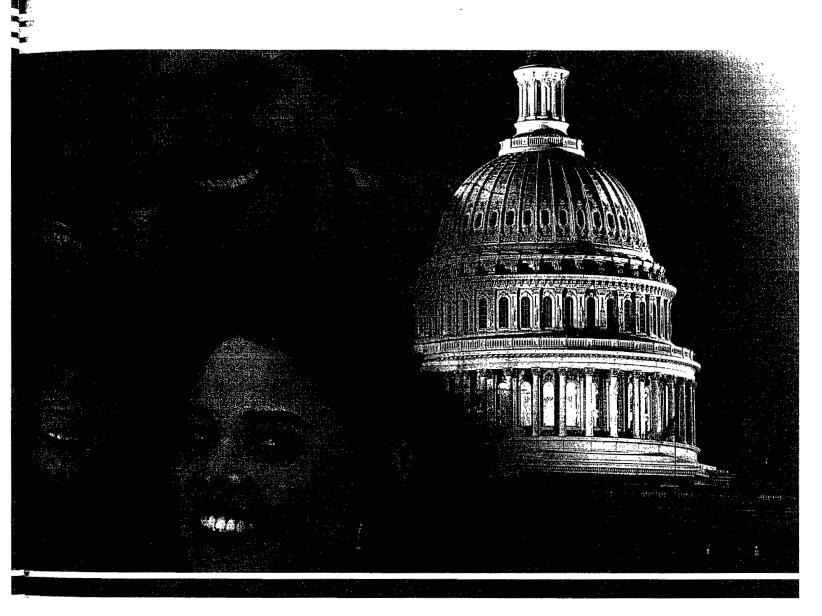
Mr. René Kreutzberger DIRECTOR



A company is an organization designed to understand people's needs... and then to solve them.

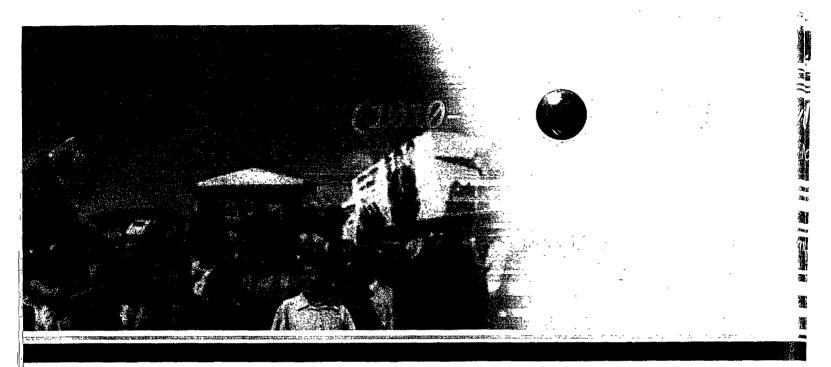






Americatel®: Strengthening its Relationship with the Customer





Americatel's® Advertising

Innovative advertising continued to fuel Americatel's® growth in 2000. The company reached an estimated 14.7 million U.S. Hispanics with various mass-media marketing campaigns.

A significant part of this effort went toward reinforcing the dominance of our 1010-123™ long distance service. Americatel® introduced a new Spanishlanguage slogan for the service, "Cada día somos más", which underscores the growth in the number of people using 1010-123™ (currently around 1.5 million) while also celebrating the rising influence of Hispanics. Marketing visuals suggest that customers board the "1010-123™ Limo," in an acknowledgement of the work ethic and the financial rewards Hispanics aspire to.

All advertising for the 1010-123™ service uses repetition to reinforce the mnemonic advantage of the easy-to-remember 1-2-3 sequence. The campaign also constantly stresses pricing information and the convenience of using a calling code.

In continuing with its efforts to reach the U.S. Hispanic market, Americatel® offers two more long-distance products: "UniendoAmerica™" - its traditional contracted service that is available today throughout the continental U.S., and Prepaid Calling Cards. These services target the Hispanic segment that resides in the United States and use prepaid calling cards to place domestic and international phone calls. Americatel's® goal is to be perceived differently from its competitors. Its positioning strategy contemplated a product where its quality and reliability were its most important attributes.

Americatel's® 123.com™, an Internet service and portal designed especially for the U.S. Hispanic market, was launched during the year 2000. This new service connects customers to the World Wide Web, providing access, rapid connection, information and customer service in Spanish and English 24 hours a day, 7 days a week.

As was the case with Americatel's® 1010-123™ and the Americatel® Prepaid Calling Card, the advertising campaign for 123.com™ is being led by Americatel's® famous spokesperson, Don Francisco. This campaign was filmed in Biscayne Bay, Miami, onboard a spectacular yacht. Don Francisco, accompanied by two female sailors, lets the characteristics and benefits of 123.com™ be known, inviting the Hispanic community to surf the Internet.

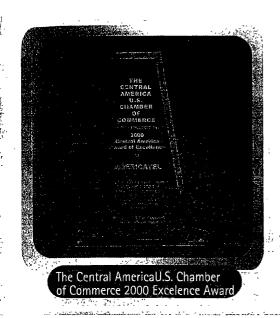
As a complement to its main advertising campaign, in 2000 Americatel® also expanded a successful strategy of using special occasion marketing campaigns. These included promotions tied to Valentine's Day, Mother's Day, Father's Day and other traditional holidays, as well as special weekend promotions.

Americatel's® Promotions

Americatel® makes a deliberate effort to participate with specific Hispanic communities during their native holidays and on other special dates when they gather to celebrate.









Mexicans, who form by far the largest national Hispanic group in the U.S., take special care in celebrating their traditions. The most important celebrations are the day of the Mexican Flag, of the Virgin of Guadalupe, Cinco de Mayo, Independence Day and the ceremony of "El Grito". Other Hispanic communities celebrate comparable dates with elaborate gatherings, sometimes numbering in the hundreds of thousands of people, in which music, food and various kinds of artistic performances fill the day. Americatel® and its 1010-123™ service take a very visible and active role in these celebrations through contests, raffles and a variety manners of promotional prizes and gifts.

As a way of celebrating the role of the family in our customer's lives, in 2000 Americatel® introduced a nationwide contest, tied to its 1010–123™ campaigns, to win "La Casa de sus Sueños" (Your Dream House). This tremendously popular promotion concluded with an award given to a woman of Colombian descent in Los Angeles. In 2001, Americatel® plans to

continue using promotions to strengthen its relationship with the Hispanic community.

Community Outreach and Support

Americatel® is known for celebrating the cultural heritage of Hispanic American communities. But it also identifies with the struggles and aspirations of families that are building a new life in the U.S. Its goal is to be known as a company that is close to the every-day concerns of Hispanics, be it work, education, immigration or even natural disasters in a home country.

Throughout the year 2000, Americatel® worked with the government of El Salvador to help disseminate information about the NACARA law, which makes it possible for up to 225,000 Salvadoran immigrants to obtain legal U.S. residence under special provisions.

In a similar effort, Americatel® teamed with Mexico's Secretariat of Education to help promote a special transcript

document for the children of Mexican immigrants who spend part of each year in the U.S.

Although these activities are inherently rewarding, it is pleasing to witness their impact. During the year 2000 Americatel® received several recognition. The Central American Chamber of Commerce in the U.S. selected Americatel® to receive its prestigious "Excellence Prize" for the year 2000.



Wherever you find Hispanics, you'll find Americatel®.

We don't just speak their language
—we live their culture.







Long-Distance Services



1010 - 123™

Americatel's® flagship product, the 1010-123™ long-distance-calling code, continued to grow rapidly in 2000. Also known as a "dial-around" or casual calling service, 1010-123™ gives customers the freedom to make long distance calls without having to sign a contract with a long-distance provider. The service has no usage limitations and can be used to place calls anywhere in the world.

Monthly International traffic volume from 1010-123™ increased by 68 percent between January and December of 2000. Mexico, El Salvador, Guatemala, Cuba and Honduras were the most popular call destinations for users of the service, while call origination points were concentrated in Los Angeles, Miami, New York, Chicago, San Francisco and Houston.

Altogether, more than two million household customers used the service last year.

Americatel® has perfected the educational challenge of changing the way customers choose their telephone service through carefully crafted advertising and promotional messages. Our message of convenience, competitive rates, product quality and friendly customer service is now widely recognized in the U.S. Hispanic community, where 1010–123™ has some of the highest brand recognition ratings in the industry. A growing market and intensive competition all point towards continued growth for this segment of the industry.

Americatel® has become one of the leaders in this market segment by providing customers with specific rates for each route and by constantly offering special promotions.

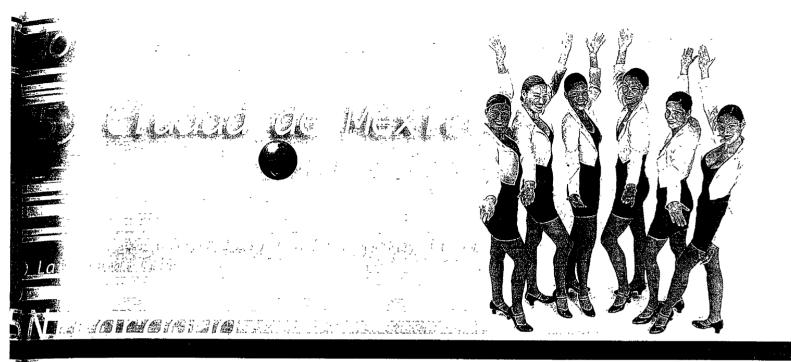
Americatel® handles billing through external providers that have established a network of billing contracts covering more than 1,300 North American LECs. Enclosed with their regular monthly telephone bill, 1010–123™ customers receive a separate page that details

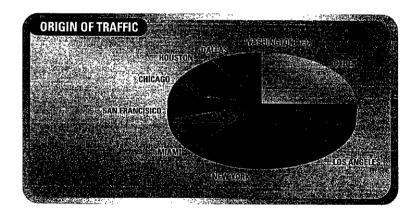
their long-distance calls. Customers make only one payment for all local and long-distance services.

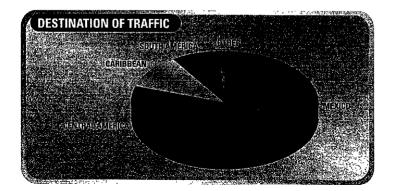




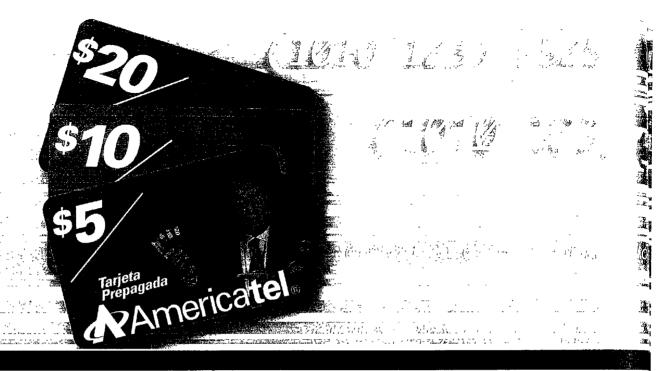












Prepaid Calling Cards

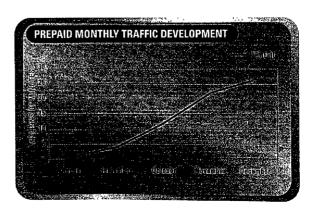
Americatel's® Prepaid Calling Card, a new product category launched last March, was one of the company's most successful initiatives in 2000. By December 2000 Americatel® was selling more than 607,000 cards each month, representing 26 million minutes per month and far exceeding the company's projections.

Available in denominations of \$5, \$10 and \$20, Americatel's® Prepaid Calling Cards can be used to make both international and domestic long distance calls. The cards are targeted to Hispanics residents, who find them a convenient complement to Americatel's® other telephone services.

A national distribution network allows Americatel® to sell the cards throughout the continental United States. Its principal originating markets in 2000 were California and Illinois, while the primary destinations were Mexico and Central America.

In an industry segment where customers were looking for a quality product, Americatel® was able to leverage its established reputation and customer loyalty. Americatel® was able to fill a void for clients who were looking for a well-known company, with quality customer service and a trustworthy corporate identity.

As with other Americatel® products, the company believes quality and reliability will win over new customers to its calling cards, paving the way for continued growth in 2001.









Subscribed Services

Americatel® takes pride in the loyalty of its customers. In order to reward and strengthen that loyalty, during 2000 Americatel® launched UniendoAmérica™, a program that encourages users of its 1010-123™ dial-around service to become full subscribed clients.

By December 2000, thousands of customers had signed up for UniendoAmérica™, generating a significant number of domestic and international calls. Nearly half of the international traffic produced by these customers was destined for Mexico. Cuba, El Salvador, and other Central American countries were also significant destinations (see graph).

Americatel® now subscribes lines through the Equal Access services with a coverage of over 95% of the Hispanic market.

UniendoAmérica™ channels customer satisfaction with its 1010-123™ service into a more permanent commitment to its services. By letting Americatel®

handle all their long-distance calls and making their preferred inter-exchange carrier, customers can access low rates directly (dialing 1 for domestic calls and 011 for international calls).

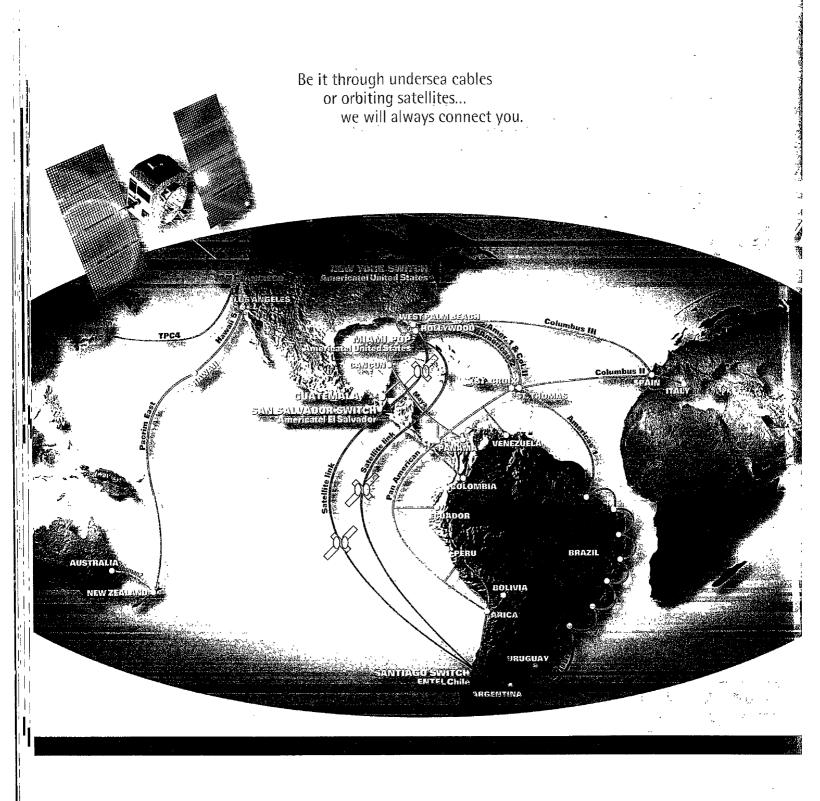
As with its calling code service, local telephone companies bill Americatel's® subscribed long-distance service charges directly to the customer.

During 2001, Americatel® plans to accelerate the acquisition of subscribed clients by:

- introducing a loyalty program that promotes consumption and brand recognition;
- continuing to offer excellent rates to Latin America.

CENTRAL AND SOUTH AMERICA



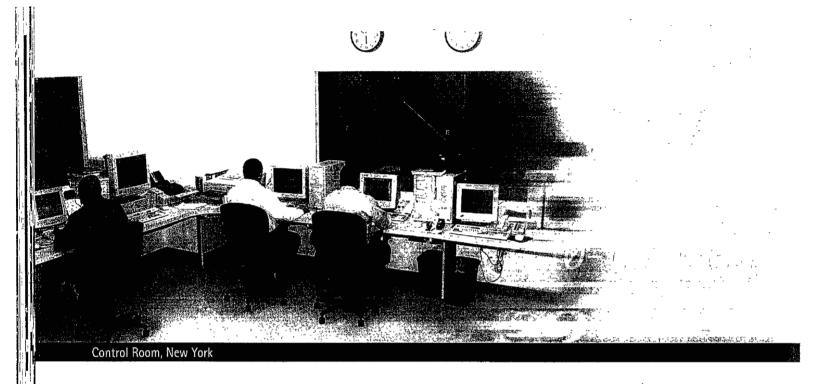






Carrier Services





Carrier Services

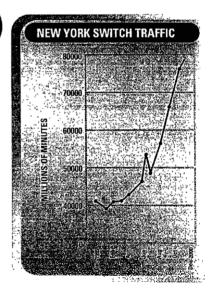
Carrier Services, a wholesale reseller of international telephone minutes for other carriers, grew rapidly in 2000. Formed in 1998 to leverage the infrastructure of Americatel's® regional partners, ENTEL Chile and Americatel® El Salvador, S.A. de C.V. Carrier Services quickly found a niche as buyer and seller of wholesale minutes to customers around the world. These customers are attracted to the possibility of using a single access point to terminate traffic in the Americas or elsewhere with an optimum Americatel® Fast Routing System[™]. In 2000, Carrier Services added Americatel® Guatemala, S.A. and Orbitel Peru, S.A. to its partnership, further expanding the access point options it can offer. During 2000, Americatel® moved over 76% of all the minutes for the Entel Chile group.

The number of companies interested in doing business with Americatel® as traffic buyer/sellers increased steadily in 2000, reaching the 100 more important telecommunications companies and moving nearly 630 million minutes.

Carrier Services' sales using its
Americatel® Fast Routing System™
analyze each client's cost-quality
request and recommend an optimum
route over Americatel's® fiber optic and
satellite-based network. Then they
tailor a business plan for each client
that includes interconnections,
procedures for international accounts,
payment schedules, accords and
contracts.

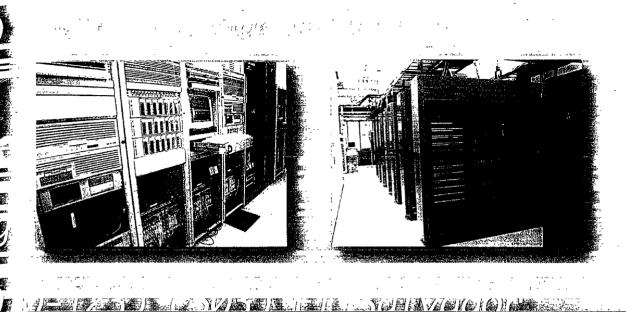
The wholesale business also allows

Americatel® to access a wider network



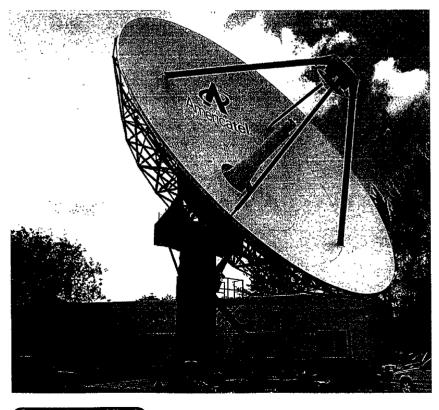






Facility Room, New York

and reach hundreds of destinations that couldn't be reached otherwise, providing our 1010-123™ and Prepaid Cards with the least costly routes for terminating traffic. This subsequently makes it possible for Americatel® to reduce its rates to most destinations. Today the 1010-123™ service represents over 50 percent of the total traffic handled by Americatel®. During 2000, Carrier Services handled over 630 million minutes, positioning the company as one of the leaders in Latin America and within the top ten Facility Based Carriers of the United States.

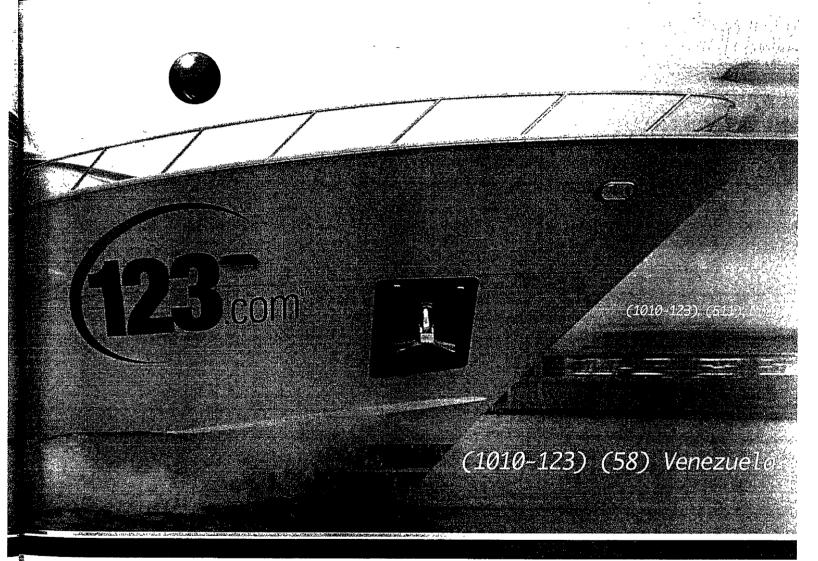


Satellite Station, Miami



Find your own horizon... embark on a voyage to a better future. DESTRUCTION OF THE PROPERTY OF THE PARTY OF Ciudad de Mesme





Internet Services





123.COM™ Internet Access

During the year 2000, Americatel® entered a new stage in its plan for becoming a provider of comprehensive communications solutions. Our market research indicated that many U.S. Hispanic consumers-including those who are heavy users of long-distance services—are still not using the Internet. The language barrier is perhaps the single biggest reason. People who are unfamiliar with computers and the Internet are understandably hesitant to go online if they are not sure they'll receive friendly bilingual customer support. Even those who own a computer are discouraged by the scarcity of ISPs that are tailored specifically to Hispanics.

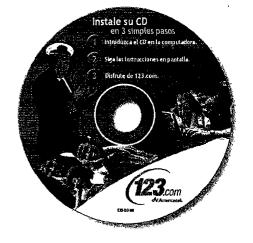
Now, Americatel® is leveraging the trust of millions of Hispanic who associate the numbers "123" with easy, reliable and low cost long-distance service. These customers can experience the same kind of service when they get

started on the Internet—through 123.COM™.

Launched in November 2000, 123.COM™ offers everything today's demanding Internet users want from an ISP. For \$19.95 per month, 123.COM™ provides fast and unlimited Internet access, multiple e-mail addresses, free web page hosting, customizable calendars and much more. All of this is available through a local call in cities that cover more than 95 percent of the continental U.S. Hispanic population. In addition, 123.COM™does not require a long-term subscription contract.

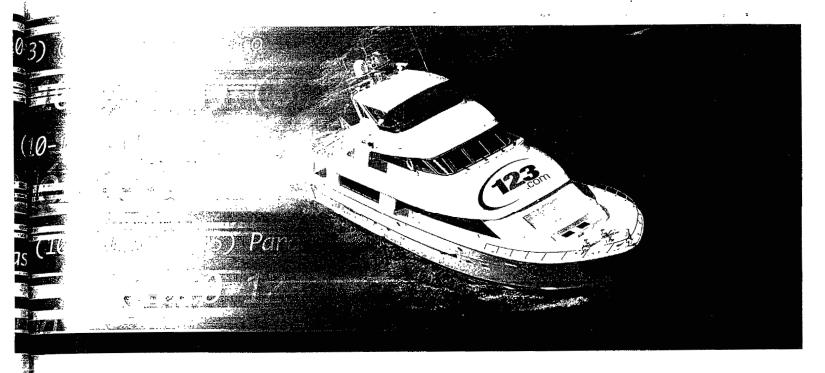
Unlike other ISPs, 123.COM™ is tailored specifically to the communication needs of Hispanic consumers. To reinforce the link with Americatel's® other products, customers get special promotional offers. They also get a free installation CD with instructions, and bilingual, toll-free technical support is available 24 hours a day, seven days a week.

In short, 123.COM[™] translate into an excellent Internet access from a name Hispanic consumers know and trust.
But 123.COM[™] is much more than an ISP.









123.COM™--Web Portal

Throughout the year 2000, Americatel® researched, developed and tested a full-service World Wide Web communications portal that will greet 123.COM™ users when they log on. Released simultaneously with the ISP service, the 123.COM™ portal offers Americatel's® customers a one-stop-shop for all their communications needs.

123.COM™ includes traditional Internet services such as e-mail, chat, directories, etc. Also at 123.COM™, users can take online Internet lessons in Spanish or English. Automated translation, Web searches, stock quotes and news are also available—all in a clear, uncluttered format.

123.COM[™] can also be personalized, reflecting the cultural and geographic diversity of Hispanic customers.
123.COM[™] can be easily customized to suit a user's preferred language, country and even city of choice, 123.COM[™] automatically feature news and weather from the user's designated country and city.

Soon, it will also offer innovative Voice over Internet Protocol (VOIP) long-distance calling and video teleconferencing. The focus on the Hispanic community is the key element to differentiate the company, and the segmentation of this market will enable Americatel® to become a communication portal for the Americas.

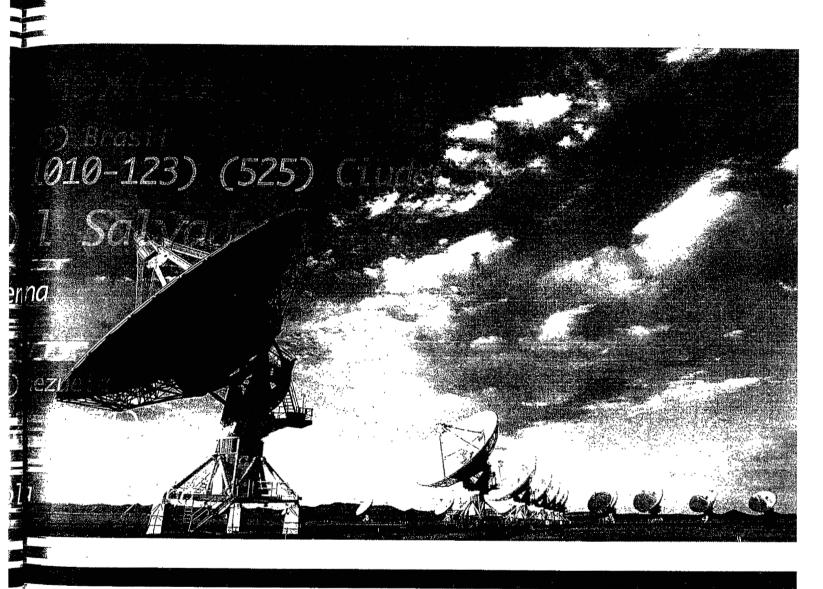




Communications to foster a region's development.







Business Services

Bussines Services



Americatel® established its reputation as a leader in business line communication services in Latin America and the Caribbean, with operations in over 40 countries coordinated from our international telecommunications facilities in Miami, Florida. Our leadingedge technology and physical or virtual presence in these countries make Americatel® the best choice for both regional IP service providers and multinational companies with offices or facilities in the hemisphere. Americatel's® Business Services Division is the company's most mature and consolidated area, composed of a seasoned staff of engineers and specialists with in-depth knowledge and expertise in the development and implementation of state-of-the-art telecommunications services.

Service Level Agreements

Service Level Agreements (SLAs), are increasingly popular among corporate telecommunications customers because they offer a guaranteed level of performance. If that level is not met, the customer does not pay for the service.

Americatel® offers comprehensive and realistic SLAs to all its corporate customers. All of its SLAs guarantee up to 99.5 percent of uptime service, end-to-end, which is equivalent to 3.5 hours per month downtime, other than scheduled maintenance. This includes non-Americatel® operated local loops. On its Internet access contracts, it guarantees 100 percent of the specified bandwidth, 100 percent of the time.

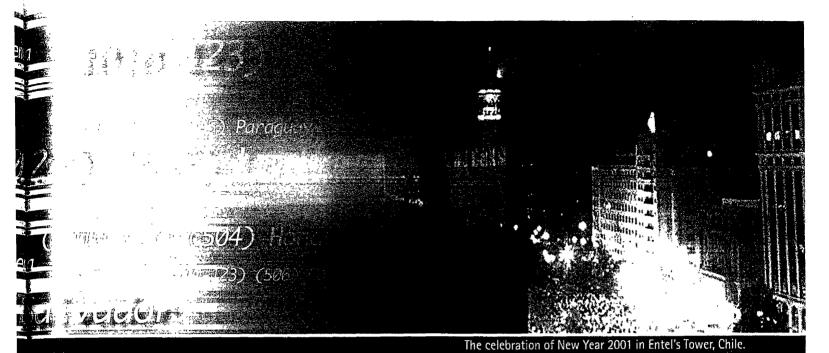
International Private Line Service

Americatel® offers customers with heavy telecommunications volume to Latin America via the convenience and reliability of dedicated private lines. Through its regional network, Americatel® installs and services high capacity private digital lines capable of transmitting voice, data or video either over satellite or fiber optic cable systems within the industry's highest standard, INTELSAT International Business Service (IBS) parameters. Unlike open, direct-dial systems that route calls through a maze of available international switches and carriers, Americatel's® dedicated private lines connect two or more points end-toend, securely, immediately and continuously. This virtually eliminates the risk of delays and busy signals during peak hours.

Our standard private line service consists of clear channel digital lines at







speeds ranging from fractional T1 or E1 to DS3 or even N x STM-1 levels.

Americatel® takes full administration and management responsibility for the end-to-end service, making the process of installing international lines in the region transparent to customers. Our flexibility and responsiveness to customer's needs allows us to provide non-standard services as well, in order to suit a variety of technical and corporate customer requirements.

Wholesale Internet

In 2000, Americatel® established its position as a preferred provider of Internet backbone access to Internet

Service Providers (ISPs) in Latin America and the Caribbean.

The backbone node has redundant access to the US Internet via multiple providers at DS3 or higher. The redundancy of the Internet access is both physical and logical. The access speed ranges from fractional T1 or E1

to DS3 levels either in duplex symmetric, duplex asymmetric, or simplex fashion, and to N x STM-1 levels in duplex symmetric fashion.

Very Small Aperture Terminal

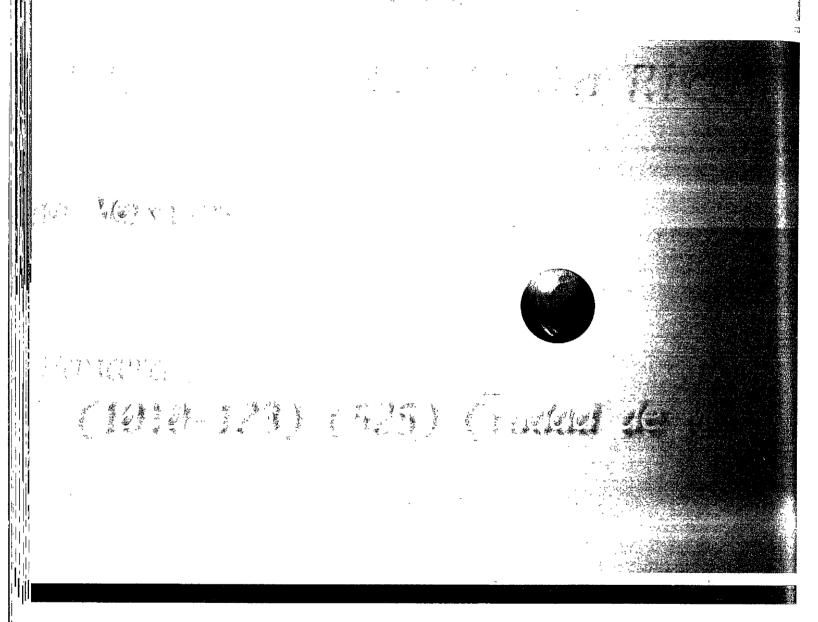
The outstanding quality and reliability of a private satellite network to Latin America is within the reach of even moderate volume telecommunications users today. Through its regional network, Americatel® installs and maintains Very Small Aperture Terminal (VSAT) satellite antennas at remote locations. VSATs are capable of transmitting the data in virtually any computer protocol (digital voice, data, fax or video) directly through the company's international gateway to a customer's network server. Americatel's® network of telecommunications companies throughout Latin America and the Caribbean allows us to assure the highest transmission quality and level of service. The companies provide

expert turnkey, in-country installation of VSAT antennas, achieving timely and consistent service and troubleshooting levels. VSATs serve the varying data needs of credit card companies, hotel and airline reservation systems, banks, multinational regional offices or other users. During peak periods, capacity is automatically assigned to the users with the most immediate needs. Americatel's® private satellite networks offer an economical alternative for needs ranging from five connection points to complex networks involving multiple locations.

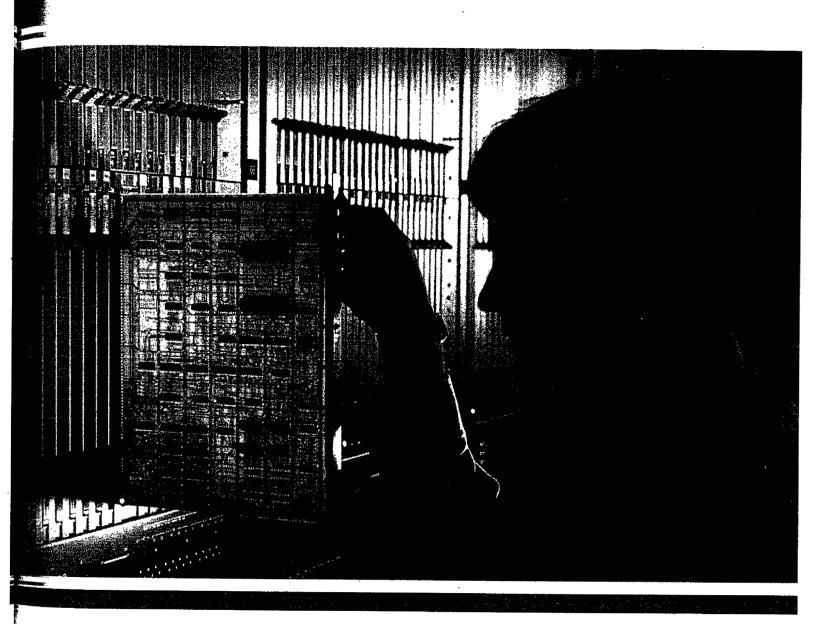


We don't just offer technology.

we offer intelligence—
a dynamic team determined to satisfy
your service needs.







Operations



Infrastructure and Facilities

Americatel® operates a fully-equipped international telecommunications facility in Miami, an International Gateway switching facility in New York City and telecommunications facilities in selected countries in Latin America. The Miami Teleport facility provides a state-of-the-art telecommunications infrastructure to support a wide variety of Americatel's® services. The Miami facility features a base satellite telecommunications infrastructure comprised of one Standard-A antenna and two Standard-B antennas. All of these are equipped with fully redundant electronic components including, but not limited to, IBS/IDR/TCM-IDR compatible satellite modems, High Power Amplifiers (HPA) and Low Noise Amplifiers (LNA). The equipment is diligently configured and maintained 7x24 to guarantee the highest level of reliability.

In addition to its base satellite

telecommunications capabilities, Americatel's® Miami teleport is interconnected to the submarine fiber optic cable systems located off Florida's East Coast. State-of-the-art T1/E1/DS3/OC3/OC48 multiplexers, VSAT hubs, carrier class IP router platforms and Frame Relay switches are also housed at Americatel's Miami Teleport facility. A high-capacity Uninterruptible Power Supply (UPS) and an electrical power generator quarantee the continuous operation of mission-critical telecommunications equipment at the Miami teleport, should a power outage affect the facility. Together, these resources make it possible for Americatel® to provide reliable and fully integrated telecommunications services throughout the region.

Americatel's® New York facility is located at 60 Hudson St., New York City, New York. This site is a wellestablished location shared by many carriers, resulting in reduced interconnection costs. At present, Americatel's® New York switch is interconnected with 40 national and international carriers. Multiple high-speed interconnections link our New York and Miami facilities.

A redundant domestic fiber optic ring network provides high capacity links between New York, Americatel's® International telecommunication facilities in Miami and the landing points of submarine cables at West Palm Beach and OJUS, Florida. This robust network has given Americatel® a strong hemispheric presence and has made it one of the major providers of Internet backbone access for many countries in Latin America.

Finally, Americatel® has implemented a total access ISP platform located at New York that allows local dial-up access connections for customers located on the U.S. mainland.







Fiber Optic Cables

Atlantic Ocean System

Americatel® uses the fiber cables of its parent company, ENTEL Chile, which are channeled through the Americas 1/Columbus II, Unisur and Trasandino cables. The Columbus II cable also provides a unique connection between the U.S. and Italy, ensuring high quality connections to the rest of Europe, as well as Africa and the Middle East.

Pacific Ocean System

The Pan American fiber optic submarine cable connects Americatel® with ENTEL Chile and enables additional connections to Panama and South American countries, including Peru, Ecuador, Bolivia, Colombia and Venezuela.

Other cable systems

Americatel® and ENTEL® Chile also have investments in fiber optic cables that reach across the North Pacific Ocean,

notably TPC4, which links Hawaii 5, the Caribbean Rim, the Pacific Rim East and Tasman 2 cables in the South Pacific. This linkage allows Americatel® to interconnect with the Asian mainland, the Pacific region, and the Caribbean, in addition to providing a direct connection to Japan, Hong Kong and Australia.

A connection to the Americas II and Maya Cable enables Americatel's® Carrier Services to provide full cable connection within the Central American region, including Nicaragua, Honduras and Guatemala.

Satellite

On December 16th, 1999, Americatel® became one of the first carriers in the United States to sign a contract with INTELSAT for Level 3 Direct Access to international satellite services—an option made available in the United States on December 6, 1999. Comsat, the U.S. government-sanctioned

satellite organization, was formerly the only link to INTELSAT's global satellite network.

With this new service, Americatel® not only provides backup to its facilities operations, but also interconnects directly with 70 countries around the world.

Americatel® connects with over 230 countries through correspondent agreements, which are made possible by different satellites. In addition to high quality connectivity to many destinations, satellites provide an excellent alternative for restoration of fiber optic links.

This direct access to INTELSAT will provide Americatel® with an even stronger presence in the region and facilitate more competitive service options for its clients.





Sales

In 2000, Americatel® began expanding its specialized sales staff to complement existing mass-media marketing efforts. In addition to strengthening Americatel's® relationships with existing private and corporate clients, this team laid the groundwork for the successful launch of new products such as Prepaid Calling Cards.

Through its distributors, Americatel's® Prepaid Calling Cards are now sold at 100,000 purchasing points throughout the country, including gas stations and convenience stores. In the Los Angeles area, Americatel® has also brokered a co-branding agreement whereby the Prepaid Calling Cards are displayed in local area supermarkets. Americatel® is exploring a variety of similar promotional arrangements to promote its new ISP and Internet products.

Americatel's® has set ambitious goals for 2001. The company intends to increase its revenues significantly for all its products, and try to reach all and every one of the Hispanic consumers. The sales staff will also play a supporting role in marketing efforts promoting the 123.COM™ Web portal and boost its fiber-based data network sales.

Customer Service

Excellent customer service has been a distinguishing feature of Americatel® products from the very beginning. During 2000, the company redoubled its efforts to anticipate and respond to the service needs of its customers through toll-free bilingual help lines. Customer support for its flagship 1010-123™ product improved extensively with four times as many agents, with extensive classroom and on-the-job training programs. After training, each associate's

performance is monitored regularly through on-site-supervision.

Americatel® also developed new customer service units for its new line of products. Despite the rapid customer growth for them, the company was able to stay ahead of customer service demands through a carefully executed trainnig, monitoring and service method. The companies bilingual Customer Service agents provide shared customer care 24 hours / 7 days a week for all their products and services.

In 2001, Americatel® is planning to implement a Customer Relationship Management system that will enable the company to achieve even greater quality and efficiency in its support functions. The system will include customer profiling features that will reveal more detailed information about customer calling habits and permit the company to more effectively target new customers.







Billing and Collections

Billing and collections functions at Americatel® are managed through external providers that have established a network of billing and collections contracts covering more than 1,300 North American local telephone companies (LECs). The Billing and Collections department at Americatel® is responsible for monitoring, controlling and analyzing information pertaining to all the billing provider's activities. This includes information on remittances, service charges, unbillable accounts, bad debts and account adjustments. The department is also responsible for all Exchange Message Interface (EMI) traffic control, initiating blocking procedures for unbillables and rejected EMIs, and conducting direct billing as required.

Revenue Protection

Revenue Protection monitors and analyzes traffic in search of possible fraudulent calls. Americatel® has online call detail report (CDR) and alert systems that continuously monitor customer calling patterns. The duration, frequency and timing of calls are used to trigger alerts.

Americatel® 24/7 on-line monitoring system for its 1010-123™ traffic, has allowed us to greatly reduce blocking response time when fraudulent calls are detected. Analysis tools are also used to study customer patterns by caller origin and call destination. Use of these systems and procedures has resulted in a substantial monthly savings. Americatel® has reduced its exposure to fraudulent activity significantly.

Human Resources

The growth of our business, from our traditional services and also our new product lines, such as:
Prepaid Calling Cards and ISP/Portal
Services created a great demand for qualified individuals.

During fiscal year 2000, Human Resources met the challenge and increased Americatel's workforce by 28 percent, to a total of around 128 employees.

Americatel® is en equal opportunity employer, and is in full compliance with its Affirmative Action Plan. The company provides a comprehensive benefit package to its employees.



When they're faced with a challenge, America's Hispanic families know how to build a better future.







Looking Forward



Future Plans



(1010-123) (571) Bogotá, Colombia: (1010-123) (571) Bogotá (1010-123) (571) Bogotá (1010-123) (571) Bogotá (1010-123) (571)



Future Plans

A census in the United States rarely reveals big surprises, but the one completed in the year 2000 was an exception. As announced in newspaper headlines across the country, the census showed that Hispanics now equal African Americans in population. Although the convergence in these numbers was predicted years ago, the census revealed that it has happened faster than anticipated—thanks to a 58 percent jump in the U.S. Hispanic population since 1990.

For America's diverse Hispanic citizens, now 35 million strong, this was a very special milestone. After decades on the sidelines of American life, Hispanics are now taking the center stage—not merely because of their rising numbers, but because of their increasingly visible achievements in business, education,





politics and entertainment. As a columnist in Miami observed, the fact that Hispanics will soon be the largest "minority" group in America marks "a historic shift whose broad implications are already being debated across the country."

For Americatel®, the census was a resounding confirmation that we are the right company in the right place and at the right time. Americatel® was the first U.S.-based telecommunications firm to build its business model entirely around Hispanic customers. For us it has always been apparent that these communities—with the strong sense of duty, family and cultural tradition—would thrive in the entrepreneurial atmosphere of the United States.

That is why Americatel® has built a family of linked communications products that are carefully tailored to

the needs, tastes and preferences of Hispanic customers. Having consolidated our position as the leading calling-code for Hispanic customers, last year we launched a popular line of prepaid calling cards and an Internet access service, 123.COM™. At the same time, a growing percentage of our 1010-123™ "casual calling" customers are deciding to make Americatel® their permanent, subscribed long-distance service.

Now, Americatel® is ready to become a one-stop-shop for all our customers' communications needs. Our Internet portal makes it easier than ever to learn about Americatel's® long-distance products and rates, and it also offers a new range of options for communicating online. Next, we are preparing to offer a new generation of products, such as VOIP, that will further blur the lines that traditionally divided different

kinds of communications.

As always, the emphasis will be on friendly, bilingual customer service, market-leading prices and the unique cultural preferences of individual Hispanic national groups. Americatel®, counts on becoming the source Hispanics rely on to communicate with each other, which will increase our leadership position among Hispanic consumers.

We're glad to hear that America's Hispanic communities are forecast to continue growing. We plan to grow with them, helping Hispanic strengthen their communities through the empowerment offered by these new technologies.

Mr. Konrad Burchardt
President / Director



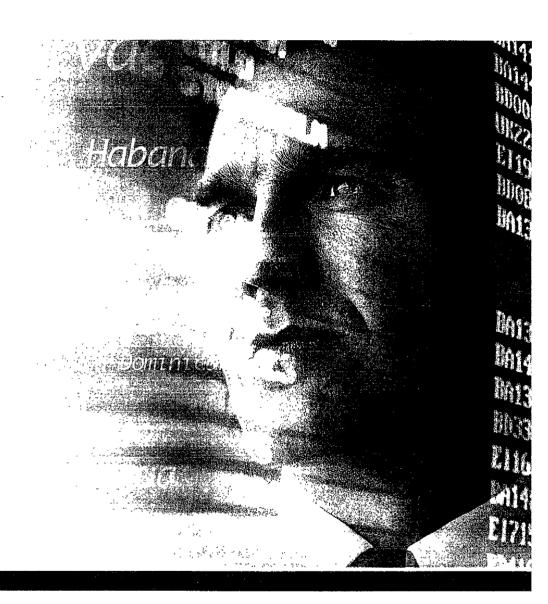
A tamiliar face, a patrolic holiday, a day, a familiar face, a patrolic holiday, a flag, a favorithmetersong a favorithmetersong a cargonism of humor Aramericatel grows by celebrating lebrating what identifies its customers.

What identifies its customers.









Management Discussion and Analysis



In the year 2000, less than three years after launching Long Distance Services in the U.S., Americatel® became profitable. Despite expenditures including \$4.4 million required to launch our new ISP and Internet Portal products, the company generated aftertax profits of \$6.4 million last year, this is an increment of \$9.1 million compared to 1999 results.

Revenues

Americatel's® revenues increased 44 percent in 2000, to \$210.9 million. The company's 1010–123™ long-distance service remained its largest and fastest-growing source of revenue, generating \$122.6 million or 46 percent more than in 1999. International long-distance revenues were especially strong, accouting for \$105.9 million of the 1010–123 product total (a 50 percent increase from the previous year). International long-distance minutes increased 77 percent in 2000, to 289 million.

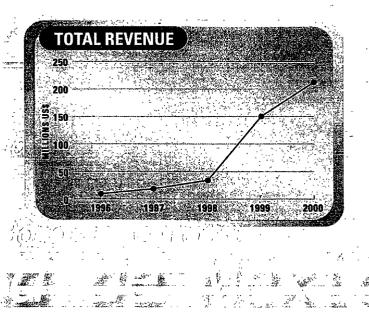
Americatel's® Carrier Services (PSTN) revenues also grew significantly in 2000, rising 30 percent to \$59.9 million on sales of 266 million minutes. The company's participation in Worldnet Corporate remained a key factor in this segment, enabling it to function as one of the three nodes in Grupo ENTEL's corporate traffic network and to terminate a growing volume of third-party traffic.

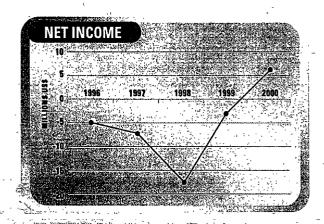
Business Services generated \$14.5 million for Americatel® in 2000, up 8 percent from 1999, primarily on the basis of data transportation and communication services provided to Internet Service Providers (ISPs) in Latin America. Amerticatel® is now in an excellent position to continue profiting from the explosive growth of Internet service forecast for Latin American and Caribbean countries in the years ahead.

Finally, we are pleased to report that two of our newest products also showed impressive growth in 2000. Our Prepaid Calling Cards, launched early last year, generated \$8.3 million in revenues and were accounting for 27 million long-distance minutes per month by December. By year-end Americatel® had also signed up 36,000 customers for our Subscribed long-disance service, which was introduced in late 1999. Revenues for this product reached \$3.6 million last year, based on a total of 13 million minutes of traffic.









Cost of Sales

Americatel's® direct cost of sales grew 42 percent in 2000, to \$157.4 million, driven primarily by 1010–123™ and PSTN services.

Administrative and Sales Expenses

The company's administrative and sales costs amounted to \$47.2 millones last year, a 22 percent increase over 1999. Product development and advertising costs for Americatel's® new ISP and Internet portal products accounted for a \$4.4 million of the total.

Operational Income

As a result of the improvements described above, Americatel® reported a \$6.3 million operating profit in 2000, equivalent to a \$9.4 million gain on the previous year. These results were led by our flagship 1010-123™ long-distance service, which generated a gross margin

of \$45.7 million, a 69 percent increase from the previous year.

EBITDA

Americatel's® EBITDA reached \$9.1 millon in 2000, a \$9.9 millons increase over the previous year.





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Financial Statements



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Tel (305) 372-3100 Fax: (305) 372-3160 www.us deloitte com

Deloitte & Touche

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Americatel Corporation:

We have audited the accompanying balance sheets of Americatel® Corporation (the "Company"), a majority-owned subsidiary of Entel International B.V.I. Corporation, as of December 31, 2000 and 1999, and the related statements of operations, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

February 2, 2001

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Deloitte Touche Tohmatsu





Balance Sheets December 31, 2000 and 1999

ASSETS	2000	1999
CURRENT ASSETS: Cash and cash equivalents	\$6,075,705	\$2,745,398
Receivables:	The Control of the Co	
rade, net of allowance for doubtful accounts of	47.055.700	24 020 270
\$4,225,772 in 2000 and \$1,528,949 in 1999	47,655,729	31,038,378
Other	35,423	7,255
Total receivables, net	47,691,152	31,045,633
Prepaid expenses and other current assets	2,334,845	1,206,448
Due from related parties	327,501	286,597
Total current assets	56,429,203	35,284,076
PROPERTY AND EQUIPMENT, net	17,137,086	11,046,624
OTHER ASSETS, net	3.772.992	2,611,810
TOTAL	A = 2 = 2 = 2 = 2	\$48,942,510
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES:	\$77,339,281	
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable and accrued expenses	\$39,388,343	\$23,533,002
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues	\$39,388,343 3,685,692	
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable and accrued expenses	\$39,388,343	
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases	\$39,388,343 3,685,692 314,986	\$23,533,002
CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net	\$39,388,343 3,685,692 314,986 8,222,721	\$23,533,002 — — 12,758,591
CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net Total current liabilities	\$39,388,343 3,685,692 314,986 8,222,721 51,611,742	\$23,533,002 — — 12,758,591
CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net Total current liabilities OBLIGATIONS UNDER CAPITAL LEASES	\$39,388,343 3,685,692 314,986 8,222,721 51,611,742	\$23,533,002 ———————————————————————————————————
CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net Total current liabilities OBLIGATIONS UNDER CAPITAL LEASES OTHER LONG-TERM LIABILITIES COMMITMENTS AND CONTINGENCIES (Note 5) STOCKHOLDERS' EQUITY:	\$39,388,343 3,685,692 314,986 8,222,721 51,611,742	\$23,533,002 ———————————————————————————————————
CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net Total current liabilities OBLIGATIONS UNDER CAPITAL LEASES OTHER LONG-TERM LIABILITIES COMMITMENTS AND CONTINGENCIES (Note 5)	\$39,388,343 3,685,692 314,986 8,222,721 51,611,742	\$23,533,002 ———————————————————————————————————
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CURRENT LIABILITIES: Accounts payable and accrued expenses Deferred revenues Current maturities of obligations under capital leases Due to stockholders and related parties, net Total current liabilities OBLIGATIONS UNDER CAPITAL LEASES OTHER LONG-TERM LIABILITIES COMMITMENTS AND CONTINGENCIES (Note 5) STOCKHOLDERS' EQUITY: Common stock, \$.01 par value, 150,000 shares au horized; 61,854 and 54,981 shares issued and outstanding, respectively Additional paid-in capital	\$39,388,343 3,685,692 314,986 8,222,721 51,611,742 197,254 24,083	\$23,533,002 ———————————————————————————————————
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Statements of Operations Years Ended December 31, 2000 and 1999

_	2000	1999
REVENUES	\$210,905,273	\$146,426,107
COSTS AND EXPENSES:		
Cost of revenue 110,792,208 Selling, general and administrative expenses	157,363,271 47,208,130	110,792,208 38,711,063
INCOME (LOSS) FROM OPERATIONS	6,333,872	(3,077,164)
OTHER INCOME (EXPENSE):		glass to the growth of the control
Interest income	353,316	241,640
Other (expense) income	(75,332)	89,866
Other income, net	277,984	331,506
INCOME (LOSS) BEFORE PROVISION FOR CURRENT INCOME TAXES	6,611,856	(2,745,658)
PROVISION FOR CURRENT INCOME TAXES	225,800	<u> </u>
NET INCOME (LOSS)	\$6,386,056	\$(2,745,658)

See accompanying notes to financial statements.

Statements of Stockholders' Equity Years Ended December 31, 2000 and 1999

	Common Stock		Additional	Additional	
	Number of Shares	Par Value	Paid-ın Capital	Accumulated Deficit	Stockholders' Equity
BALANCE, DECEMBER 31, 1998	54,981	\$550	\$55,866,166	\$(40,506,749)	\$15,359,967
Net loss				(2,745,658)	(2,745,658)
BALANCE, DECEMBER 31, 1999	54,981	550	55,866,166	(43,252,407)	12,614,309
Issuance of common stock	6,873	69	6,505,768		6,505,837
Net income				6,386,056	6,386,056
BALANCE, DECEMBER 31, 2000	61,854	\$619	\$62,371,934	\$(36,866,351)	\$25,506,202



See accompanying notes to financial statements.



Statements of Cash Flows Years Ended December 31, 2000 and 1999

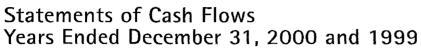
CASH FLOWS FROM OPERATING ACTIVITIES:	2000	1999
Net income (loss) Adjustment to reconcile net loss to net cash used	\$6,386,056	\$(2,745,658)
in operating activities:		
Depreciation and amortization	2,719,781	2,227,802
Provision for doubtful accounts	6,912,539	4,775,083
Net changes in operating assets and liabilities: Increase in receivables	(23,558,058)	(23,333,925)
Increase in prepaid expenses	(23,556,056)	(23,333,925)
Increase in accounts payable and accrued expenses	16,170,327	8,342,410
Increase in deferred revenues	3,685,692	0,542,410
(Decrease) increase in due to stockholders	3,000,002	_
and related parties, net	(4,576,774)	7,622,399
Increase (decrease) in other long-term liabilities	184,729	(37,574)
Net cash provided by (used in) operating activities	6,795,895	(4,181,282)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment and other assets Collection of note receivable	(9,971,425) —	(2,305,984) 90,000
Net cash used in investing activities	(9,971,425)	(2,215,984)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	6,505,837	<u> </u>
Net increase (decrease) in cash and cash equivalents	3,330,307	(6,397,266)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,745,398	9,142,664
CASH AND CASH EQUIVALENTS, END OF YEAR	\$6,075,705	\$2,745,398
SUPPLEMENTAL DISCLOSURE		
OF CASH FLOW INFORMATION: Cash paid for income taxes	\$225,800	_
SUPPLEMENTAL DISCLOSURE OF NONCASH		
INVESTING AND FINANCING ACTIVITIES: Telecommunication equipment acquired through capital leases	\$512,240	

See accompanying notes to financial statements.









CASH FLOWS FROM OPERATING ACTIVITIES:	2000	1999
Net income (loss)	\$6,386,056	\$(2,745,658)
Adjustment to reconcile net loss to net cash used		
in operating activities:		
Depreciation and amortization	2,719,781	2,227,802
Provision for doubtful accounts	6,912,539	4,775,083
Net changes in operating assets and liabilities:	(· · · · ·	(00.000.005)
Increase in receivables	(23,558,058)	(23,333,925)
Increase in prepaid expenses	(1,128,397)	(1,031,819)
Increase in accounts payable and accrued expenses Increase in deferred revenues	16,170,327	8,342,410
(Decrease) increase in due to stockholders	3,685,692	
and related parties, net	(4 576 774)	7,622,399
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SUPPLEMENTAL DISCLOSURE		
OF CASH FLOW INFORMATION:		
Cash paid for income taxes	\$225,800	
SUPPLEMENTAL DISCLOSURE OF NONCASH		
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		

See accompanying notes to financial statements.



Property and Equipment - Property and equipment are stated at cost. Depreciation on property and equipment is computed under the straight-line method over the estimated useful tives of the assets **Expenditures for major** renewals and betterments are capitalized. Repairs and maintenance expenditures are charged to income as incurred.

Other Assets - Other assets consist principally of licenses. The cost of licenses is amortized straight-line over the term of the respective license agreement.

Long-Lived Assets - Long-lived assets are reviewed on an ongoing basis for impairment based on comparison of carrying value to the related undiscounted future cash flows. If an impairment is identified, the assets carrying amount is adjusted to fair value. No such adjustments were recorded for the years ended December 31, 2000 and 1999.

Income Taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and attributable to operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Advertising Costs - Advertising costs are expensed as incurred. For the years ended December 31, 2000 and 1999, advertising expense amounted to approximately \$28,821,000 and \$25,918,000, respectively. Advertising expense in 2000 and 1999 relates mainly to the media campaign for the long distance telephone business.

2. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of December 31, 2000 and 1999 consist of the following

	2000	1999	Estimated Useful lives
Land	\$732,700	\$732,700	
Building and improvements	3,166,703	2,484,971	7-40 years
Telecommunications equipment	20,040,497	12,427,100	5-10 years
Office equipment and software	1,996,676	1,650,241	4-5 years
Furniture and fixtures	234,847	220,340	7-10 years
	26,171,423	17,515,352	THE STATE OF THE S
Less accumulated depreciation	(9,034,337)	(6,468,728)	
Property and equipment, net	\$17,137,086	\$11,046,624	



Depreciation expense for the years ended December 31, 2000 and 1999 amounted to approximately \$2,571,000 and \$2,107,000, respectively. For the years ended December 31, 2000 and 1999, cost of sales includes approximately \$929,000 and \$760,000, respectively, of depreciation expense related to services, rendered during the year. The telecommunications equipment owned by the Company is subject to rapid technological obsolescence; therefore, it is reasonably possible that the equipment's estimated useful lives could change in the near future.

3. RELATED PARTY BALANCES AND TRANSACTIONS

On March 31, 1993, the Company entered into an agreement with Americasky Corporation ("Americasky") to provide for the operation and maintenance of the Company's telecommunication facilities given that Americasky owns the Federal Communications Commission license to operate a common carrier radio facility. Americasky is a wholly owned subsidiary of the Parent. The initial term of the agreement is for a period of 10 years with continual self-renewing five-year intervals. The agreement calls for the Company to maintain and operate its facilities, and Americasky, in turn, will lease said facilities, in addition to any required office and storage space. There were no amounts outstanding as of December 31, 2000 and 1999 as a result of this agreement.

Effective November 1995, the Company entered into an agreement to provide Entel access to the Internet for an initial start-up fee plus a monthly fixed fee. The agreement is effective for a one-year period and renews automatically for additional and successive 12-month terms, provided neither party terminates it. As of December 31, 2000 and 1999, amounts due from Entel related to this agreement are approximately \$422,000 and \$1,008,000, respectively, which is netted in due to stockholder and related parties.

Effective February 1996, the Company entered into another agreement with Entel whereby the Company sells units (minutes) along its link with Entel to other carriers and vice versa. Revenue is generated from the traffic usage and low from one country to the other. Effective May 1998, the Company uses its own switch to sell units (versus relying on Entel) on a Least Cost Routing ("LCR") basis. Entel is a major terminating carrier on the LCR system. As of December 31, 2000 and 1999, included in due to stockholder and related parties is a net payable of approximately \$667,000 and \$9,910,000, respectively, related to this agreement.

Also included in due to stockholder and related parties as of December 31, 2000 and 1999 is a payable amounting to approximately \$299,000 and \$692,000, respectively, related to an agreement with Entel whereby the Company pays a fixed monthly charge for the usage of the telecommunication/satellite link between the United States and Chile.

Effective May 30, 1997, the Company entered into various agreements with Gadol and certain related parties whereby those entities provide spokesperson and endorsement services to the Company, grant certain licenses and assist in developing promotional and marketing materials. The initial term of the agreements is three years. As consideration for the aforementioned services, the Company agreed to pay Gadol \$1,750,000 and other related entities \$1,750,000 for each year during the three-year term. For the years ended December 31, 2000 and 1999, the Company expensed approximately \$3,500,000, in connection with the aforementioned agreements. Amounts due to related parties in connection with these agreements amounted to approximately \$370,000 and \$360,000 at December 31, 2000 and 1999, respectively.

On February 1, 1998, the Company entered into a licensing agreement with Entel whereby the Company was granted the right to use certain software developed by Entel. The agreement is effective for a two-year period and renews automatically for additional and successive 12-month terms, provided neither party terminates it. In 2000, the Company entered into a similar licensing agreement for an upgrade of the software. The Company paid approximately \$230,000 in 1999 to Entel related to these agreements.







In the normal course of business, the Company provides telecommunication services to certain affiliates. As of December 31, 2000 and 1999, the Company had receivables from these affiliates amounting to approximately \$328,000 and \$287,000, respectively. Additionally, as of December 31, 2000 and 1999, the Company had outstanding payables amounting to approximately \$7,679,000 and \$3,165,000, respectively, for services provided to the Company by affiliates

4. INCOME TAXES

As of December 31, 2000, the Company had net operating loss carryforwards of approximately \$31,521,000. These amounts can be used to reduce future income as provided for under Internal Revenue Code Section 382 described below. Such tax-loss carryovers expire as follows subject to the limitation noted below:

Year ending December 31,	Amo	
2010	2,808,000	
2011	4,860,000	
2012	5,733,000	
2018	16,644,000	
2019	1,476,000	
Total	31,521,000	

In July 1996, additional shares of stock of the Company were transferred to Entel. Under the provisions of Internal Revenue Code Section 382, this transfer resulted in an ownership change due to Entel's greater-than 50 percent increase in stock ownership within a three-year period. Once an ownership change is deemed to have occurred under Section 382, a limitation on the annual utilization of net operating loss carryovers is imposed. As a result of the 1996 ownership change, the utilization of the Company's pre-July 1996 net operating losses is limited to a maximum of approximately \$1,606,000 annually through their expiration date. If another ownership change should occur in the future, the tax-loss carryovers prior to the change in ownership may be further limited under the provisions of Section 382.

As of December 31, 2000 and 1999, the Company had no deferred tax asset or liability reflected on its financial statements since the deferred tax asset attributable to the net operating loss is completely offset by the valuation allowance, due to the uncertainty regarding the ability of the Company to generate future taxable income sufficient to utilize the tax-loss carryovers





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5. COMMITMENTS AND CONTINGENCIES

Leases - The Company is obligated under various noncancelable operating and capital leases expiring through the year 2012 for various equipment used in relation to the operations of the Company.

The following is a schedule of future minimum lease payments under the terms of noncancelable operating and capital leases as of December 31, 2000:

Year ending December 31,	Future Minimum Lease Payments		
	Operating Leases \$	Capital Leases . \$	
2001	313,000	329,000	
2002	303,000	267,000	
2003	303,000	47,000	
2004	303,000		
2005 and thereafter	2,423,000		
Total minimum lease payments Less: amount representing interest	3,645,000	643,000 {131,000}	
Total obligation under capital leases Less: current maturities		512,000 (315,000)	### A
Long-term obligations under capital leases		197,000	

Rent expense for the years ended December 31, 2000 and 1999 amounted to approximately \$367,000 and \$231,000, respectively.

Litigation - The Company is subject to certain legal proceedings and claims which arise in the normal course of its business. In the opinion of Company management, there is no pending or threatened litigation which will have a material effect on the Company's financial position or results of operations.

On July 1, 1996, the Company established a savings plan (the "Plan") under Section 401(k) of the Internal Revenue Code. The Plan allows eligible employees to contribute up to 15 percent of their compensation on a pre-tax basis. The Company matches 100 percent of the first \$1,000 and 25 percent of the next \$4,000 an employee contributes to the Plan. The maximum the Company will contribute to the Plan per employee is \$2,000 per plan year. Company contributions are vested incrementally over three years. The charge to operations for the Company's matching contribution was approximately \$71,000 and \$27,000 in 2000 and 1999, respectively.



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AMERICATEL CORPORATION Application for a Certificate of Public Convenience and Necessity to Operate Public Utility Service

EXHIBIT E

STATEMENT OF SUFFICIENT FINANCIAL CAPABILITY

Americated Corporation is a telecommunications company that has been in business since 1992 providing interexchange services to the Hispanic market in the United States. As indicated in the audited financial statements attached hereto, the Company earned in 2002, \$266 million in gross revenues.

- 1. Americated has sufficient financial capability to provide competitive local exchange services in Florida. This capability is evidenced by the financial resources and other assets set forth in Americatel's audited financial statements for 2000, 2001 and 2002.
- 2. Americated will maintain the competitive local exchange services that it plans to provide in Florida through the revenues that it will generate through its operations and through the sale of service to new customers. This capability is evidenced by the financial resources and other assets set forth in Americatel's audited financial statements for 2000, 2001 and 2002.
- 3. Americated has sufficient financial capability to meet its payment obligations for operating and capital leases as it has always done. This capability is evidenced by the financial resources and other assets set forth in Americatel's audited financial statements for 2000, 2001 and 2002.