

FILE COPY

**NOWALSKY & BRONSTON, L.L.P.**  
ATTORNEYS AT LAW

LEON I. NOWALSKY  
MONICA R. BORNE

3900 NORTH CAUSEWAY BOULEVARD  
SUITE 1275  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 831-1984  
FACSIMILE: (504) 831-0892  
E-MAIL: NowalBron@aol.com

BENJAMIN W. BRONSTON  
EDWARD P. GOTHARD  
Of Counsel

**Writer's Direct Dial Number  
(504) 836-7423**

August 8, 1996

960913-TP

**VIA FEDERAL EXPRESS**

Executive Secretary  
Florida Public Service Commission  
2450 Schumard Oak Boulevard  
Tallahassee, Florida 32399-0850

ACK \_\_\_\_\_  
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O \_\_\_\_\_

Re: Application for Approval of Merger Between Charter  
Comminucations International, Inc., OCI Acquisition Corp. and  
Overlook Communications International, Corporation

Dear Sir:

On behalf of Overlook Communications International, Corporation, enclosed please  
find an original and thirteen (13) copies of the referenced Application. Also enclosed is a  
check in the amount of \$250.00 to cover the filing fee.

Please date stamp and return the enclosed extra copy of this letter in the envelope  
provided.

Please call me should you have any questions concerning this filing. Thank you for  
your assistance with this matter.

Sincerely,  
*Edward P. Gothard*  
Edward P. Gothard

RECEIVED & FILED  
*ES*  
FPSC-BUREAU OF RECORDS

EPG/bg

Enclosures

Check received with filing and  
forwarded to Fiscal for deposit.  
Fiscal to forward a copy of check  
to RAR with proof of deposit.

Initials of person who forwarded check:  
*ES*

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE PUBLIC SERVICE COMMISSION

ORIGINAL  
FILE COPY

STATE OF FLORIDA

APPLICATION FOR APPROVAL  
OF MERGER BETWEEN CHARTER  
COMMUNICATIONS INTERNATIONAL  
INC., OCI ACQUISITION CORP. AND  
OVERLOOK COMMUNICATIONS  
INTERNATIONAL, CORPORATION

CASE NO. 960913-

APPLICATION

Overlook Communications International, Corporation ("OCI"), pursuant to the applicable Statutes of Florida and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby requests Commission approval of a transaction through which it will merge with OCI Acquisition Corp., ("Newco"). As will be described in more detail below, the Acquisition Agreement<sup>1</sup> (the "Agreement") between OCI, Newco and Charter Communications International, Inc. ("C.COM") sets forth a merger of Newco and OCI, following which OCI will be the surviving entity and Newco will cease to exist. As a regulated telecommunications provider, OCI hereby seeks Commission approval of the Agreement.

Commission approval of the proposed Agreement will be beneficial to the involved companies as well as their customers. Following consummation of the Agreement, OCI will be able to provide communications services to its customers in a more efficient manner. Approval of the proposed Agreement will not in any way be detrimental to the public interests of the State of Florida.

<sup>1</sup> A draft copy of the Acquisition Agreement is attached as Exhibit "A".

The customers of OCI will continue to receive the same high quality service presently rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party.

In support of this Application, Applicant shows the following:

#### I. THE PARTIES

1. Charter Communications International, Inc. is a publicly held Nevada corporation with principle offices located at 17100 El Camino Real, Suite 100, Houston, Texas 77058. C.COM is a non-regulated entity which provides internet access services.

2. OCI Acquisition Corporation (Newco), is a wholly owned subsidiary of C.COM. Newco was formed solely for the purpose of engaging in the transactions described in the Agreement and has otherwise conducted no prior activities.

3. Overlook Communications International, Corporation is a privately held North Carolina corporation with principle offices located at 2839 Paces Ferry Road, Suite 500, Atlanta, Georgia 30339. OCI is a non-dominant carrier that resells domestic and international long distance service purchased from various facilities based carriers pursuant to the FCC's *Competitive Carrier* policies.

4. OCI is authorized by the FCC to offer domestic interstate and international services in all fifty (50) states and the District of Columbia as a non-dominant carrier. OCI currently originates interstate traffic in fifty (50) states and the District of Columbia, and provides intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in thirty-one (31) states. OCI has applications for certification pending in an additional nine (9) states,

where it intends to do business following certification. OCI is a certificated carrier in the State of Florida.<sup>2</sup>

5. Pursuant to the transaction which is the subject of this Application, Newco will merge with and into OCI. OCI will be the surviving entity, and will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, pursuant to applicable law.

6. Current financial information for C.COM is attached hereto as Exhibit "B".<sup>3</sup> Current financial information for OCI is attached hereto as Exhibit "C".<sup>4</sup>

## II. DESIGNATED CONTACT

7. The designated contact for questions concerning this Application is:

Edward P. Gothard, Esquire  
(Of Counsel) Nowalsky & Bronston  
3900 North Causeway Boulevard  
Suite 1275  
Metairie, Louisiana 70002  
Telephone: (504) 836-7423  
Telephone: (504) 832-1984  
Telecopier: (504) 836-7487

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<sup>2</sup> In Florida, OCI provides intrastate telecommunications services pursuant to Certificate of Public Convenience and Necessity, Certificate Number 3178. See matter entitled "Application for Certificate to Provide Interexchange Telecommunications Service by Overlook Communications International Corp.," Docket Number 950871-TI, effective date December 29, 1995.

<sup>3</sup> Exhibit "B" consists of C.COM's most recent Accountants' Compilation Report, dated May 10, 1996, with its attached Balance Sheets, Statements and Accountants' Notes.

<sup>4</sup> Exhibit "C" consists of OCI's most recent Income Statement, Balance Sheets and Statement of Cash Flows.

8. Copies of such correspondence should also be sent to:

Thomas W. Brinkman  
Overlook Communications International, Corporation  
2839 Paces Ferry Road, Suite 500  
Atlanta, Georgia 30339  
Telephone: (770) 432-6800  
Telecopier: (770) 432-0007

### III. REQUEST FOR PERMISSION FOR MERGER

9. At the present time, C.COM is a non-regulated entity operating primarily as an internet service provider. OCI is a regulated entity providing 1+ and pre-paid calling card services to its customers. By virtue of this transaction, and the resulting association of the two (2) corporate entities, both companies will realize economic, marketing and administrative efficiencies.

10. Applicant accordingly proposes a transaction which will accomplish the following:

- (a) Newco will merge with and into OCI;
- (b) As a result of the merger, the separate corporate existence of Newco shall cease and OCI shall continue as the surviving corporation;
- (c) OCI shall continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law;
- (d) As a result of the merger C.COM will own all of the issued and outstanding shares of the common stock of OCI; and
- (e) The stockholders of OCI will receive a designated number of shares of the common stock of C.COM representing approximately forty (40%) per-cent of the outstanding stock of C.COM.

11. It is respectfully represented herein that the transfer of stock as outlined above represents transactions made for fair and due consideration to the stockholders of both C.COM and OCI, and that no party to the Agreement, including the stockholders of the participating companies, will be given undue advantage over any other party to the Agreement.

12. The technical, managerial and financial personnel of OCI will remain the same after the transaction, and the customers of OCI will be provided services with the same high level of expertise currently in place.

13. The practical effect of the merger is a change in ownership of the common stock of OCI. OCI will continue to operate in all respects as it presently operates.

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

14. Critical to the proposed transaction is the need to ensure the continuation of high quality service to all customers currently served by OCI. The proposed transaction will serve the public interest for the following reasons:

15. First, the transaction will enhance the operating efficiencies, including market efficiencies, of OCI.

16. Second, it will increase the appeal to present and potential customers of OCI as this entity can provide communications services to its customers in a more efficient manner.

17. Finally, it may result in cost savings because of discounts on quantity ordering of materials and services for both OCI and C.COM.

18. Accordingly, the requested transaction will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of OCI to compete in the marketplace and to provide telecommunications services for Florida customers at competitive rates.

V. CONCLUSION

19. WHEREFORE, for the reasons stated herein, Applicant respectfully requests that the Commission authorize OCI to consummate the Agreement, and merger with Newco, as described above.

DATED this 9 day of August 1996.

Respectfully submitted,



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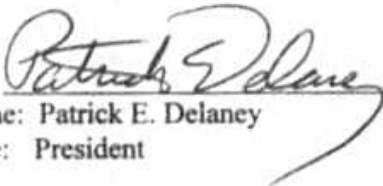
Edward P. Gothard, Esquire  
(Of Counsel) Nowalsky & Bronston  
3900 North Causeway Boulevard  
Suite 1275  
Metairie, Louisiana 70002  
(504) 836-7423  
(504) 832-1984

STATE OF Georgia


COUNTY OF Cobb

**VERIFICATION**

I, Patrick E. Delaney, am the President of Overlook Communications International Corporation and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By:   
Name: Patrick E. Delaney  
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 26<sup>th</sup> day of July, 1996.

  
Notary Public

My Commission expires: January 4<sup>th</sup>, 1997



**EXHIBIT "A"**

**ACQUISITION AGREEMENT (DRAFT)**

DRAFT

ACQUISITION AGREEMENT

BY AND AMONG

CHARTER COMMUNICATIONS INTERNATIONAL, INC.

OCI ACQUISITION CORP.

and

OVERLOOK COMMUNICATIONS INTERNATIONAL, INC.

Dated as of June \_\_, 1996

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ACQUISITION AGREEMENT

AGREEMENT dated as of June \_\_, 1996 ("Agreement"), among CHARTER COMMUNICATIONS INTERNATIONAL, INC., a Nevada corporation ("C.COM"), OCI ACQUISITION CORP., a Nevada corporation ("Newco"), and a wholly owned subsidiary of C.COM and OVERLOOK COMMUNICATIONS INTERNATIONAL, INC., a North Carolina corporation ("OCI") and PATRICK E. DELANEY ("Delaney") and Stephen E. Raville ("Raville") the principal stockholders of OCI.

RECITALS

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Nevada ("Nevada Law"), and the North Carolina Business Corporation Act ("North Carolina Law"), Newco will merge with and into OCI (the "Merger") as a result of which C.COM will own all of the issued and outstanding shares of the common stock, \$\_\_\_\_\_ per value, of OCI (on a fully diluted basis) and the stockholders of OCI will own \_\_\_\_\_ shares of the common stock, \$.01 per share par value ("C.COM Stock") of C.COM outstanding representing approximately 40% of the outstanding C.COM Stock.

WHEREAS, the Board of Directors of OCI has determined that the Merger is fair to, and in the best interests of, OCI and its stockholders; has approved and adopted this Agreement and the transactions contemplated herein; and this Agreement and the transactions contemplated herein have been approved by the stockholders of OCI;

WHEREAS, the Board of Directors of C.COM has determined that the Merger is in the best interests of C.COM and its stockholders and has approved and adopted this Agreement and the transactions contemplated herein;

WHEREAS, the Board of Directors of Newco has determined that the Merger is in the best interests of Newco and its stockholder and the Board of Directors of Newco and C.COM, as the sole stockholder of Newco, have approved and adopted this Agreement and the transactions contemplated herein;

WHEREAS, for Federal income tax purposes, it is intended that the Merger qualify as a reorganization under the provisions of section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code") and that this Agreement and the Annexes hereto shall constitute a "plan of reorganization" for the purposes of section 368 of the Code;

WHEREAS, for accounting purposes, it is intended that the Merger shall be accounted for as a "pooling of interests";

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I  
THE MERGER

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SECTION 1.01. The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with Nevada Law, at the Effective Time (as defined in Section 1.02), Newco and OCI shall effect a merger by executing the Plan and Agreement of Merger (the "Plan") in substantially the form attached hereto as Annex I, and by executing and filing Articles of Merger (the "Articles"), substantially in the form attached hereto as Annex II, in the manner provided in Chapter 78 of the Nevada General Corporation Law. As a result of the Merger, the separate corporate existence of Newco shall cease and OCI shall continue as the surviving corporation in the Merger (the "Surviving Corporation"). The name of the Surviving Corporation shall continue to be "Overlook Communications International, Inc." Prior to the Merger, C.COM shall, pursuant to the terms of the Subscription Agreement, a copy of which is attached as Annex III hereto (the "Subscription Agreement"), issue and deliver to Newco shares of C.COM Stock equivalent to the number of shares of C.COM Stock to be transferred pursuant to the terms and provisions of the Plan.

SECTION 1.02. Effective Time. As promptly as practicable after the execution and delivery of this Agreement by each of the parties hereto, and upon satisfaction of all the conditions to closing (as hereinafter defined) the parties hereto shall cause the Merger to be consummated by filing the Articles with the Secretary of State of the State of Nevada, in such form as required by, and executed in accordance with the relevant provisions of, Nevada Law (the date and time of such filing being the "Effective Time"). Concurrently, and as provided by North Carolina Law, all appropriate filings shall be made with the Secretary of State of North Carolina.

ARTICLE II  
REPRESENTATIONS AND WARRANTIES OF OCI

OCI hereby represents and warrants to C.COM and Newco, as follows:

SECTION 2.01. Organization and Qualification: Subsidiaries. OCI is a corporation duly organized, validly existing and in good standing under the laws of the State of North Carolina, has all requisite corporate or other power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary. OCI has no direct or indirect subsidiaries.

SECTION 2.02. Articles of Incorporation and By-Laws. OCI has heretofore furnished to C.COM complete and correct copies of the Articles of Incorporation and the By-Laws, in each case as amended or restated, of OCI. OCI is not in violation of any of the provisions of its Articles of Incorporation or By-Laws.

SECTION 2.03. Capitalization. [(a)] The authorized capital stock of OCI consists of \_\_\_\_\_ shares of common stock, \$\_\_\_\_ par value ("OCI Common Stock") [and

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\_\_\_\_\_ shares of preferred stock, \$\_\_\_\_\_ par value ("OCI Preferred Stock")??. As of the date hereof (i) \_\_\_\_\_ shares of OCI Common Stock [and \_\_\_\_\_ shares of OCI Preferred Stock], are issued and outstanding, all of which are duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights created by statute, OCI's Articles of Incorporation or By-Laws or any agreement to which OCI is a party or bound. There are no bonds, debentures, notes or other indebtedness issued or outstanding having the right to vote on any matters on which OCI's stockholders may vote. There are no options, warrants, calls or other rights (including registration rights), agreements, arrangements or commitments presently outstanding obligating OCI to issue, deliver or sell shares of its capital stock or debt securities, or obligating OCI to grant, extend or enter into any such option, warrant, call or other such right, agreement, arrangement or commitment.

[(b) All the outstanding shares of capital stock of [subsidiary?] are duly authorized, validly issued, fully paid and nonassessable and such shares are owned solely by OCI free and clear of any security interests, liens, claims, pledges, agreements, limitations on voting rights, charges or other encumbrances of any nature whatsoever ("Encumbrances"). There are no options, warrants, calls or other rights (including registration rights), agreements, arrangements or commitments of any character to which OCI or [subsidiary?] is a party relating to the issued or unissued capital stock of, or other equity interests in, [subsidiary?].

SECTION 2.04. Authority. OCI has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated herein. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceeding on the part of OCI is necessary to authorize this Agreement or to consummate the transactions contemplated herein. This Agreement has been duly executed and delivered by OCI and, assuming the due authorization, execution and delivery thereof by C.COM and Newco, constitutes the legal, valid and binding obligation of OCI enforceable in accordance with its terms (i) except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting creditors' rights generally, and without limitation, the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers and (ii) subject to the limitations imposed by general rules of equity (regardless of whether such enforceability is considered at law or in equity).

SECTION 2.05. No Conflict, Required Filings and Consent. (a) Except as set forth on Schedule 2.05(a), the execution and delivery of this Agreement by OCI does not, and the performance of this Agreement by OCI will not (i) conflict with or violate the Articles of Incorporation or By-Laws, or the equivalent organizational documents, in each case as amended or restated, of OCI [or Subsidiary?], (ii) conflict with or violate any federal, state, foreign or local law, statute, ordinance, rule, regulation, order, judgment or decree (collectively, "Laws") in effect as of the date of this Agreement and applicable to OCI or [Subsidiary?] or by which the properties thereof is bound or subject, or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of an Encumbrance on, any of the properties or assets of OCI [or Subsidiary?] pursuant to any note, bond, mortgage, indenture, contract, agreement, lease, license,



permit, franchise or other instrument or obligation to which OCI [er Subsidiary?] is a party or by which OCI [er Subsidiary?] or their respective properties is bound or subject except for breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or liens or Encumbrances that would not have a material adverse effect on the business, properties, assets, condition (financial or otherwise) operations or prospects of OCI ("OCI Material Adverse Effect").

(b) Except as set forth on Schedule 2.05(b), the execution and delivery of this Agreement by OCI does not, and the performance of this Agreement by OCI will not, require OCI to obtain any consent, approval, authorization or permit of, or to make any filing with or notification to, any governmental or regulatory authority, domestic or foreign ("Governmental Entities") based on laws, rules, regulations and other requirements of Governmental Entities in effect as of the date of this Agreement, except for applicable requirements, if any, of (i) federal or state securities laws and the filing and recordation of appropriate merger documents as required by North Carolina Law and (ii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, either individually or in the aggregate, prevent OCI [and Subsidiary?] from performing its obligations under this Agreement or have an OCI Material Adverse Effect.

SECTION 2.06. Permits Compliance. Except as set forth on Schedule 1.06, each of OCI [and Subsidiary?] is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "OCI Permits"), and there is no action, proceeding or investigation pending or, to the knowledge of OCI, threatened, regarding suspension or cancellation of any of OCI Permits. Neither OCI [er its Subsidiary?] is in conflict with, or in default or violation of (a) any Law applicable to OCI [er Subsidiary?] or by which any of the properties thereof is bound or subject or (b) any of OCI Permits, except for any such conflicts, defaults or violations which would not have a OCI Material Adverse Effect.

SECTION 2.07. Financial Statements. Attached hereto as Schedule 2.07 which is hereby incorporated herein by reference, are (i) the unaudited financial statements of OCI as of [April 30, 1996?], (the "Balance Sheet Date") containing the balance sheet of OCI and the related statement of operations, statement of changes in cash flows, and statement of shareholders' equity at and as of such date, and (ii) the audited financial statements of OCI as of December 31, 1993, 1994 and 1995, containing the balance sheet of OCI and the related statement of operations, statement of shareholders' equity and statement of cash flows, in each case for the periods then ended (collectively, the "OCI Financial Statements"). The OCI Financial Statements have been prepared in accordance with generally accepted accounting principles and practices consistently followed by OCI throughout the periods indicated, and fairly present the financial position of OCI as of the dates thereof.

SECTION 2.08. No Undisclosed Liabilities. Except as set forth on Schedule 2.08, there are no liabilities of OCI of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than liabilities fully reflected or reserved against on the OCI Financial Statements; and liabilities which, individually or in the aggregate, would not have an OCI Material Adverse Effect.

SECTION 2.09. Absence of Certain Changes or Events Except as set forth on Schedule 2.09, with respect to OCI, since the Balance Sheet Date, there has not been, nor with the lapse of time is there expected to be:

(a) any change in its financial condition, assets, liabilities (contingent or otherwise), income, operations, business or prospects which would have an OCI Material Adverse Effect;

(b) any damage, destruction or loss (whether or not covered by insurance) to its assets, properties, business or prospects which would have an OCI Material Adverse Effect;

(c) any change or agreement to change its authorized capital or the ownership of its outstanding securities;

(d) any declaration or payment of, or any agreement to declare or pay, any dividend or distribution in respect of any of its equity interests or any direct or indirect redemption, purchase or other acquisition of any of its equity interests;

(e) any increase in the compensation payable or to become payable by it to any of its officers, employees or agents, or any accrual or arrangement for or payment of any bonus or other special compensation of any kind or any severance or termination pay paid to any of its present or former officers or other key employees;

(f) any sale or transfer, or any agreement, plan or arrangement to sell or transfer, any of its assets, properties or rights to any other Person, or the cancellation, or agreement to cancel, any indebtedness or other obligation of any of its stockholders or any affiliates thereof to it except in the ordinary course of business and in the aggregate amount of not more than \$\_\_\_\_\_;

(g) any plan, agreement or arrangement granting any preferential rights to purchase or acquire any interest in any of its assets, properties or rights (other than consents to the assignment of contracts) requiring consent of any party to the transfer and assignment of any such assets, property or rights;

(h) any purchase or acquisition, or agreement, plan or arrangement to purchase or acquire, any of its assets, properties, or rights except in the ordinary course of business and in the aggregate amount of not more than \$100,000;

(i) any waiver of any of its rights or claims which in the aggregate would have an OCI Material Adverse Effect;

(j) other than the ordinary course of its business, any amendment or termination of any material contract, agreement, license, permit or other right to which it is a party; or

(k) any transaction by it outside the ordinary course of its business.

**SECTION 2.10. Absence of Litigation.** Except as set forth on Schedule 2.10, there is no claim, action, suit, litigation, proceeding, arbitration or investigation of any kind, at law or in equity (including actions or proceedings seeking injunctive relief), pending or, to the knowledge of OCI, threatened against OCI or any properties or rights of OCI and OCI is not subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, or, to the knowledge of OCI, continuing investigation by, any Governmental Entity, or any judgment, order, writ, injunction, decree or award of any Governmental Entity or arbitrator, including, without limitation, cease-and-desist or other orders.

**SECTION 2.11. Employee Benefit Plans.**

(a) OCI does not have, and has not had, any employee benefit plan (including, without limitation, any "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, insurance or other plan, arrangement or understanding (whether or not legally binding).

(b) OCI is not a party to any collective bargaining agreement.

(c) OCI has no obligation for retiree health, medical or life insurance benefits under any plan or arrangements.

**SECTION 2.12. Taxes.** OCI has filed all federal, state and local tax returns required by law, or has filed proper extensions, and has paid all Taxes (as defined in Section 5.03 hereof), assessments and penalties due and payable. The provisions for Taxes, if any, reflected in the most recent balance sheet included in the OCI Financial Statements are adequate for any and all federal, state, county and local taxes for the period ending on the date of that balance sheet and for all prior periods, whether or not disputed. There are no present disputes as to Taxes of any nature payable by OCI.

**SECTION 2.13. Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated in this Agreement based upon arrangements made by or on behalf of OCI.

**SECTION 2.14. OCI Corporate Action.** The Board of Directors of OCI (at a meeting duly called and held) has by the unanimous vote of all directors present (a) determined that the Merger is advisable and fair and in the best interests of OCI and its stockholders, (b) approved the Merger in accordance with the provisions of Sect on 78.451 of the Nevada Law, and G.S. 55-11-03 of the North Carolina Law, (c) recommended the approval of this Agreement and the Merger by the holders of OCI Common Stock and directed that the Merger be submitted for consideration by OCI's stockholders and (d) obtained the approval of the stockholders of OCI, of a resolution approving the Merger and the transactions contemplated in this Agreement.

**SECTION 2.15. Environmental Laws and Regulations.** (a) OCI is in material compliance with all applicable foreign, federal (including but not limited to the Outer Continental Shelf Lands Act, the Clean Water Act, the Oil Pollution Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Comprehensive Environmental Response Compensation and

Liability Act, the Occupational Safety and Health Act and the Hazardous Materials Transportation Act), state and local laws and regulations and common law relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata (collectively, "Environmental Laws"), which compliance includes, but is not limited to, the possession by OCI of all material permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof and compliance with notification, reporting and registration provisions under applicable Environmental Laws; OCI has not received notice of, or, to the knowledge of OCI, it is not the subject of, any action, cause of action, claim, investigation, demand or notice by any person or entity alleging liability under or noncompliance with any Environmental Law ("Environmental Claim"); and to the knowledge of OCI, there are no circumstances that are reasonably likely to prevent or interfere with such material compliance in the future, or to require material expenditures to maintain such material compliance in the future.

(b) There are no Environmental Claims that are pending or, to the knowledge of OCI, threatened against OCI, or, to the knowledge of OCI, against any person or entity whose liability for any Environmental Claim OCI has or may have retained or assumed either contractually or by operation of law.

(c) To the knowledge of OCI, there are no circumstances that could form the basis for an Environmental Claim against OCI, or against any person or entity whose liability for any Environmental Claim OCI has or may have retained or assumed either contractually or by operation of law.

2.16 Securities Matters. [to come after discussion with Cushing re securities issues]

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF C.COM AND NEWCO

C.COM and Newco hereby jointly and severally represent and warrant to OCI that:

SECTION 3.01. Organization and Qualification. Each of C.COM and Newco is a corporation, duly organized, validly existing and in good standing under the laws of the State of Nevada and has all requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which the nature of the business conducted by it or the ownership or leasing of its properties makes such qualification necessary.

SECTION 3.02. Articles of Incorporation and By-Laws. C.COM has heretofore furnished to OCI a complete and correct copy of the Articles of Incorporation and the By-Laws, as amended or restated to the date hereof, of each of C.COM and Newco. Neither C.COM nor Newco is in violation of any of the provisions of its Articles of Incorporation or By-Laws.

SECTION 3.03. Capitalization. (a) The authorized capital stock of C.COM consists of \_\_\_\_\_ shares of common stock, \$\_\_\_\_\_ par value ("C.COM Common Stock") and \_\_\_\_\_ shares of preferred stock, \$.01 par value ("C.COM Preferred Stock"). As of the date hereof (before giving effect to the transactions contemplated herein) (i) \_\_\_\_\_ shares

of C.COM Common Stock are issued and outstanding, all of which are duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights created by statute, C.COM's Articles of Incorporation or By-Laws or any agreement to which C.COM is a party or is bound and (ii) \_\_\_\_\_ shares of C.COM Preferred Stock are outstanding. Except as set forth on Schedule 3.03 hereto, there are no options, warrants, calls or other rights (including registration rights), agreements, arrangements or commitments presently outstanding obligating C.COM to issue, deliver, sell or register shares of its capital stock or debt securities, or obligating C.COM to grant, extend or enter into any such option, warrant, call or other such right, agreement, arrangement or commitment.

(b) All of the outstanding shares of capital stock of Newco are duly authorized, validly issued, fully paid and nonassessable, and are owned by C.COM free and clear of any Encumbrances. There are no options, warrants, calls or other rights (including registration rights), agreements, arrangements or commitments of any character to which C.COM or Newco is a party relating to the issued or unissued capital stock of, or other equity interests in, Newco or obligating C.COM or Newco to grant, issue or sell any shares of the capital stock of Newco; other than as contemplated in this Agreement and the Subscription Agreement between C.COM and Newco.

(c) The shares of C.COM Stock issued to Newco and exchanged pursuant to the Merger as contemplated herein, upon issuance in accordance with this Agreement and the Plan, will be duly authorized, validly issued, fully paid and nonassessable and will not be subject to preemptive rights created by statute, C.COM's Articles of Incorporation or By-Laws or any agreement to which C.COM is a party or is bound.

(d) Except as described on Schedule 3.03(d) hereto, C.COM does not have any subsidiaries or own any interest in any enterprise (whether or not such enterprise is a corporation).

**SECTION 3.04. Authority.** Each of C.COM and Newco has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated herein. The execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action and no other corporate proceeding on the part of C.COM or Newco (including, without limitation, any approval by the shareholders of C.COM of this Agreement or the transactions contemplated herein) is necessary to authorize this Agreement or to consummate the transactions contemplated herein. This Agreement has been duly executed and delivered by C.COM and Newco and, assuming the due authorization, execution and delivery hereof by OCI, constitutes the legal, valid and binding obligation of C.COM and Newco enforceable in accordance with its terms (i) except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar law now or hereafter in effect relating to or affecting creditors' rights generally, and without limitation, the effect of statutory or other laws regarding fraudulent conveyances and preferential transfers and (ii) subject to the limitations imposed by general rules of equity (regardless of whether such enforceability is considered at law or in equity).

**SECTION 3.05. No Conflict. Required Filings and Consents.** (a) The execution and delivery of this Agreement by C.COM and Newco does not, and the performance of this

Agreement by C.COM and Newco will not (i) conflict with or violate the Certificate of Incorporation or By-Laws, as amended or restated, of C.COM or Newco, (ii) conflict with or violate any Laws in effect as of the date of this Agreement applicable to C.COM or Newco or by which any of their respective properties is bound, or (iii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or require payment under, or result in the creation of a lien or Encumbrance on, any of the properties or assets of C.COM or Newco pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which C.COM or Newco is a party or by which C.COM or Newco or any of their respective properties is bound or subject except for breaches, defaults, events, rights of termination, amendment, acceleration or cancellation, payment obligations or liens or Encumbrances that would not have a material adverse effect on the business, properties, assets, condition (financial or otherwise) operations or prospects of C.COM and its subsidiaries, taken as a whole, or on the transactions herein contemplated ("C.COM Material Adverse Effect").

(b) The execution and delivery of this Agreement by C.COM and Newco and the performance of this Agreement by C.COM and Newco does not require C.COM or Newco to obtain any consent, approval, authorization or permit of, or to make any filing with or notification to, any Governmental Entities, except for applicable requirements, if any, of (i) the Securities Act of 1933, as amended (the "Securities Act"), the Securities Exchange Act of 1934, as amended (the "Exchange Act") or the securities laws of any other jurisdiction (the "Blue Sky Laws"), the National Association of Securities Dealers, Inc. and the filing and recordation of appropriate merger documents as required by Nevada Law and (ii) where the failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, would not, either individually or in the aggregate, prevent C.COM from performing its obligations under this Agreement or have a C.COM Material Adverse Effect.

SECTION 3.06. Permits; Compliance. Each of C.COM and Newco is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "C.COM Permits"), and there is no action, proceeding or investigation pending or, to the knowledge of C.COM, threatened, regarding suspension or cancellation of any of the C.COM Permits. Neither C.COM nor Newco is in conflict with, or in default or violation of (a) any Law applicable to C.COM or Newco or by which any of their respective properties is bound or subject or (b) any of the C.COM Permits, except for any such conflicts, defaults or violations which would not have a C.COM Material Adverse Effect. Neither C.COM nor Newco has received from any Governmental Entity any written notification with respect to possible conflicts, defaults or violations of Laws.

SECTION 3.07. Reports; Financial Statements. (a) Except as set forth on Schedule 3.07, (x) C.COM and its subsidiaries have filed (i) all forms, reports, statements and other documents required to be filed with (A) the Securities and Exchange Commission ("SEC"), including, without limitation (1) all Annual Reports on Form 10-K, (2) all Quarterly Reports on Form 10-Q, (3) all Reports on Form 8-K, (4) all amendments and supplements to all such reports and registration statements (collectively, the "C.COM SEC Reports"), and (5) all other reports or registration statements and (B) any applicable Blue Sky Laws and (ii) all forms, reports,

statements and other documents required to be filed with any other applicable federal or state regulatory authorities (all such forms, reports, statements and other documents in clauses (i) and (ii) of this Section 3.07(a) being referred to herein, collectively, as the "C.COM Reports"). The C.COM Reports were prepared in all material respects in accordance with the requirements of applicable Law (including, with respect to the C.COM SEC Reports, the Securities Act and Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such C.COM SEC Reports) and (y) did not at the time they were filed contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the financial statements (including, in each case, any related notes thereto) contained in the C.COM SEC Reports filed prior to or on the date of this Agreement (i) have been prepared in accordance with, and complied as to form with, the published rules and regulations of the SEC and generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein) and (ii) fairly present the financial position of C.COM as of the respective dates thereof and the results of its operations and cash flows for the periods indicated.

**SECTION 3.08. Absence of Certain Changes or Events.** Except as set forth on Schedule 3.08, and as and to the extent disclosed in the C.COM SEC Reports filed prior to or on the date of this Agreement, there has not been any significant change by C.COM in its accounting methods, principles or practices.

**SECTION 3.09. No Undisclosed Liabilities.** Except as set forth on Schedule 3.09, there are no liabilities of C.COM, Newco or any subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than (a) liabilities fully reflected or reserved against on the balance sheet contained in C.COM's 1995 Annual Report on Form 10-K or in the unaudited consolidated balance sheet contained in the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1996; (b) liabilities under this Agreement and fees and expenses related thereto; and (c) liabilities which, individually or in the aggregate would not have an C.COM Material Adverse Effect.

**SECTION 3.10. Absence of Litigation.** Except as set forth on Schedule 3.10, there is no claim, action, suit, litigation, proceeding, arbitration or, to the knowledge of C.COM, investigation of any kind, at law or in equity (including actions or proceedings seeking injunctive relief), pending or, to the knowledge of C.COM, threatened in writing against C.COM or Newco or any properties or rights of C.COM or Newco and neither C.COM nor Newco is subject to any continuing order of, consent decree, settlement agreement or other similar written agreement with, or, to the knowledge of C.COM, continuing investigation by, any Governmental Entity, or any judgment, order, writ, injunction, decree or award of any Governmental Entity or arbitrator, including, without limitation, cease and desist or other orders.

**SECTION 3.11. Ownership of Newco; No Prior Activities.** (a) Newco was formed solely for the purpose of engaging in the transactions contemplated in this Agreement and has otherwise conducted no prior activities.

(b) Except for obligations or liabilities incurred in connection with its incorporation or organization and the transactions contemplated in this Agreement and any other agreements or arrangements contemplated in this Agreement, Newco has not incurred, directly or indirectly, through any subsidiary or affiliate, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or entered into any agreements or arrangements with any person.

**SECTION 3.12. Taxes.** C.COM has timely filed all returns or reports required to be filed with any taxing authority with respect to Taxes for any period ending on or before the Effective Time, taking into account any extension of time to file granted to or obtained on behalf of C.COM or Newco, all Taxes shown to be payable on such returns or reports that are due prior to the Effective Time have been paid and, as of the date hereof, no deficiency for any material amount of tax has been asserted or assessed by a taxing authority against C.COM or Newco and all liability for Taxes of C.COM or Newco that are or will become due or payable with respect to periods covered by the financial statements referred to in Section 3.07(b) hereof have been paid or adequately reserved for on such financial statements.

**SECTION 3.13. Brokers.** No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated in this Agreement based upon arrangements made by or on behalf of C.COM or Newco.

**SECTION 3.14. Environmental Laws and Regulations.** (a) C.COM and Newco are in material compliance with all applicable Environmental Laws, which compliance includes, but is not limited to, the possession by C.COM and Newco of all material permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof and compliance with notification, reporting and registration provisions under applicable Environmental Laws; neither C.COM nor Newco has received notice of, or, to the knowledge of C.COM or Newco, is the subject of any Environmental Claim; and to the knowledge of C.COM, there are no circumstances that are reasonably likely to prevent or interfere with such material compliance in the future, or to require material expenditures to maintain such material compliance in the future.

(b) There are no Environmental Claims that are pending or, to the knowledge of C.COM and Newco, threatened against C.COM or Newco or, to the knowledge of C.COM and Newco, against any person or entity whose liability for any Environmental Claim C.COM or Newco has or may have retained or assumed either contractually or by operation of law.

(c) To the knowledge of C.COM and Newco, there are no circumstances that could form the basis for an Environmental Claim against C.COM or Newco, or against any person or entity whose liability for any Environmental Claim C.COM or Newco has or may have retained or assumed either contractually or by operation of law.

**SECTION 3.15. Contract Rights.** Except for this Agreement and the agreements contemplated herein or as described on Schedule 3.15, neither C.COM nor Newco is a party to or bound by any contract or agreement, whether written or oral, including, without limitation, any contract or agreement for employment, consulting or similar services, for capital expenditures or the acquisition or construction of fixed assets, which constitutes any note, bond, indenture or



other evidence of indebtedness or guaranty or security for indebtedness of others, for the sale of any asset, or the grant of any right or option to purchase such asset, which constitutes a lease, which purports to limit the freedom of C.COM or any of its affiliates to compete in any line of business or in any geographic area or to borrow money or incur indebtedness.

**SECTION 3.16. Employee Benefit Plans.**

(a) Except as described on Schedule 3.16 hereto, C.COM and Newco do not have, and have not had any employee benefit plan (including, without limitation, any "employee benefit plan," as defined in Section 3(3) of the ERISA), or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, insurance or other plan, arrangement or understanding (whether or not legally binding).

(b) C.COM and Newco are not parties to any collective bargaining agreement.

(c) C.COM and Newco have no obligation for retiree health, medical or life insurance benefits under any plan or arrangement.

**ARTICLE IV**

**ADDITIONAL AGREEMENTS**

**SECTION 4.01. Appropriate Action; Consents; Filings.** OCI and C.COM shall each use its best efforts to (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated in this Agreement, (ii) obtain from any Governmental Entities any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made by C.COM or OCI or any of their subsidiaries in connection with the consummation of the transactions contemplated herein, including, without limitation, the Merger, (iii) make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement and the Merger required under (A) the Securities Act and the Exchange Act and the rules and regulations thereunder (in the case of C.COM), and any other applicable federal or state securities laws and (B) any other applicable Law. OCI and C.COM shall furnish all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable Law in connection with the transactions contemplated in this Agreement.

**SECTION 4.02. Tax Treatment; Pooling of Interests.** Each of OCI and C.COM shall use its best efforts to cause the Merger to qualify, and will not take any actions which could prevent the Merger from qualifying (i) as a reorganization under the provisions of section 368(a) of the Code and (ii) as a pooling of interests under applicable accounting rules.

**SECTION 4.03. Indemnification.** (a) C.COM covenants and agrees that it will indemnify the stockholders of OCI exchanging OCI Stock ("OCI Stockholders") in connection with the Merger from and against any Loss (as hereinafter defined) asserted against, resulting to, imposed upon or incurred or suffered, directly or indirectly (for example, on account of a Loss

incurred by C.COM after the date hereof), by such OCI Stockholders resulting or arising from any of the following ("OCI Indemnified Claims"):

- (i) Any inaccuracy in any of the representations and warranties made by C.COM or Newco herein or in any exhibit or schedule attached hereto or any facts or circumstances constituting such inaccuracy; and
- (ii) Any breach or nonfulfillment by C.COM or Newco of the covenants or agreements set forth herein or in any exhibit or schedule attached hereto or any facts or circumstances constituting such breach or nonfulfillment;

provided, however, that OCI Stockholders shall, in the event of a claim for such indemnification, be entitled to reimbursement for Losses in connection with such claim only as provided herein.

(b) Each of OCI, Raville and Delaney covenant and agree that each will indemnify C.COM from and against any Loss asserted against, resulting to, imposed upon or incurred or suffered, directly or indirectly (for example, on account of a Loss incurred by C.COM or OCI after the date hereof), by C.COM resulting or arising from any of the following ("C.COM Indemnified Claims"):

- (i) Any inaccuracy in any of the representations and warranties made by OCI herein or in any exhibit or schedule attached hereto or any facts or circumstances constituting such inaccuracy; and
- (ii) Any breach or nonfulfillment by OCI of the covenants or agreements set forth herein or in any exhibit or schedule attached hereto or any facts or circumstances constituting such breach or nonfulfillment;

provided, however, that C.COM Stockholders shall, in the event of a claim for such indemnification, be entitled to reimbursement for Losses in connection with such claim only as provided herein.

(c) As used herein, "Loss" or "Losses" shall mean any damage, liability or loss (including, without limitation, reasonable attorneys' fees and court costs and reasonable costs and expenses incident to, and amounts paid by a party entitled to indemnification hereunder (in each case an "Indemnified Party") in settlement of, any claim, suit, action or proceeding) sustained, incurred, paid or required to be paid by any such Indemnified Party after the date hereof, plus interest thereon at an annual rate of interest equal to the prime rate of interest of Texas Commerce Bank National Association from the date of such Loss to the date such claim is paid.

(d) The period of indemnity for Losses (the "Indemnity Period") shall begin on the date hereof and end at midnight of the first anniversary following the Merger herein contemplated, and, upon such expiration, no party shall have any further liability in respect of an OCI Indemnified Claim or a C.COM Indemnified Claim hereunder; provided, however, that if there is an outstanding notice of claim at the expiration of the Indemnity Period, the Indemnity

Period shall continue until each such indemnified claim or claim related to such claimed Loss is resolved. The Indemnity Period shall not continue as a result of the mere sending of a general notice of a claim unsupported by a reasonable basis for believing that grounds for indemnification exist; provided that the party receiving a notice which it believes meets the exception set forth in the preceding clause shall raise such objection within five days of receipt thereof and the party sending such notice shall have five days thereafter to amend such notice to identify the reasonable basis of such claim.

(e) Notwithstanding anything to the contrary contained herein, no Indemnified Party shall be permitted indemnification for any claim until the Losses incurred with respect to all claims for such party or parties aggregate \$100,000, in which event Indemnified Party shall be indemnified for the full value of all such Indemnified Claims and the full value of all subsequent Indemnified Claims for which, individually, Losses in excess of \$10,000 have been incurred or asserted.

(f) Indemnification for an OCI Indemnified Claim shall be solely in the form of issuance of additional shares of C.COM Common Stock to OCI Stockholders (their successors, assigns and transferees) pro rata in accordance with their ownership of C.COM Stock equal to the aggregate amount of the Loss associated with such OCI Indemnified Claim through the date of issuance. The value of such C.COM Common Stock for the purposes of this Section 4.03 only in determining the number of shares to be issued to compensate OCI Stockholders for such OCI Indemnified Claim shall be fixed at \$\_\_\_\_\_ per share.

(g) Indemnification for an C.COM Indemnified Claim shall be solely in the form of the re-transfer to C.COM of shares of C.COM Stock to C.COM (its successors, assigns and transferees) equal to the aggregate amount of the Loss associated with such C.COM Indemnified Claim through the date of issuance. The value of such C.COM Common Stock for the purposes of this Section 4.03 only in determining the number of shares to be issued to compensate C.COM Stockholders for such C.COM Indemnified Claim shall be fixed at \$\_\_\_\_\_ per share.

(h) A claim for indemnification hereunder shall be sent to the appropriate Indemnifying Party by registered or certified mail prior to the expiration of the Indemnity Period and shall set forth (i) a brief description of the nature of the potential or actual Loss, and (ii) the total amount of the Loss anticipated or incurred. Upon receiving notice, if the party receiving the notice rejects any Loss, such party shall give written notice of such rejection within thirty days after the date of the notice of claim. If no such rejection of a notice of a claim shall be so sent within such 30-day period, the party receiving notice of a claim for any Loss shall be deemed to acknowledge the validity of such claim for the full amount thereof. Each party shall endeavor to assert each claim for indemnification, if any, promptly after it has actual notice of such claim, even if it has not determined the full amount of Loss associated with such claim. In the event that the other party shall have made timely rejection of any such claim, and the parties shall have failed to resolve or compromise such claim within thirty days from the date the receiving party shall have mailed notice of such rejection, then such claim shall be settled by binding arbitration in Houston, Harris County, Texas. Such arbitration shall be subject to the Texas General Arbitration Act and the rules of the American Arbitration Association, in accordance with this Section. After the initiation of arbitration, the parties shall attempt to agree upon one arbitrator. In the absence of such agreement, there shall be three arbitrators, one designated in writing by the party sending the notice and one designated in writing by the party

receiving notice, both of which shall be designated within thirty days after arbitration has been initiated. The third arbitrator shall be chosen by the two designated arbitrators within forty days after arbitration has been initiated. All expenses of the arbitration shall be borne by the parties to the arbitration as the arbitrator(s) shall determine. Any award shall be a conclusive determination of the matter, shall be binding upon the parties and shall not be contested by them. Within ten days after the liability for indemnity hereunder is finally established, whether by the agreement (constructive or otherwise) with a notice of claim, settlement, arbitration or otherwise, C.COM shall issue C.COM Stock in the amount of the Loss determined by the arbitrator(s) in accordance with the terms hereof, [shall be issued to the prevailing party?????].

SECTION 4.04. Directors of C.COM. Prior to the date hereof, the board of directors of C.COM has been increased in number by one in accordance with the Articles of Incorporation and By-laws of C.COM and the Nevada Law, to \_\_\_\_\_ ( ) and, as of the Effective Date, the board of directors of C.COM shall fill such vacancy on the board of directors resulting from such increase in number by electing Delaney as director of C.COM.

SECTION 4.05. Lockup Arrangements. In connection herewith and as a condition hereto, immediately following the execution and delivery hereof, Delaney and Raville (principal stockholders of OCI) shall execute and deliver to C.COM a Lockup Agreement in the form of Schedule 4.05(a) hereto.

SECTION 4.06. Opinion of Counsel to C.COM. In connection herewith and as a condition hereto, Woodburn & Wedge, special Nevada counsel to C.COM, shall deliver to C.COM legal opinion to the effect that a vote of the stockholders of C.COM is not required pursuant to Nevada law in order to approve the Merger or the transactions herein contemplated.

ARTICLE V  
COVENANTS

SECTION 5.01. Covenants of OCI. Except as expressly contemplated in this Agreement, during the period from the date hereof and continuing until the Effective Time, (x) OCI will carry on its business in the regular and ordinary course, consistent with past practice, and use its best efforts to preserve intact its present business organization, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers, licensors, licensees, contractors, distributors and others having business dealings with it and (y) without limiting the generality of the foregoing, OCI will not:

(a) (i) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any of its capital stock, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (iii) amend the terms of, repurchase, redeem or otherwise acquire, or permit any Subsidiary to repurchase, redeem or otherwise acquire, any of its securities or any securities of any Subsidiary, or propose to do any of the foregoing;

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(b) authorize for issuance, issue, sell, deliver or agree or commit to issue, sell or deliver (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities (including indebtedness having the right to vote) or equity equivalents (including, without limitation, stock appreciation rights), except as required pursuant to the agreements and instruments outstanding on the date hereof, or amend in any material respect any of the terms of any such securities or agreements outstanding on the date hereof;

(c) amend or propose to amend its articles of incorporation or by-laws;

(d) acquire, sell, lease, encumber, transfer or dispose of any assets outside the ordinary course of its business, consistent with past practice, or make any capital expenditures aggregating in excess of \$ \_\_\_\_\_, except in each case pursuant to obligations in effect on the date hereof which have been disclosed to C.COM, or enter into any contract, commitment or transaction outside the ordinary course of its business, consistent with past practice, or enter into any material contract, commitment or transaction;

(e) create, incur, assume, guarantee or otherwise become liable or obligated with respect to any indebtedness for monies borrowed (other than for obligations incurred under credit arrangements which are (i) existing as of the date hereof and (ii) Financial Statements or schedules hereto) or issue or sell any debt securities or warrants or rights to acquire any debt securities or guarantee (or become liable for) any debt of others or pledge or otherwise encumber any material assets or create or suffer any material lien thereupon;

(f) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business, consistent with past practice, or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated in, the OCI Financial Statements (or the notes thereto) or incurred in the ordinary course of business, consistent with past practice;

(g) Except as required by law, (i) enter into, adopt, amend or terminate any Benefit Plan or any agreement, arrangement, plan or policy between itself and one or more of its directors or executive officers or (ii) increase in any manner the compensation or benefits of any director, officer or employee or pay any benefit not required by any plan and arrangement as in effect as of the date hereof, except in the case of non-officer employees for normal increases in the ordinary course of business, consistent with past practice, that, in the aggregate, do not result in a material increase in benefits or compensation expense, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing; or

(h) (i) Agree to take any of the foregoing actions or (ii) take or agree to take any action that would result in any of its representations and warranties set forth in this Agreement being untrue or in any of the conditions to the Merger set forth in [Section \_\_] hereof not being satisfied.

**SECTION 5.02. Covenants of C.COM.** Except as expressly contemplated in this Agreement, during the period from the date of this Agreement and continuing until the Effective Time, (x) each of C.COM and its Subsidiaries (including Newco) will carry on its businesses in the regular and ordinary course, consistent with past practice, and use its best efforts to preserve intact its present business organizations, keep available the services of their present officers and employees and preserve its relationships with customers, suppliers, licensors, licensees, contractors, distributors and others having business dealings with them and (y) without limiting the generality of the foregoing, neither C.COM nor any of its Subsidiaries will, except as contemplated in the C.COM Reports, the C.COM Releases or this Agreement:

(a) (i) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any of its capital stock, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock or (iii) amend the terms of, repurchase, redeem or otherwise acquire, or permit any Subsidiary to repurchase, redeem or otherwise acquire, any of its securities or any securities of its Subsidiaries, or propose to do any of the foregoing;

(b) (i) agree to take any of the foregoing actions or (ii) take or agree to take any action that would or is reasonably likely to result in any of its representations and warranties set forth in this Agreement being untrue or in any of the conditions to the Merger set forth in Section \_\_ hereof not being satisfied.

**SECTION 5.03. No Solicitations.** Each of OCI and its representatives will immediately cease any existing discussions or negotiations with any third party with respect to any merger, business combination, sale of any assets outside of the ordinary course of business, sale of shares of capital stock outside of the ordinary course of business or similar transaction involving any OCI (an "Newco Transaction"). Neither OCI nor any representative on its behalf will, and each of OCI and its representatives shall use its best efforts to ensure that none of its Affiliates, officers, directors, representatives or agents will, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) any Person to take any action concerning any Newco Transaction (other than the transactions contemplated in this Agreement). OCI or its representative shall promptly advise C.COM in writing of any such inquiry or proposal regarding a Newco Transaction, including the terms thereof.

**SECTION 5.04. Access to Information.**

(a) Upon reasonable notice and subject to restrictions contained in confidentiality agreements to which such party is subject (from which such party shall use reasonable efforts to be released), each party hereto shall (and shall cause each of their Subsidiaries to) afford to the officers, employees, accountants, counsel and other representatives of the other, reasonable access, during normal business hours during the period prior to the Effective Time, to all its properties, books, contracts, commitments and records and, during such period, such party shall (and shall cause each of their Subsidiaries to) furnish promptly to the other all information concerning its business, properties and personnel as such other party may reasonably request.

(b) Each party shall keep such information confidential in accordance with the terms of paragraphs (5), (6), (7) and (8) of the Letter of Intent, dated May 20, 1996, by and between C.COM and OCI.

**SECTION 5.05. Best Efforts.** Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated in this Agreement including, without limitation, (i) such actions as may be required to be taken under applicable federal and state securities or Blue Sky laws in connection with the issuance of C.COM Stock contemplated herein, and (ii) the preparation and filing of all other forms, registrations and notices required to be filed to consummate the transactions contemplated herein and the taking of such actions as are necessary to obtain any requisite approval, consent, order, exemption, waiver by any public or private third party.

**SECTION 5.06. Stockholders Meetings.** Prior to or concurrently with the execution of this Agreement, each of OCI and Newco, through its Boards of Directors, has recommended to its stockholders the approval of the transactions contemplated herein and the holders of the outstanding capital stock of each of OCI and Newco has approved the Merger and the other transactions contemplated herein.

**SECTION 5.07. Brokers or Finders.** Each of the parties hereto represents, as to itself, its Subsidiaries and its Affiliates, that no agent, broker, investment banker, financial advisor or other firm or Person is or will be entitled to any brokers' or finders' fee or any other commission or similar fee in connection with any of the transactions contemplated in this Agreement.

## ARTICLE VI

### CONDITIONS TO CLOSING

**SECTION 6.01. Conditions to Each Party's Obligation to Effect the Merger.** The obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) This Agreement shall have been approved and adopted by the affirmative vote of the holders of all the outstanding shares of OCI and Newco voting on the matter, in each case in accordance with applicable law and [no holder ???] of any of the outstanding shares of OCI shall have elected to exercise its dissenter or appraisal rights in connection with the Merger.

(b) No statute, rule, regulation, executive order, decree or injunction shall have been enacted, entered, promulgated or enforced by any United States court or Governmental Entity of competent jurisdiction which prohibits the consummation of the Merger.

SECTION 6.02. Conditions to Obligations of OCI. The obligations of OCI to effect the Merger are further subject to the satisfaction at or prior to the Effective Time of the following conditions, unless waived by such parties:

(a) The representations and warranties of C.COM and Newco set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Time, as if made as of the Effective Time, except where any failures to be true and correct would not, in the aggregate, have a C.COM Material Adverse Effect.

(b) Each of C.COM and Newco shall have performed and complied, in all material respects, with all obligations and covenants required to be performed or complied with by it under this Agreement at or prior to the Effective Time.

(c) From the date of this Agreement through the Effective Time, C.COM and Newco shall not have suffered a C.COM Material Adverse Effect.

SECTION 6.03. Conditions to Obligations of C.COM and Newco. The obligations of C.COM and Newco to effect the Merger are further subject to the satisfaction at or prior to the Effective Time of the following conditions, unless waived by such parties:

(a) The representations and warranties of OCI set forth in this Agreement shall be true and correct as of the date of this Agreement and as of the Effective Time, as if made as of such time, except where any failures to be true and correct would not, in the aggregate, have a Material Adverse Effect.

(b) OCI shall have performed and complied, in all material respects, with all obligations and covenants required to be performed or complied with by it under this Agreement at or prior to the Effective Time.

(c) From the date of this Agreement through the Effective Time, OCI shall not have suffered an OCI Material Adverse Effect.

(d) C.COM shall have received an opinion from its counsel, selected in its sole discretion, to the effect that, upon consummation of the Merger, Newco will be the owner and holder of all of the issued and outstanding voting capital stock of OCI and will have the power pursuant to such ownership to elect all of the members of the Board of Directors of OCI.

(e) C.COM and Newco shall have received all necessary and proper consents of third parties to the transactions contemplated herein.

(f) There shall have been no change in OCI (including, without limitation, the issuance of additional voting securities, any modification or amendment to the articles of incorporation or bylaws of OCI or the creation of any agreement) which would prevent or restrict the ability of C.COM to exercise the voting rights and privileges related to the shares of capital stock of OCI and, by virtue of such voting rights, to elect 100% of the board of directors of OCI.



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## ARTICLE VII

### CLOSING

The closing of the transactions and agreements contemplated herein, hereinafter referred to as the "Closing," shall take place beginning at 10:00 a.m. at the offices of Brown, Parker & Leiby, L.L.P., 3600 Two Allen Center, 1200 Smith Street, Houston, Harris County, Texas 77002 on the earlier of \_\_\_\_\_, 1996, or at such other time, place and date as parties may mutually designate in writing and shall occur in the manner and order specified in the Memorandum of Closing to be prepared in connection with this Agreement.

## ARTICLE VIII

### DELIVERIES AT CLOSING

SECTION 8.01 Deliveries by OCI. Unless waived by either of C.COM or Newco, at its option, at Closing, OCI shall deliver to C.COM and Newco the following:

(a) Opinion of Counsel. An opinion of Cushing, Morris, Armbruster, & Jones, dated the Closing Date, in substantially the form set forth in Exhibit hereto. Such opinion shall include any matters incident to the matters herein contemplated as C.COM, Newco and their counsel may reasonably request, including the form of all papers and the validity of all proceedings.

(b) Financial Information. Financial information and reports with respect to OCI for each monthly period ending after the Balance Sheet Date, balance sheets and income statements, provided that if no such balance sheet or income statement is available for any such month, there shall be provided a good faith estimate of the pre-tax income for each such month.

(c) Officer's Certificate. Certificates, dated the Closing Date, of the chief executive officer of OCI certifying that, as of the Closing Date, (i) there is no, and there has not been and there is not reasonably expected to be any, breach by such corporation in the performance of any of the agreements, covenants and conditions herein to be performed by it in whole or in part, which, singly or in the aggregate, has had or could reasonably be expected to have an OCI Material Adverse Effect; and (ii) the each of the representations and warranties of such corporation contained in this Agreement, as of the date made and as if made as and of the Closing Date, is true and correct as if made at and as of the Closing Date.

(d) Miscellaneous. Any and all documents, agreements, contracts, certificates or other instruments which C.COM or Newco may reasonably request as necessary or appropriate for the consummation of the transactions contemplated in this Agreement.

SECTION 8.02. Deliveries by C.COM. Unless waived by any of OCI, at its option, at Closing, C.COM shall deliver to OCI the following:

(a) Opinion of Counsel. An opinion of Brown, Parker & Leiby, L.L.P., dated the Closing Date, in substantially the form set forth in Exhibit hereto. Such opinion shall include any matters incident to the matters herein contemplated as OCI and their counsel shall reasonably request, including the form of all papers and the validity of all proceedings.

(b) Officers' Certificate. Certificates, dated the Closing Date, of the chief executive officer of each of C.COM and Newco certifying that, as of the Closing Date, (i) there is no, and there has not been and there is not reasonably expected to be any, breach by such corporation in the performance of any of the agreements, covenants and conditions herein to be performed by it in whole or in part, which, singly or in the aggregate, has had or could reasonably be expected to have a C.COM Material Adverse Effect; and (ii) each of the representations and warranties of such corporation contained in this Agreement, as of the date made and as if made as and of the Closing Date, is true and correct as if made at and as of the Closing Date.

(c) Miscellaneous. Any and all documents, agreements, contracts, certificates or other instruments which OCI may reasonably request as necessary or appropriate for the consummation of the transactions contemplated in this Agreement.

## ARTICLE IX

### TERMINATION AND AMENDMENT

SECTION 9.01. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the stockholders of Newco and OCI:

- (a) by mutual consent of the parties hereto;
- (b) by either OCI or C.COM, if the Merger shall not have been consummated before [September 30, 1996 ???] (unless the failure to consummate the Merger by such date shall be a result of the action or failure to act of the party seeking to terminate this Agreement); or
- (c) by any party hereto, if (i) the conditions to such party's obligations shall have become impossible to satisfy or (ii) any permanent injunction or other order of a court or other competent authority preventing the consummation of the Merger shall have become final and nonappealable.

SECTION 9.02. Effect of Termination. Except as contemplated in Section \_\_\_ hereof, in the event of the termination and abandonment of this Agreement pursuant to Section \_\_\_ hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its affiliates, directors, officers or stockholders. Nothing contained in this Section \_\_\_ shall relieve any party from liability for any willful breach of this Agreement.

SECTION 9.03. Amendment. This Agreement may be amended by the parties hereto at any time before or after approval of the matters presented in connection with the Merger by the stockholders of Newco or OCI, but, after any such approval, no amendment shall be made which by applicable Law requires further approval by such stockholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

SECTION 9.04. Extension; Waiver. At any time prior to the Effective Time, the parties hereto may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party.

## ARTICLE X

### OTHER POST CLOSING COVENANTS.

#### SECTION 10.01. Noncompetition.

(a) Restrictive Covenants. Each of Raville and Delaney acknowledges and agrees that C.COM and Newco will suffer great loss and damage if either of Raville or Delaney or any of their Affiliates should engage in any way in any business operation which is the same as or similar to the business operations conducted by OCI as of the Effective Time and that it may be difficult or impossible to compute the amount of such loss or damages, thereby potentially leaving C.COM and Newco without adequate legal remedy if the covenants of this Section 10.01 are breached. Each of Raville and Delaney acknowledges that the covenants and conditions of this Agreement are reasonable and necessary for the protection of the business of C.COM, Newco and OCI following the Effective Time. For the purposes hereof, "similar" shall mean a business which is in active competition with a line of business in which OCI is engaged at the Effective Time. In recognition of the foregoing, each of Raville and Delaney, individually and on behalf of his Affiliates, agrees that for a period of three years such parties shall not, directly or indirectly:

(i) be or become a joint venturer in or owner, in whole or in part, of, or be a partner, participant, investor, or shareholder of or be associated with, or have any proprietary or financial interest in any Person which is engaged in or is carrying on the same or similar business as that conducted by OCI within those territories where OCI is conducting or is presently proposing to conduct business as of the Effective Time;

(ii) in any way, directly or indirectly, for himself or on behalf of or in conjunction with any other Person solicit, divert, take away, or attempt to take away any of the customers of the business or patronage of any customers of OCI; or

(iii) in any way, for himself or on behalf of or in conjunction with any other Person, solicit, divert, take away or attempt to take away any of the employees of OCI (provided that neither shall not be deemed to have violated the prohibition of this subsection if it employs a former employee of OCI and has not contacted such former employee regarding employment until after such former employee has left the employment of OCI); provided, however, that nothing herein contained shall be deemed to prevent or limit any Person's right to invest, directly or indirectly, in the securities or equity interests of any Person having competing business if such Person owns not more than five percent (5%) of any class of outstanding voting securities or not more than five percent (5%) of the equity interest having management power of such Person. .

(b) Reformation.

(i) In the event the covenants not to compete contained in this Section shall be held by any court of competent jurisdiction to be void or otherwise unenforceable in any manner, then the parties hereto shall consider this Agreement to be amended and modified so as to eliminate therefrom such particular provision, area or jurisdiction as to which this Agreement is so held to be void or otherwise unenforceable, and, as to all other areas or jurisdictions covered by this Agreement, the terms and provisions hereof shall remain in full force and effect as originally written.

(ii) In the event the covenants not to compete contained herein should be held by any court or other authority to be effective in a particular area or jurisdiction only if such covenants are modified to limit their duration, area or scope, then the parties hereto shall consider such noncompetition provisions to be so amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any such court or other authority and, as to all other states, countries, or political subdivisions, the noncompetition covenants contained herein shall remain in full force and effect as originally written.

(c) Remedies. In recognition of the irreparable harm that a violation of any of the covenants of this Agreement (including without limitation this Section) would cause C.COM and Newco, each of Raville and Delaney agrees that, in addition to any other relief afforded by law, an injunction against such violation or violations may be issued against him and every other Person concerned thereby, it being the understanding of the parties that an injunction shall be the proper mode of relief.

SECTION 10.02. Certain Tax Matters. [to be reviewed by Bla' s Hawk]

(a) OCI will prepare on a basis consistent with prior years and file or cause to be prepared and filed all income Tax Returns for OCI that are required to be filed with the appropriate Governmental Entities for any Tax period ending on or prior to the Effective Time. OCI will prepare on a basis consistent with prior years and, if required to do so by applicable Law, deliver to C.COM or its Affiliates for signing and filing any state income Tax Returns of OCI with respect to any Tax period ending on or prior to the Effective Time that have not been filed prior to the Effective Time.

(b) Except as otherwise provided in Section \_\_\_\_ or Section \_\_\_\_, C.COM will prepare and file or cause to be prepared and filed all Tax Returns for OCI that are required to be filed with the appropriate Governmental Entities for all periods as to which such Tax Returns are due after the Effective Time. Nothing in this Section shall be interpreted to limit, reduce, expand or augment any of the warranties or representations of OCI as to Taxes and Tax Returns. A complete list of Tax Returns reasonably anticipated to be due by OCI within 90 days after the Effective Time shall be provided by OCI to C.COM at least 15 days prior to the Effective Time.

ARTICLE XI

GENERAL PROVISIONS

SECTION 11.01. Effectiveness of Representations, Warranties and Agreements.

The representations, warranties and agreements of each party hereto shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any other party hereto, any person controlling any such party or any of their officers or directors, whether prior to or after the execution of this Agreement, for a period of one year.

SECTION 11.02. Notices.

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered, mailed or transmitted, and shall be effective upon receipt, if delivered personally, mailed by registered or certified mail (postage prepaid, return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like changes of address) or sent by electronic transmission to the telecopier number specified below:

**DRAFT**

(a) If to OCI or Delaney:

Overlook Communications International, Inc.  
2839 Paces Ferry Road, Suite 500  
Atlanta, Georgia 30339  
Attention: Patrick E. Delaney  
Telecopier No.: (770) 432-0007

with a copy to:

Cushing, Morris, Armbruster & Jones  
2110 Peachtree Center Cain Tower  
229 Peachtree Street, N.E.  
Atlanta Georgia 30303

Attention: Charles Cushing, Jr.  
Telecopier No. (404) 658-9865

(b) If to Raville:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: Stephen E. Raville  
Telecopier No.: ( ) \_\_\_\_\_

(c) If to C.COM:

Charter Communications International, Inc.  
17100 El Camino Real, Suite 100  
Houston, Texas 77058  
Telecopier No.: (713) 486-7674

with a copy to:

Brown, Parker & Leaby, L.L.P.  
3600 Two Allen Center  
1200 Smith Street  
Houston, Texas 77002-4595

Attention: Dallas Parker  
Telecopier No.: (713) 654-1871

SECTION 11.03. Certain Definitions. For purposes of this Agreement, the term:

"knowledge" or "known" shall mean, with respect to any matter in question, if an executive officer of C.COM, Newco or OCI, as the case may be, has actual knowledge of such matter as of the date as of which such matter is represented;

"Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d) of the Exchange Act);

"Subsidiary" or "Subsidiaries" of any person, means any corporation, limited liability company, partnership, joint venture or other legal entity of which such person, as the case may be (either alone or through or together with any other subsidiary), owns, directly or indirectly, 50% or more of the capital stock or other equity interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity;

"Tax" or "Taxes" shall mean any and all taxes, charges, fees or levies, payable to any federal, state, local or foreign taxing authority or agency, including, without limitation, (i) income, franchise, profits, gross receipts, minimum, alternative minimum, estimated, ad valorem, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, disability, employment, social security, workers compensation, unemployment compensation, utility, severance, excise, stamp, windfall profits, transfer and capital gains taxes, (ii) custom duties, imposts, charges, levies or other similar assessments of any kind, and (iii) interest, penalties and additions to tax imposed with respect thereto.

SECTION 11.04. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 11.05. Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

SECTION 11.06. Entire Agreement. This Agreement (together with the Annexes, Schedules and Exhibits hereto) constitutes the entire agreement of the parties and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

SECTION 11.07. Assignment. This Agreement shall not be assigned by operation of law or otherwise without the prior express written consent of the other parties hereto.

SECTION 11.08. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied (other than the provisions of Section \_\_\_\_\_ and Section \_\_\_\_\_), is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 11.09. Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of any party hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement are in addition to, and not exclusive of, any rights or remedies otherwise available.

SECTION 11.10. Governing Law. It is the intention of the parties that the internal laws, and not the laws of conflicts, of the State of Texas shall govern the enforceability and validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties; provided, however, that with respect to matters of law concerning the internal affairs of any entity that is a party to or the subject of this Agreement, the law of the jurisdiction of organization of such entity shall govern.

SECTION 11.11. Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of Texas or any court of the State of Texas located in the City of Houston in any action, suit or proceeding arising in connection with this Agreement or the transactions contemplated herein, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 11.11 and shall not be deemed to be a general submission to the jurisdiction of said Courts or in the State of Texas other than for such purpose. All parties hereby waive any right to a trial by jury in connection with any such action, suit or proceeding; provided, however, that matters to be resolved through arbitration as specified herein shall be resolved only by such arbitration, and the final arbitration award may thereafter be enforced as provided in this Section 11.11.

SECTION 11.12. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

SECTION 11.13. Amendment. This Agreement may be amended only by written instrument executed by the parties hereto.



IN WITNESS WHEREOF, C.COM, Newco, Raville, Delaney and OCI have caused this Agreement to be executed as of the date first written above by their respective officer thereunto duly authorized.

CHARTER COMMUNICATIONS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OCI ACQUISITION CORP.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

OVERLOOK COMMUNICATIONS INTERNATIONAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STEPHEN E. RAVILLE

\_\_\_\_\_

PATRICK E. DELANEY

\_\_\_\_\_

**EXHIBIT "B"**

**CHARTER COMMUNICATIONS  
INTERNATIONAL, INC.**

**FINANCIAL INFORMATION**

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**DICKEY, RUSH & CO., P.C.**  
Certified Public Accountants

Douglas A. Dickey, C.P.A.

T. Mark Rush, C.P.A.

To the Board of Directors  
Charter Communications International, Inc. and Subsidiaries  
Houston, Texas

We have compiled the accompanying balance sheets of Charter Communications International, Inc. and Subsidiaries (a development stage company) as of March 31, 1996 and December 31, 1995, and the related statements of operations and cash flows for the three months then ended and for the period from inception to March 31, 1996, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Dickey, Rush & Co., P.C.

May 10, 1996

Charter Communications Internationals Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Balance Sheets

(UNAUDITED)

	<u>March 31,</u> 1996	<u>December 31,</u> 1995
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 475,887	\$ 43,841
Cash and Cash Equivalents - Restricted	179,177	
Accounts Receivable, net of allowance for doubtful accounts of \$ 86,811 and \$ 3,762	953,912	43,155
Receivables from Related Parties	73,992	34,181
Inventories	326,750	
Prepaid Expenses and Other	<u>257,705</u>	<u>28,169</u>
<b>Total Current Assets</b>	<b>2,267,423</b>	<b>149,346</b>
<b>Property and Equipment, at cost</b>		
Property, Plant and Equipment	2,214,982	933,636
Accumulated Depreciation	<u>(399,894)</u>	<u>(146,681)</u>
<b>Total Property and Equipment</b>	<b>1,815,088</b>	<b>786,955</b>
<b>Other Assets</b>		
Advances Related to Acquisition		150,000
Deposits	47,756	
Investment in Joint Venture	78,902	
Intangible assets, net of accumulated amortization of \$ 87,098	<u>2,238,243</u>	<u>                    </u>
<b>Total Other Assets</b>	<u>2,364,901</u>	<u>150,000</u>
<b>Total Assets</b>	<u>\$ 6,447,412</u>	<u>\$ 1,086,301</u>

See accompanying notes and accountants' compilation report.

Charter Communications International Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Balance Sheets

(UNAUDITED)

	<u>March 31,</u> 1996	<u>December 31,</u> 1995
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts Payable - Trade	\$ 1,420,460	\$ 195,730
Accrued Expenses and Other	324,255	93,008
Due to Related Parties	16,564	129,167
Unearned Revenues	151,229	
Current Portion of Long-term Notes Payable	177,085	
Line of Credit	121,332	129,443
Loans from Shareholders	<u>1,828</u>	<u>1,828</u>
<b>Total Current Liabilities</b>	<b>2,212,753</b>	<b>549,176</b>
<b>Long Term Debt</b>		
Long-term Notes Payable, net	51,409	
Senior Subordinated Notes, net	<u>1,928,427</u>	<u>172,819</u>
<b>Total Long-Term Liabilities</b>	<u><b>1,979,836</b></u>	<u><b>172,819</b></u>
<b>Total Liabilities</b>	<b>4,192,589</b>	<b>721,995</b>
<b>Stockholders' Equity</b>		
Preferred Stock-.01 par value; 100,000 shares authorized, 550 shares issued and outstanding; liquidation preference of \$ 1,999,800		6
Common Stock - .00001 par value; 45,000,000 shares authorized, 11,622,697 and 7,298,393 shares issued and outstanding	116	73
Additional Paid In Capital	4,834,035	2,235,902
Accumulated Deficit During Development Stage	<u>(2,579,328)</u>	<u>(1,871,675)</u>
<b>Total Stockholders' Equity</b>	<u><b>2,254,823</b></u>	<u><b>364,306</b></u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><b>\$ 6,447,412</b></u>	<u><b>\$ 1,086,301</b></u>

See accompanying notes and accountants' compilation report.

Charter Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Statements of Operations

(UNAUDITED)

	Three Months Ended <u>March 31, 1996</u>	Jan. 26, 1994 (Inception) to <u>March 31, 1996</u>
<b>Revenues</b>		
Communications Services	\$ 57,843	\$ 170,662
Hardware and Software	50,030	50,030
Internet Connection Services	<u>323,849</u>	<u>323,849</u>
Total Revenues	<u>431,722</u>	<u>544,541</u>
<b>Cost of Revenues and Operating Expenses</b>		
Data Communications and Operations	219,685	251,124
Hardware and Software Costs	37,205	37,205
Sales and Marketing	180,147	180,147
General and Administrative	577,588	2,261,876
Bad Debts		3,762
Depreciation and Amortization	93,952	240,633
Interest Expense	44,518	167,579
Interest Income	<u>(938)</u>	<u>(5,574)</u>
Total Cost of Revenues and Operating Expenses	<u>1,152,157</u>	<u>3,136,652</u>
Net Loss before Income Taxes and Minority Interest in Consolidated Subsidiary	(720,435)	(2,592,111)
Income Tax Provision (benefit)	0	0
Minority Interest in Consolidated Subsidiary	<u>12,783</u>	<u>12,783</u>
Net Loss	<u>\$ (707,652)</u>	<u>\$ (2,579,328)</u>

See accompanying notes and accountants' compilation report.

Charter Communications International Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Statements of Operations

(UNAUDITED)

	Three Months Ended <u>March 31, 1996</u>	Jan. 26, 1994 (Inception) to <u>March 31, 1996</u>
Loss Per Share	<u>\$ (0.09)</u>	<u>\$ (0.44)</u>
Number of shares used in computing net loss per share	<u>8,282,932</u>	<u>5,844,822</u>

See accompanying notes and accountants' compilation report.



Charter Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Statements of Cash Flows

(UNAUDITED)

	Three Months Ended <u>March 31, 1996</u>	Jan. 26, 1994 (Inception) to <u>March 31, 1996</u>
<b>Cash Flows From Operating Activities</b>		
Net Loss	\$ (707,652)	\$ (2,579,328)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	93,952	240,633
Bad Debts		3,762
Amortization of Discounts on Senior Subordinated Notes	914	914
Non-Cash Consulting and Services Fees	20,597	197,597
Decrease (increase) in operating assets:		
Accounts Receivable	(55,024)	(101,941)
Receivables from Related Parties	18,236	(15,945)
Inventory and Other Assets	(42,399)	(42,399)
Deposits	(46,744)	(46,744)
Prepaid Expenses and Other	(206,153)	(222,322)
Increase (decrease) in operating liabilities:		
Accounts Payable	272,865	468,596
Accrued Expenses and Other	16,147	109,155
Due to Related Parties	(129,167)	
Unearned Revenues	<u>38,299</u>	<u>38,299</u>
Total adjustments	<u>(18,477)</u>	<u>629,605</u>
Net cash used in operating activities:	(726,129)	(1,949,723)
<b>Cash Flows From Investing Activities</b>		
Purchase of Property and Equipment	(847,954)	(1,761,590)
Proceeds from Sale Leaseback	208,000	208,000
Investment in Joint Venture	(76,902)	(76,902)
Advances related to subsequent acquisition	150,000	
Acquisition of Subsidiary	(525,000)	(525,000)
Purchased Goodwill	<u>(6,000)</u>	<u>(6,000)</u>

See accompanying notes and accountants' compilation report.

Charter Communications International Inc.  
and Subsidiaries  
(A Development Stage Company)  
Consolidated Statements of Cash Flows

(UNAUDITED)

	Three Months Ended <u>March 31, 1996</u>	Jan. 26, 1994 (Inception) to <u>March 31, 1996</u>
Net cash used in investing activities	(1,097,856)	(2,181,492)
<b>Cash Flows From Financing Activities</b>		
Loans from Shareholders		1,229,328
Repayment of Loans from Shareholders		(1,227,500)
Proceeds from Line of Credit		129,443
Repayments on Line of Credit	(8,111)	(8,111)
Proceeds from Senior Subordinated Notes	1,754,694	1,927,513
Proceeds from Issuance of Stock Warrants	265,306	292,487
Proceeds from the Issuance of Common Stock	423,319	443,319
Proceeds from Issuance of Preferred Stock	<u>                    </u>	<u>1,999,800</u>
Net cash from financing activities	<u>2,435,208</u>	<u>4,786,279</u>
Net Increase in Cash and Cash Equivalents	611,223	655,064
Cash and Cash Equivalents at beginning of period	<u>43,841</u>	<u>                    </u>
Cash and Cash Equivalents at End of Period	<u>\$ 655,064</u>	<u>\$ 655,064</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Interest Paid	\$ 5,387	\$ 125,635
Taxes Paid	0	0

See accompanying notes and accountants' compilation report.

Charter Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated balance sheet of Charter Communications International, Inc. (the "Company"), a Nevada corporation, and its wholly owned subsidiaries as of March 31, 1996 and the related statements of operations and statements of cash flows for the three months and period from inception to March 31, 1996, are unaudited. In the opinion of management, all adjustments, which include only normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. All significant intercompany items have been eliminated in consolidation.

Certain disclosures and other information required by generally accepted accounting principals have been omitted from these financial statements as permitted by reference to other Securities and Exchange Commission filings. These statements should be read in conjunction with the Company's Form 10-KSB Annual Report as of December 31, 1995.

Revenue Recognition

Revenues from telecommunications, Internet connections services and networked computer sales and services are generally recognized when the services are provided.

Invoices rendered and payments received for telecommunications services and Internet access in advance of the period when revenues are earned are recorded as unearned revenues and recognized ratably over the period the services are provided or the terms of the Internet subscription agreements, which are generally 3 to 12 months. Sales of hardware are recognized when installation has occurred and no further performance obligation remains. Sales of pre-packaged software are recognized upon delivery of the product.

Inventories

Inventories at March 31, 1996 consist of Internetworking and network computer products as well as pre-packaged software used for Internet access. All inventory is recorded as finished goods and is available for sale. Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

See accountants' compilation report.

Charter Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Income Taxes

The provision for income taxes is computed on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities.

Net Loss Per Share

**Loss Per Share** - Net loss per share was computed by dividing the net loss by the weighted average number of common and common equivalent shares outstanding during the period. For purposes of this calculation, dilutive outstanding warrants and employee stock options are considered common stock equivalents. Due to the loss incurred for the periods presented, all common stock equivalents are considered anti-dilutive and have been omitted from the respective earnings per share calculations.

**Supplementary Loss Per Share** - On March 8, 1996, the Series A Preferred Stock was automatically converted into 2,847,412 shares of the Company's common stock. Supplementary loss per share is the loss per share amount adjusted to reflect the conversion of preferred stock on March 8, 1996 as if the conversion had occurred on the day the preferred stock was issued. Supplementary loss per share for the three months ended March 31, 1996 and for the period from inception on January 26, 1994 to March 31, 1996 was (\$.07) and (\$.39), respectively.

Amortization

The Company amortizes any purchased goodwill on acquisitions over a period of not less than 60 months on a straight-line basis.

NOTE B - ACQUISITIONS

Phoenix DataNet, Inc.

On January 8, 1996, the Company acquired 90 percent of the issued and outstanding capital stock of Phoenix DataNet, Inc. (PDN), in exchange for \$ 525,000 in cash. PDN, a Texas corporation, was formerly a subsidiary of Phoenix Data Systems, Inc. (Systems). PDN was originally incorporated on February 21, 1995, and prior to that date had operated as a division of Systems. Systems entered

See accountants' compilation report.

Charter Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

NOTE B - ACQUISITIONS (Cont.)

Phoenix DataNet, Inc. (Cont.)

into an agreement on December 22, 1995 to sell its 90 percent ownership of the issued and outstanding shares of common stock of PDN. On March 21, 1996, the Company acquired the remaining 10 percent in PDN through the issuance of 150,000 shares of the Company's common stock, at an estimated fair market value of \$2.00 per share at the time the transaction was consummated. The acquisition has been accounted for as a purchase.

PDN engages in the business of providing Internet access to businesses and individuals and a full range of related services, including the creation and development on behalf of its customers of Internet based advertising, customer service functions, on-line sales and services and other on-line interactive services. Additionally, PDN sells and services a complete line of Internetworking products for Internet access.

Phoenix Data Systems, Inc.

On March 21, 1996, the Company acquired 100 percent of the issued and outstanding capital stock of Systems. The transaction involved the exchange of 1,000,000 shares of the Company's common stock, 825,000 shares of which were immediately issued free and clear of any adverse claims or encumbrances and 175,000 shares are being retained by the Company in order to secure representations and warranties and covenants of Systems and Systems shareholders and will be subject to offset against claims against Systems. The shares immediately issued in the transaction were valued at \$ 2.00 per share, the estimated fair market value as of the date the transaction was consummated. A separate value will be placed upon the retained shares when and if they are eventually issued. The acquisition has been accounted for as a purchase.

Systems is in the business of providing computer network integration, service, consulting and support for commercial businesses.

See accountants' compilation report.

Chart Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

NOTE B - ACQUISITIONS (Cont.)

Phoenix Data Systems, Inc.

Unaudited pro forma revenues, net loss and loss per share assuming the transaction had occurred at January 1, 1996 is as follows:

	Historical For the 3 Months Ended <u>March 31, 1996</u>	Proforma For the 3 Months Ended <u>March 31, 1996</u>
Revenues	\$ 431,722	\$ 1,797,194
Net Loss	(707,652)	(833,049)
Net Loss per share	(.09)	(.09)

Panama Phone Centers

On March 30, 1996 the Company acquired the assets and rights to operate long distance telephone centers at various U.S. military installations in the Republic of Panama. Prior to March 30, 1996 the Company had been receiving royalties from telephone calls placed at these phone centers, under a separate contract. The phone centers and rights to provide these service were acquired for the price of \$ 224,000 cash and 2,000 shares of common stock of the Company valued at \$2.00 per share. Simultaneously with the purchase the Company entered into an agreement with a lease finance company to sell and lease back a portion of the assets acquired. Lease financing was obtained in the amount of \$168,000, the acquisition price of the majority of the phone center assets. The term of the lease provides for monthly payments of \$5,712, beginning on April 1, 1996 and continuing through March 1, 1999.

This transaction is not considered to be a significant business combination and accordingly, no proforma information is presented.

Joint Venture Agreement

On January 24, 1996 the Company entered into an agreement for joint operations of international telecommunications service into and out of various locations in the Country of Mexico. The Company has agreed to incur various expenses to reactive the international telecommunications service to various hotel

See accountants' compilation report.

Chart Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

NOTE B - ACQUISITIONS (Cont.)

Joint Venture Agreement (Cont.)

facilities, arrange for agreements with international carriers to provide call termination and other services and contribute future funds for equipment to connect new customers. As a result of these contributions and efforts the Company will receive 50 percent of the net revenues generated from the joint operations of this service.

NOTE C - INTANGIBLE ASSETS

Intangible assets consist of the following at March 31, 1996:

Organizational Costs	\$	6,872
Non-Compete Covenant and Other		78,700
Goodwill		2,239,769
Accumulated Amortization		<u>(87,098)</u>
		<u>\$ 2,238,243</u>

NOTE D - LONG-TERM NOTES PAYABLE

At March 31, 1996 the following long-term notes payable were outstanding. These liabilities were assumed upon acquisition of Phoenix Data Systems, Inc. and have been included in the accompanying financial statements.

Promissory note payable to a bank, collateralized by contracts, accounts receivable, furniture, fixtures, equipment and personal guarantee of a shareholder, payable in monthly installments of \$ 2,330, interest at prime rate plus 2% through June 29, 1996.		\$ 6,578
Promissory note payable to a bank, collateralized by an automobile, payable in monthly installments of \$ 445, interest at 8.5% through January, 2000.		18,991
Promissory note payable to a bank, collateralized by an automobile, payable in monthly installments of \$ 606, interest at 12.0% through December 19, 1998.		17,195

See accountants' compilation report.

Chart Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

**NOTE D - LONG-TERM NOTES PAYABLE (Cont.)**

Promissory note payable to a bank, collateralized by an automobile, payable in monthly installments of \$ 419, interest at 8.5% through February, 2000.	16,692
Promissory note payable to a finance company, collateralized by office equipment, payable in monthly installments of \$ 1,399, including interest through February, 1997.	19,038
Promissory note payable to a bank, collateralized by real estate owned by a related company of a shareholder, payable in its entirety with interest at prime rate plus 3% on April 25, 1996.	<u>150,000</u>
Total Long-term Notes Payable	228,494
Less current portion	<u>(177,085)</u>
Long-term Notes Payable, net	<u>\$ 51,409</u>

**NOTE E - SENIOR SUBORDINATED NOTES**

Beginning in December, 1995, the Company made a private offering of \$2,500,000 of its 12% Senior Subordinated Notes due December 31, 2000, with attached warrants which will grant the purchasers of the Notes the right to buy 2,000,000 shares of Company's Common Stock. The warrants will grant the purchasers the right to exchange the face amount of Notes at prices of \$.70 per share in 1996, \$1.25 in 1997, \$1.75 in 1998, \$2.25 in 1999 and \$2.50 in 2000. Interest will be payable quarterly at the rate of 12% per annum, in arrears. The notes are not secured by any asset or guaranty of the Company.

Of the \$2,500,000 in notes offered, \$2,220,000 were issued prior to March 31, 1996. The fair market value of the 1,776,000 warrants issued in conjunction with the notes was estimated by the Company to be \$292,487 and is recorded as additional paid in capital and a discount on the notes. The notes are stated net of discount, which is being amortized over the term of the notes. Amortization of this discount included in the accompanying financial statements for the three months and period from inception to March 31, 1996, amounted to \$914, and is included in interest expense for those periods.

See accountants' compilation report.



Chart Communications International, Inc.  
and Subsidiaries  
(A Development Stage Company)  
Notes to Financial Statements  
March 31, 1996

(UNAUDITED)

**NOTE F - LETTER OF CREDIT AGREEMENT AND RESTRICTED CASH**

The Company issued an irrevocable letter of credit in favor of a vendor of the Company to secure various vendor invoices in the normal course of business. The vendor invoices totaled \$179,177 and are included in trade accounts payable at March 31, 1996. The irrevocable letter of credit is secured by a certificate of deposit pledged to the issuing financial institution.

**NOTE G - COMMON STOCK AND COMMON STOCK PURCHASE WARRANTS ISSUED FOR SERVICES:**

The Company issued 12,500 shares of common stock and granted 80,000 common stock purchase warrants to non employees for services provided to the Company. These warrants expire between six months and five years from the date of the grant and have an exercise price between \$.70 and \$2.50 per share. The Company recognizes an expense equivalent to the fair market value of the services.

**NOTE H - STOCKHOLDERS' EQUITY**

Stock Warrants

During the three months ended March 31, 1996, the Company granted 54,400 common stock purchase warrants to certain key employees and 100,000 to outside directors. These warrants expire between six months and five years from the date of grant and have an exercise price between \$.70 and \$2.50 per share.

At March 31, 1996 the Company had outstanding warrants that gave the holders the right to purchase 3,489,628 shares of the Company's common stock at prices ranging from \$.70 to \$2.50 per share.

Stock Options

During the three months ended March 31, 1996, the Company granted 160,000 stock options to certain employees. The exercise price of the stock options granted to the employees ranged from \$.70 to \$2.00 per share, the estimated fair market value of the Company's common stock at the date of grant. No compensation expense has been recognized in the financial statements related to the grant of these options.

See accountants' compilation report.

Charter Communications International, Inc.  
 and Subsidiaries  
 (A Development Stage Company)  
 Notes to Financial Statements  
 March 31, 1996

(UNAUDITED)

NOTE H - STOCKHOLDERS' EQUITY (Cont.)

Stock Options (Cont.)

The Company has established three stock option plans, the Long-term Stock Option Plan, the Incentive Stock Option Plan and the Non Employee Director Stock Option Plan. Each plan is authorized to grant 500,000 shares of common stock options and the exercise price of these shares must be at least equal to the fair market value of the Company's common stock price at the date of the grant. Options can be issued with varying terms and contain various provisions pertaining to accelerated vesting in the event of significant corporate changes. The following table represents a summary of the outstanding options in the plans at March 31, 1996:

<u>Stock Options</u>	<u>Option Price Per Share</u>	<u>Number of Options</u>
Outstanding, beginning of year	\$ .70	2,250,000
Granted	\$.70 - \$2.00	160,000
Canceled	\$.70	<u>(493,500)</u>
Outstanding, end of quarter	\$.70 - \$2.00	916,500
Exercisable, end of quarter		280,500

See accountants' compilation report.

Unaudited Pro Forma Combined Statement of Operations  
For the Three Months Ended March 31, 1996

	Historical		Pro Forma	
	Charter Communications International, Inc. (1)	Phoenix Data Systems, Inc. (2)	Adjustments	Combined
<b>Revenues:</b>				
Communications Services	\$ 57,843			\$ 57,843
Hardware and Software	50,030	1,204,890		1,254,920
Internet Connection Services	323,849	0		323,849
System Services	0	161,001		161,001
<b>Total Revenues</b>	<b>431,722</b>	<b>1,365,891</b>		<b>1,797,613</b>
<b>Cost of Revenues and Operating Expenses:</b>				
Data Communications and Operations	219,685	104,702		324,387
Hardware and Software Cost	37,205	1,015,753		1,052,958
Sales and Marketing	180,147	91,629		271,776
General and Administrative	577,588	180,635		758,223
Depreciation and Amortization	93,952	15,061	76,342 (3)	185,355
Interest Expense	44,518	(3,346)		41,172
Interest Income	(938)	(2,271)		(3,209)
<b>Total Cost of Revenues and Operations</b>	<b>1,152,157</b>	<b>1,402,183</b>	<b>76,342</b>	<b>2,630,662</b>
<b>Loss before income taxes and minority interest in consolidated subsidiary</b>	<b>(720,435)</b>	<b>(36,272)</b>	<b>(76,342)</b>	<b>(833,049)</b>
Income tax provision (benefit)				
Minority interest in consolidated subsidiary	12,783		(12,783) (4)	0
<b>Net Loss</b>	<b>\$ (707,652)</b>	<b>\$ (36,272)</b>	<b>(89,125)</b>	<b>\$ (833,049)</b>
Loss per common share	(0.09)			(0.09)
Weighted average shares outstanding	8,282,932			8,140,075

See Notes to Unaudited Pro Forma Financial Statement

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

On March 21, 1996, Charter Communications International, Inc. (Charter) acquired all of the outstanding stock of Phoenix Data Systems, Inc. (Systems) by immediately issuing 825,000 shares of the Company's common stock valued at \$2.00 per share and deferring the issuance of an additional 175,000 shares of common stock subject to warranties and covenants of Systems and Systems shareholders that could be used to offset claims against Systems. Additionally, the Company acquired the remaining 10% minority interest of Phoenix DataNet, Inc. (PDN) by issuing 150,000 shares of the Company's common stock valued at \$2.00.

- (1) Column includes historical financial information for Charter and was obtained from unaudited financial data.
- (2) Column includes unaudited historical financial information for Systems and was obtained from the entity's financial statements included herein.
- (3) Adjustment to amortize goodwill acquired, totaling \$ 1,526,845, over five years (from January 1, 1996 to March 31, 1996).
- (4) Adjustment to eliminate minority interest in consolidated subsidiary, Phoenix DataNet, Inc. as of January 1, 1996.

**EXHIBIT "C"**

**OVERLOOK COMMUNICATIONS  
INTERNATIONAL, CORPORATION**

**FINANCIAL INFORMATION**

**Overlook Communications International**  
**Income Statement**  
For the years 1995 and 1994

<u>Revenues</u>	<u>1995</u>	<u>1994</u>
OCI Admn Fees	\$ 124,065	564,463
Conferencing	1,207	-
Debit Card - Other	258,499	64,337
Debit Card - Trandar	84,704	-
Interactive Service	509,845	124,678
Long Distance Resale	-	-
Long Distance - LCI	710,661	715,926
Wholesale Platform	-	-
Internet & Wildfire	-	-
Fax Services	-	-
Call Center	156,822	-
<b>Total Revenues</b>	<b>\$ 1,845,602</b>	<b>1,459,404</b>
 <u>Cost of Revenues</u>		
Communications	\$ 613,400	225,350
Royalties	57,072	23,587
Depreciation	160,000	127,269
<b>Total Cost of Revenues</b>	<b>\$ 830,472</b>	<b>376,226</b>
 <b>Gross Margin</b>	 <b>\$ 1,015,130</b>	 <b>1,083,178</b>
 <u>Selling, General, and Administrative Expenses</u>		
Salaries/Wages	\$ 955,533	713,772
Employee Benefits	61,450	56,802
Payroll Taxes	74,861	64,030
Contract Labor	178,067	174,134
Consulting / Contract Services	-	65,000
Commissions	(6,772)	167,844
Advertising	22,103	34,894
Travel & Entertainment	68,999	70,950
Rent & Utilities	232,054	229,696
Insurance	11,785	9,832
Repairs & Maintenance	5,617	6,642
Office Supplies	25,122	20,624
Miscellaneous	42,789	31,420
Dues/Subscriptions	1,400	3,937
Postage & Shipping	17,269	30,601
Legal & Accounting	131,084	47,373
Bank Fees /Charges	4,682	16,611
Bad Debt Expense	14,500	99,200
Taxes	17,938	489
<b>Total SG&amp;A Expenses</b>	<b>\$ 1,858,481</b>	<b>1,884,051</b>
 <b>Income (Loss) from Operations</b>	 <b>\$ (843,351)</b>	 <b>(800,873)</b>
 <b>Interest Expense (Income)</b>	 <b>\$ 60,452</b>	 <b>19,356</b>
 <b>Net Income (Loss)</b>	 <b>\$ (903,803)</b>	 <b>(820,229)</b>

**Overlook Communications International**  
**Balance Sheets**  
**December 31, 1995 and 1994**

<u>ASSETS</u>	<u>1995</u>	<u>1994</u>
<u>Current Assets:</u>		
Cash	89,222	178,145
Trade Accounts Receivable (Net)	239,645	117,391
Miscellaneous Receivable	283,464	112,313
Prepaid Expenses	142,731	61,093
Total Current Assets	<u>755,062</u>	<u>468,942</u>
<u>Fixed Assets:</u>		
Projects in Development	124,679	124,679
Furniture & Fixtures	58,843	57,498
Equipment	958,092	662,830
Software	335,652	199,532
Accumulated Depreciation	<u>(375,928)</u>	<u>(215,928)</u>
Total Fixed Assets	<u>1,101,338</u>	<u>828,611</u>
Total Assets	<u>1,856,400</u>	<u>1,297,553</u>
 <u>LIABILITIES &amp; SHAREHOLDERS' EQUITY</u>		
<u>Current Liabilities:</u>		
Trade Accounts Payable	956,875	227,123
Intercompany Payable	64,898	-
Accrued Liabilities	141,025	124,839
Notes Payable	808,893	-
Capital Lease Obligation	51,548	57,067
Accrued Commission	55,371	182,329
Total Current Liabilities	<u>2,078,610</u>	<u>591,358</u>
Long Term Debt	50,000	-
Total Liabilities	<u>2,128,610</u>	<u>591,358</u>
<u>Shareholders Equity:</u>		
Common Stock	1,637,499	1,537,499
Treasury Stock	(174,300)	-
Retained Earnings	<u>(1,735,409)</u>	<u>(831,304)</u>
Total Shareholders' Equity	<u>(272,210)</u>	<u>706,195</u>
Total Liabilities & Shareholders' Equity	<u>1,856,400</u>	<u>1,297,553</u>

**Overlook Communications International**  
**Statement of Cash Flows**  
**For the years 1995 and 1994**

<u>Operating Activities</u>	<u>1995</u>	<u>1994</u>
Net (loss) income	\$ (903,892)	(820,229)
Adjustments to reconcile net income to net cash (used in) from operating activities:		
Depreciation & Amortization	160,000	162,089
Provision for doubtful accounts	14,500	99,200
Increased payables	817,238	(274,307)
Increased accruals	(133,262)	182,329
Increased receivables and prepayments	(389,543)	316,965
Other- net	(311)	21,200
Net cash flows from operations	<u>\$ (435,270)</u>	<u>(312,753)</u>
 <u>Investing Activities</u>		
Investments in property, plant, and equipment	<u>\$ (432,727)</u>	<u>(509,317)</u>
Net cash flows (used in) investing activities	<u>\$ (432,727)</u>	<u>(509,317)</u>
 <u>Financing Activities</u>		
Proceeds from capital leasing	\$ (5,519)	57,067
Proceeds from shareholder loans	808,893	151,000
Proceeds from long term debt	50,000	-
Repurchase of common stock	(174,300)	-
Proceeds from issuance of common stock	100,000	750,299
Net cash flows from financing activities	<u>\$ 779,074</u>	<u>958,366</u>
 Net (decrease) in cash and cash equivalents	<u>\$ (88,923)</u>	<u>136,296</u>
Cash and cash equivalents at the beginning of the year	178,145	41,849
Cash and cash equivalents at the end of the year	<u>\$ 89,222</u>	<u>178,145</u>



LEON L. NOWALSKY  
MONICA R. BORNE

**NOWALSKY & BRONSTON, L.L.P.**  
ATTORNEYS AT LAW

3900 NORTH CAUSEWAY BOULEVARD  
SUITE 1275  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 832-1984  
FACSIMILE: (504) 831-0892  
E-MAIL: NowalBron@aol.com

*\$250 C.C.*  
*# 5003 8/18/96*  
*ZAF re. p.c. sima*  
BENJAMIN W. BRONSTON  
EDWARD P. GOTHARD  
Of Counsel

**Writer's Direct Dial Number**  
**(504) 836-7423**

August 8, 1996

**VIA FEDERAL EXPRESS**

*D# 357*  
*8/14/96*

Executive Secretary  
Florida Public Service Commission  
2450 Schumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Application for Approval of Merger Between Charter  
Communications International, Inc., OCI Acquisition Corp. and  
Overlook Communications International, Corporation

Dear Sir:

On behalf of Overlook Communications International, Corporation, enclosed please  
find an original and thirteen (13) copies of the referenced Application. Also enclosed is a  
check in the amount of \$250.00 to cover the filing fee.

Please date stamp and return the enclosed extra copy of this letter in the envelope  
provided.

Please call me should you have any questions concerning this filing. Thank you for  
your assistance with this matter.

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64-025/610

5683

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8/7/96

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LEON L. NOWALSKY  
MONICA R. BORNE

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Sincerely,

  
Edward P. Gothard

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Enclosures

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			\$250.00	\$250.00	\$0.00	\$0.00	\$250.00	

COMMENT