

**NOWALSKY, BRONSTON & GOTHARD, L.L.P.**

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MONICA R. BORNE  
JEFFREY T. GREENBERG  
Of Counsel

DEPOSIT

DATE

April 3, 1998

**D748 -**

**APR 06 1998**

*980496-TX*

Florida Public Service Commission  
Division of Communications  
Certification & Compliance Section  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0866

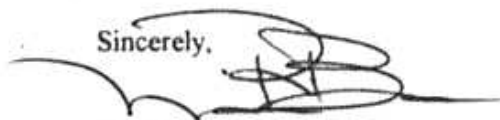
RE: PROGRESSIVE TELECOMMUNICATIONS CORP.

Dear Ms. Hawkins:

Enclosed herewith for filing please find an original and six (6) copies of the Application Form for Authority to provide Alternative Local Exchange Service within the state of Florida which is submitted on behalf of Progressive Telecommunications Corp. The requisite \$250.00 filing fee is also enclosed.

Please acknowledge receipt of this filing by returning a date stamped copy of this cover letter in the self-addressed envelope provided. Thank you and please call with any questions.

Sincerely,



Monica R. Borne

Enclosure

cc: Barry Shevlin, C.E.O.  
Progressive Telecommunications Corp.

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

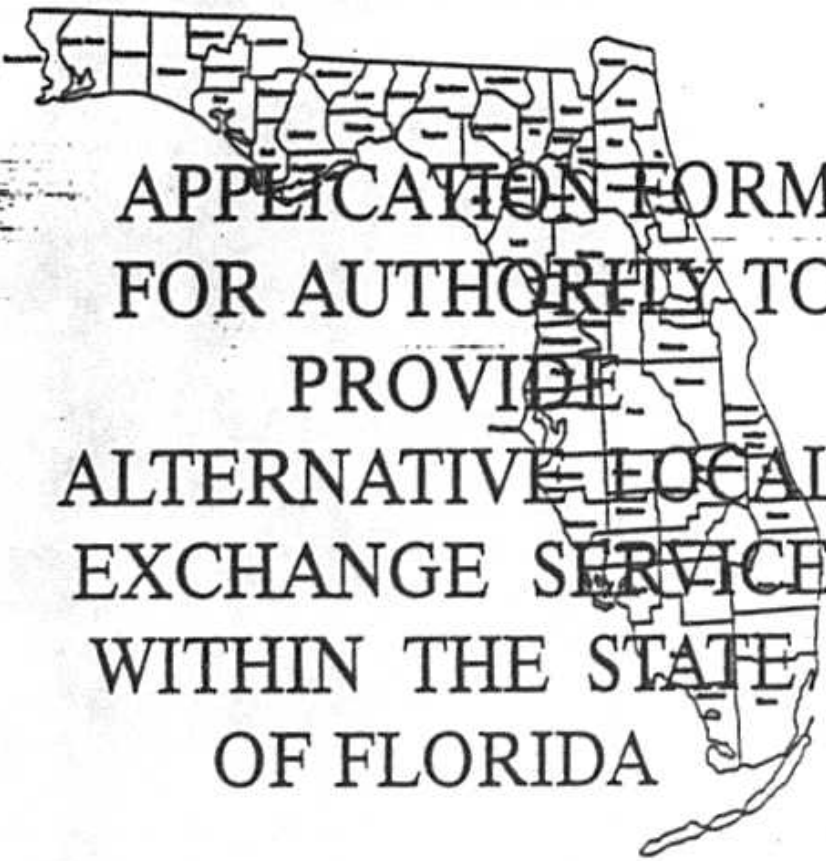
Initials of person who forwarded check:

A.S.

DOCUMENT NUMBER-DATE

**03948 APR -6 98**

FPSC-RECORDS/REPORTING



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

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

**APPLICATION FORM  
for**

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

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**INSTRUCTIONS**

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

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

5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.
-

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

(x) Original authority (new company)

( ) Approval of transfer (to another certificated company)

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

( ) Approval of assignment of existing certificate (to a noncertificated company)

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

( ) Approval for transfer of control (to another certificated company)

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

2. Name of applicant:

Progressive Telecommunications Corp.

3. Name under which the applicant will do business (d/b/a):

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: \_\_\_\_\_

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

601 Cleveland Street

Suite 930

Clearwater, FL 33755

Ph. 1-800-799-9394

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

601 Cleveland St., Suite 930

Clearwater, FL 33755

Ph. (800) 799-9394

FORM PSC/CMU 8 (11/95)

Required by Chapter 364.337 F.S.

6. Structure of organization:

- |                          |                     |                                     |                             |
|--------------------------|---------------------|-------------------------------------|-----------------------------|
| <input type="checkbox"/> | Individual          | <input checked="" type="checkbox"/> | Corporation                 |
| <input type="checkbox"/> | Foreign Corporation | <input type="checkbox"/>            | Foreign Partnership         |
| <input type="checkbox"/> | General Partnership | <input type="checkbox"/>            | Limited Partnership         |
| <input type="checkbox"/> | Joint Venture       | <input type="checkbox"/>            | Other, Please explain _____ |

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

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

No.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida. Exhibit A.

Corporate charter number: P96000057785

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

Barry Shevlin, CEO  
610 Cleveland St., #930  
Clearwater, FL 33755  
Ph. (800) 799-9394

For application:  
Monica R. Borne  
3500 N. Causeway Blvd., #1442  
Metairie, LA 70002  
Ph. (504) 832-1984 Fx. (504) 8310892

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

None.

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

No.

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

No.

14. Please indicate how a customer can file a service complaint with your company. Customers can file complaints with the Company in writing or by dialing the Company's toll free Customer Service telephone number.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825. Exhibit B.

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

A. Financial capability. Exhibit C.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet
2. income statement
3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

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

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

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

B. Managerial capability.

Profiles of management personnel attached as Exhibit D.

C. Technical capability.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, described in detail the difference.)

See Exhibit E.

AFFIDAVIT

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

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

Official: Barry A. Shevlin  
Signature

5/31/98  
Date

Title: Barry Shevlin  
Chief Executive Officer

(300) 799-9394  
Telephone Number

Address: 601 Cleveland Street  
Suite 930  
Clearwater, FL 33755



# **EXHIBIT A**

**ARTICLES OF INCORPORATION FILED  
WITH THE FLORIDA SECRETARY OF STATE**

# State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation, as amended to date, of PROGRESSIVE TELECOMMUNICATIONS CORP., a corporation organized under the laws of the State of Florida, as shown by the records of this office.

The document number of this corporation is P96000057785.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Eighteenth day of February, 1998



CR2EO22 (2-95)



Sandra B. Northam  
Secretary of State

**ARTICLES OF INCORPORATION**  
**OF**  
**PROGRESSIVE TELECOMMUNICATIONS CORP.**

FILED  
96 JUL -8 AM 11:34  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The undersigned incorporator, for the purpose of forming a corporation under the Florida General Corporation Act, hereby adopts the following Articles of Incorporation.

**ARTICLE I-NAME**

The name of the corporation shall be: PROGRESSIVE TELECOMMUNICATIONS CORP.

**ARTICLE II-PRINCIPAL OFFICE**

The principal place of business of this corporation shall be:  
2499 Old Lake Mary Road, #126, Sanford, Florida 32771

**ARTICLE III-NATURE OF BUSINESS**

This corporation may engage in or transact any or all lawful activities or business permitted under the laws of the United States, the State of Florida, or any other state, country, territory or nation.

**ARTICLES IV-CAPITAL STOCK**

The aggregate number of shares of stock and its per value that this corporation is authorized to have outstanding at any one time is: 1,000 at \$1.00 per value.

**ARTICLE V-TERM OF EXISTENCE**

This corporation is to exist perpetually.

**ARTICLE VI-INITIAL REGISTERED AGENT AND STREET ADDRESS**

The name and address of the initial registered agent is Barry Shevlin, 2499 Old Lake Mary Road, # 126, Sanford, Florida 32771.

**ARTICLE VII-OFFICERS, DIRECTORS**

The name and street address of the initial officer and director who shall hold office the first year of the corporation's existence or until their successor are elected are:

Robert Thompson  
2499 Old Lake Mary Road, #126  
Sanford, Florida 32771

Barry Shevlin  
2499 Old Lake Mary Road, #126  
Sanford, Florida 32771

**ARTICLE VIII-INCORPORATOR(S)**

The name and street address of the incorporator of these articles of incorporation is:

Barry Shevlin  
2499 Old Lake Mary Road, #126  
Sanford, Florida 32771

Robert Thompson  
2499 Old Lake Mary Road, #126  
Sanford, Florida 32771

The undersigned has executed these Articles of Incorporation this 2<sup>nd</sup> day of July, 1996.

Signature of Incorporator

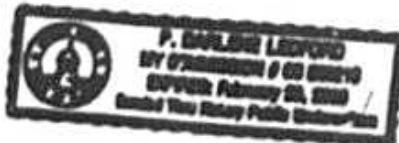
Barry Shevlin  
Barry Shevlin

Robert Thompson  
Robert Thompson

STATE OF FLORIDA  
COUNTY OF SEMINOLE

THE FOREGOING instrument was acknowledged before me this 2 day of July, 1996 by BARRY SHEVLIN and ROBERT THOMPSON, who has produced Florida Driver License as identification.

[Signature]  
Notary Public



**CERTIFICATE DESIGNATING  
REGISTERED AGENT/REGISTERED OFFICE**

Pursuant to the provisions of Section 807.0501, Florida Statutes, the undersigned corporation, organized under the laws of the State of Florida, submits the following statement in designating the registered office/registered agent, in the State of Florida.

1. The name of the corporation is: **PROGRESSIVE TELECOMMUNICATIONS CORP.**
2. The name and address of the registered agent and office is:  
**Barry Shevlin - 2499 Old Lake Mary Road, #126, Sanford, Florida 32771**

  
**BARRY SHEVLIN**  
Incorporator/Director/President

HAVING BEEN NAMED AS REGISTERED AGENT AND TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY ACCEPT THE APPOINTMENT AS REGISTERED AGENT AND AGREE TO ACT IN THIS CAPACITY. I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATING TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES, AND I AM FAMILIAR WITH AND ACCEPT THE OBLIGATIONS OF MY POSITION AS REGISTERED AGENT.

SIGNATURE   
**BARRY SHEVLIN**

DATE: 7-2-96

**FILED**  
**96 JUL -8 AM 11:34**  
**SECRETARY OF STATE**  
**TALLAHASSEE, FLORIDA**

**ARTICLES OF AMENDMENT**  
**PROGRESSIVE TELECOMMUNICATIONS CORP.**

**FILED**  
97 JUL 28 PM 3:  
SECRETARY OF STATE  
TALLAHASSEE FLORIDA

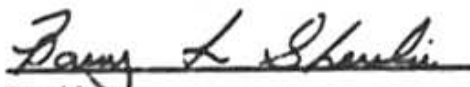
Pursuant to the Florida Statutes Section 607.187, the Articles of Incorporation of the above named Corporation are amended as follows:

**1. ARTICLE IV - CAPITAL STOCK**

The aggregate number of shares of stock and its par value that this corporation is authorized to have outstanding at any one time is 9,100,000 common shares and 900,000 Cumulative Convertible preferred at a par value of \$.01

2. The foregoing was adopted on November 14, 1996 by written consent of all of the Directors and Shareholders entitled to vote on the amendment, in accordance with Florida Statutes Section 607.181(3).

IN WITNESS WHERE, WE, the undersigned, have executed these Articles of Amendment on November 14, 1996.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

**STATE OF FLORIDA**  
**COUNTY OF ORANGE**

The foregoing instrument was acknowledged before on November 14, 1996 by BARRY SHEVELIN and ROBERT THOMPSON, the President and Secretary of PROGRESSIVE TELECOMMUNICATIONS, CORP and are personally known to me and who did take an oath, on behalf of the corporation.

IN WITNESS WHEREOF, I here sign and set my seal.

  
\_\_\_\_\_  
Notary Public

My Commission expires



ARTICLES OF AMENDMENT TO  
ARTICLES OF INCORPORATION  
OF

PROGRESSIVE TELECOMMUNICATIONS CORPORATION  
(a Florida Corporation)

FILED  
97 DEC 15 PM 2:04  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The following resolution was duly adopted by the Board of Directors of Progressive Telecommunications Corporation, a Florida Corporation (the "Corporation"), pursuant to provisions of Florida Statute 607.0602(4) on November 14, 1996.

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by Article IV of the Corporation's Articles of Incorporation, as amended, and pursuant to the provisions of F.S. 607.0602(4), a Series of Preferred Stock of the Corporation be, and it hereby is, created out of the authorized but unissued shares of the capital stock of the Corporation, such series to be designated Nonvoting Cumulative Convertible Preferred Stock (the "Preferred Stock"), to consist of 250,000 shares, par value \$.01 per share, of which the preferences, relative and other rights and the qualifications, limitations or restrictions thereof, shall be (in addition to those set forth in the Corporation's Articles of Incorporation, as amended) as follows:

1. Certain Definitions. Unless the context otherwise requires, the terms defined in this Paragraph 1., shall have, for all purposes of this resolution, the meanings herein specified.

1.1. Common Stock. The term "Common Stock" shall mean all shares now or hereafter authorized of the Corporation's presently authorized class of Common Stock, par value \$.01 per share, which has the right (subject always to prior rights of any class or series of Preferred Stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to the per share amount.

1.2. Conversion Date. The term "Conversion Date" shall have the meaning set forth in Paragraph 4., below.

1.3. Effective Date. The term "Effective Date" shall mean the effective date of the filing of these Articles of Amendment to Articles of Incorporation with the Secretary of State of the State of Florida.

1.4. Issue Date. The term "Issue Date" shall mean, as to any share of Preferred Stock, the date such share is issued by the Corporation to any holder thereof.

1.5. Junior Stock. The term "Junior Stock" shall mean any class or series of stock (including Common Stock) of the Corporation not entitled to receive any dividends in any dividend period unless all dividends, if any, required to have been paid or declared and set apart for payment on shares of preferred stock shall have been so paid or declared and set apart for payment, and not entitled to receive any assets upon liquidation, dissolution or winding up of the affairs of the Corporation until all preferred stock shall have received the entire amount to which such stock is entitled upon such liquidation, dissolution or winding up.

1.6. Parity Stock. The term "Parity Stock" shall mean any class or series of stock of the Corporation entitled to receive payment of dividends, if any, on a parity basis with the Preferred Stock or entitled to receive assets upon liquidation, dissolution or winding up of the affairs of the Corporation on a parity basis with the Preferred Stock.

1.7. Senior Stock. The term "Senior Stock" shall mean any class or Series of stock of the Corporation authorized by the Board of Directors ranking senior to the Preferred Stock in respect to the right to receive dividends or in respect of the right to participate in any distribution upon liquidation, dissolution or wind up of the affairs of the Corporation.

1.8. Stated Value. The Stated Value of each share of Preferred Stock shall be \$.50 if issued by the Corporation prior to February 21, 1997, and if issued by the Company subsequent to February 20, 1997, and prior to April 14, 1997, the stated value shall be \$1.00, and the stated value after April 13, 1997, shall be \$3.00.

2. Dividends. The Preferred Stock shall entitle the holder of record thereof as of any record date therefore to receive when and if declared by the Board of Directors,, out of any funds legally available therefore, cash dividends on an annual basis equal to 100 basis points over the prime lending rate of Citicorp on the date such dividend is declared, on the stated value, such dividends to be payable semiannually, in arrears, on June 30 and December 31.

If the dividends on the Preferred Stock for any dividend period shall not have been paid or set apart in full for the Preferred Stock for any period, the aggregate deficiency shall be cumulative, and shall be fully paid or set apart for payment before any dividends shall be paid upon or set apart for payment for any class of Junior Stock of the Corporation. No dividends shall be paid upon, or declared and set apart for, any shares of any other class or series of stock of the Corporation if the Board of Directors of the Corporation shall have failed to declare and pay in full all accumulated dividends required to be paid to the holders of all outstanding shares of the Preferred Stock for all past payment periods.

In the event that full dividends are not paid or made available to the holders



of all outstanding shares of the Preferred Stock, and funds available shall be insufficient to permit payment in full to all such holders of the preferential amounts to which they are then entitled, the entire amount available for payment of dividends shall be distributed pro-rata among the holders of the Preferred Stock and all Parity Stock ratably in proportion to the full amount to which they would otherwise be respectively entitled.

3. Distributions Upon Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or other winding up of the affairs of the Corporation, before any distribution or payment shall be made to the holders of Junior Stock, the holders of the Preferred Stock shall be entitled to be paid the State Value per share with respect to all outstanding Preferred Stock owned by them, plus any accrued and unpaid dividends thereon, if any. Such amount shall be paid in cash or in property taken at its fair value, or both, at the election of the Board of Directors. If such payment shall have been made in full to the holders of the Preferred Stock and to the holders of any other Senior Stock or Parity Stock, the remaining assets and funds of the Corporation shall be distributed among the holders of Junior Stock, according to their respective shares. If, upon any such liquidation, dissolution or other winding up of the affairs of the Corporation, the net assets of the Corporation distributable among the holders of all outstanding shares of the Preferred Stock and holders of all outstanding shares of any Senior Stock or Parity Stock shall be insufficient to permit the payment in full to such holder of the preferential amounts to which they are entitled, then the entire net assets of the Corporation shall be distributed pro-rata among the holders of all outstanding shares of the Preferred Stock, and the holders of all outstanding shares of Parity Stock ratably in proportion to the full amounts to which they would otherwise respectively be entitled.

#### 4. Conversion Rights.

4.1. Optional Conversion. A holder of shares of Preferred Stock may convert all or part of such shares into shares of the Common Stock of the Corporation at any time beginning on the date of issuance for a period of ten (10) years from the date of issuance; or, within thirty (30) days of the Corporation notifying the holders of the Preferred Stock of its intent to redeem the same for its Stated Value plus accrued and unpaid dividends.

4.2. Automatic Conversion. If not previously converted by the holder, all shares of Preferred Stock automatically will be converted to shares of Common Stock of the Corporation at the end of ten (10) years after the date of issuance.

4.3. Conversion Ratio. In all cases of conversion of shares of Preferred Stock into shares of Common Stock, the number of shares of Common Stock to be issued in exchange for shares of Preferred Stock shall be two shares of Common Stock for each share of Preferred Stock. The

conversion rate will be subject to adjustment in certain events, including: the issuance of stock as a dividend on the common stock; subdivisions or combinations of the common stock; the issuance to all holders of common stock of the right (expiring 45 days after the record date for holders of common stock for determining stockholders entitled to receive them) to subscribe for or purchase common stock at a less than the conversion price, or the distribution to all holders of common stock of evidences of indebtedness of the Company, cash (excluding ordinary cash dividends paid out of the Company's retained earnings), other assets or rights or warrants to subscribe for or purchase any securities (other than those referred to above). No adjustment of the conversion rate will be required to be made until cumulative adjustments amount to one percent or more of the conversion rate as last adjusted; however, any adjustment not made is carried forward.

4.4. Delivery of Shares. The Corporation shall not be obligated to issue to any holder of shares of Preferred Stock certificates evidencing the shares of Common Stock issuable upon any conversion unless certificates evidencing the shares of Preferred Stock are delivered to the Corporation or its transfer agent, or unless such holder provides to the Corporation or its transfer agent reasonable assurances as to the loss, theft, or destruction of such certificates and agrees with respect thereto to indemnify the Corporation and its transfer agent and, if requested, provides such bond as reasonably may be requested by the Corporation and its transfer agent. The holder of any shares of Preferred Stock may exercise the conversion rights described above by (i) delivering to the Corporation a conversion notice in writing setting forth the number of shares of Preferred Stock to be converted, (ii) surrendering to the Corporation or its transfer agent the certificate or certificates for the shares of Preferred Stock to be converted, and (iii) furnishing appropriate endorsements and transfer documents if required by the Corporation or its transfer agent. Such date is referred to herein as the "Conversion Date". The person in whose name the certificate or certificates for Common Stock are to be issued shall be deemed to have become a holder of record of such Common Stock on the applicable Conversion Date. Upon a surrender of shares of Preferred Stock that are converted in part, the Corporation or its transfer agent shall issue to the holder a new certificate representing the unconverted portion of the shares of Preferred Stock surrendered.

4.5. Fractional Interests. The Corporation will not issue fractional shares of Common Stock upon conversion of shares of Preferred Stock. Instead the Corporation, in its discretion, may either pay a cash adjustment in respect of such fractional interest or round up to the next whole number the number of shares of Common Stock to be issued upon conversion.

4.6. Taxes. The Corporation shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of

shares of Common Stock upon conversion of any Preferred Stock; provided, the Corporation shall not be required to pay any taxes which may be payable in respect of any transfer involved in the issuance or delivery of any certificate for such Preferred Stock in a name other than that of the holder of the Preferred Stock in respect of which such shares are being issued.

4.7. Reserve Shares. The Corporation shall reserve at all times so long as any Preferred Stock remains outstanding, free from preemptive rights, out of either or both of its treasury stock or its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Preferred Stock, sufficient shares of Common Stock to provide for the conversion of all outstanding Preferred Stock.

4.8. Government Approvals. If any shares of Common Stock to be reserved for the purpose of Preferred Stock require registration with or approval of any governmental authority under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be. If, and so long as, any Common Stock into which the Preferred Stock is then convertible is listed on any national securities exchange, the Corporation will, if permitted by the rules of such exchange, list and keep listed on such exchange, upon official notice of issuance, all shares of such Common Stock issuable upon conversion.

4.9. Valid Issue. All shares of Common Stock which may be issued upon conversion of the Preferred Stock will, upon issuance by the Corporation, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof, and the Corporation shall take no action which will cause a contrary result.

4.10. Restrictive Legend. Each certificate representing a share of Preferred Stock shall bear on its face a legend in substantially the following form:

"The shares represented by this certificate have not been registered under the Securities Act of 1933. The shares have been acquired for investment and may not be sold, transferred or assigned in the absence of an effective registration statement for these shares under the Securities Act of 1933 or an opinion of legal counsel that registration is not required under such Act."

5. Voting Rights. Preferred Stock shall have no voting rights; provided, upon the Corporation's failure to reserve sufficient shares of Common Stock to provide

for the conversion of all outstanding Preferred Stock on a Conversion Date, then on said date all outstanding shares of Preferred Stock shall have voting rights equal to one share one vote and the Common Stock outstanding shall have no voting rights. Upon the Corporation authorizing and issuing the appropriate number of shares of Common Stock to the holders of Preferred Stock on the Conversion Date then the Preferred Stock's voting rights shall terminate and the voting rights of the Common Stock shall be restored.

6. Redemption Rights. The Corporation shall have the right and option to redeem the Preferred Shares for cash, in whole or in part, at anytime after their issuance upon thirty (30) days prior written notice to the holders of the Preferred Shares. The Corporation is not obligated to maintain a sinking fund for the purpose of redeeming the Preferred Shares. The Redemption Price for the Preferred Stock will be 120%, 115%, 110%, 105%, and 100% of the Stated Price during the first, second, third, fourth, and fifth or more years, respectively, from the date of issuance of the Preferred Shares redeemed. In addition to the Redemption Price and upon redemption of Preferred Stock, the Company shall pay all accrued and unpaid dividends through the Redemption Date, the date set forth for the redemption of the Preferred Shares in the notice referred to above.

7. Majority Vote to Change Rights, Preferences and Powers. So long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote at a meeting (the notice of which shall state the general character of the matters to be submitted thereat), or the written consent with or without a meeting of the holders of a majority of the then outstanding shares of Preferred Stock:

7.1. increase the authorized amount of Preferred Stock or authorize and/or issue senior stock; or,

7.2. amend, alter or repeal any of the rights, preferences or powers of the outstanding Preferred Stock fixed herein or determined by the Board of Directors for any shares of Preferred Stock as herein authorized, so as adversely to affect the rights, preferences or powers of the Preferred Stock or its holders, or

7.3. amend or repeal any of the provisions of this Paragraph 7.

8. Mergers, Share Exchanges, etc. In the case of any reclassification of the Company's common stock, any consolidation of the Company with, or merger of the Company into any other person, merger of any person into the Company (other than a merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of the Company's common stock), any sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange whereby the Company's common stock is converted into other securities, cash or other property, then provision shall be made such that

the holder of each share of Preferred Stock then outstanding shall have the right thereafter, during the period such share of Preferred Stock shall be convertible, to either (i) convert such share only into the kind and amount of securities, cash or other property receivable upon such reclassification, consolidation, merger, sale, transfer or share exchange which they would have been entitled to receive if the Preferred Stock had been converted to common stock prior to the date of such transactions; or, (ii) treat the merger, consolidation or sale as a liquidating event.

9. No Preemptive Rights. No holder of the Preferred Stock of the Corporation shall be entitled, as of right, to purchase or subscribe for any part of the unissued stock of the Corporation or of any stock of the Corporation to be issued by reason of any increase of the authorized capital stock of the Corporation, or to purchase or subscribe for any bonds, certificates of indebtedness, debentures or other securities convertible into or carrying options or warrants to purchase stock or other securities of the Corporation or to purchase or subscribe for any stock of the Corporation purchased by the Corporation or by its nominee or nominees, or to have any other preemptive rights now or hereafter defined by the laws of the State of Florida.

10. Exclusion of Other Rights. Except as may otherwise be required by law, the shares of Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution (as such resolution may be amended from time to time) and in the Articles of Incorporation of the Corporation, as amended.

11. Heading of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereto.


12. Severability of Provisions. If any right, preference or limitation of the Preferred Stock set forth in this resolution (as such resolution may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule or law or public policy, all other rights, preferences and limitations set forth in this resolution (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless expressly so stated herein.

13. Status of Re-acquired Shares. Shares of Preferred Stock which have been issued and converted or re-acquired in any manner shall (upon compliance with any applicable provisions of the law of the State of Florida) have the status of authorized and unissued shares of Preferred Stock and may be redesignated and reissued by resolution of the Board of Directors of this Corporation.

IN WITNESS WHEREOF, PROGRESSIVE TELECOMMUNICATIONS

CORPORATION has caused these Articles of Amendment to Articles of  
Incorporation to be made and signed by its President and Secretary, respectively,  
this 10 day of December 1997.

  
\_\_\_\_\_  
Barry L. Shevlin, as President

  
\_\_\_\_\_  
Robert P. Thompson, as Secretary

security/progressive/art.amend

**EXHIBIT B**

PRICE LIST

**PROGRESSIVE TELECOMMUNICATIONS CORP.**

Florida Price List No. 2  
Original Sheet 1

**Alternative Local Exchange Service**

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**TITLE SHEET**

**ALTERNATIVE LOCAL EXCHANGE SERVICES PRICE LIST**

This price list contains the descriptions, regulations, service standards and rates applicable to alternative local exchange telecommunications services provided by Progressive Telecommunications Corp., with principal offices at 601 Cleveland Street, Clearwater, FL 33755. This price list applies for services furnished within the state of Florida. This price list is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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ISSUED: April 3, 1998

EFFECTIVE:

BY:

**Barry Shevlin, C.E.O.**  
601 Cleveland Street, Suite 930  
Clearwater, Florida 33755



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**Alternative Local Exchange Service**

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**CHECK SHEET**

The sheets listed below, which are inclusive of this price list, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION	SHEET	REVISION
1	Original	26	Original
2	Original	27	Original
3	Original	28	Original
4	Original	29	Original
5	Original		
6	Original		
7	Original		
8	Original		
9	Original		
10	Original		
11	Original		
12	Original		
13	Original		
14	Original		
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19	Original		
20	Original		
21	Original		
22	Original		
23	Original		
24	Original		
25	Original		

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**Alternative Local Exchange Service**

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Section 2 - Rules and Regulations.....	7
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Section 4 - Non Basic Service Descriptions and Rates.....	29

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**Alternative Local Exchange Service**

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**SYMBOLS SHEET**

The following are the only symbols used for the purposes indicated below:

**D - Delete Or Discontinue**

**I - Change Resulting In An Increase To A Customer's Bill**

**M - Moved From Another Tariff Location**

**N - New**

**R - Change Resulting In A Reduction To A Customer's Bill**

**T - Change in Text Or Regulation But No Change In Rate Or Charge**

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PRICE LIST FORMAT SHEETS

**A. Sheet Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the price list. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

**B. Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc, the FPSC follows in their price list approval process, the most current sheet number on file with the Commission is not always the price list page in effect. Consult the Check Sheet for the sheet currently in effect.

**C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).L.
- 2.1.1.A.1.(a).L(i).
- 2.1.1.A.1.(a).L(i).(1).

**D. Check Sheets** - When a price list filing is made with the FPSC, an updated check sheet accompanies the price list filing. The check sheet lists the sheets contained in the price list, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The price list user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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**Alternative Local Exchange Service**

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**EXCHANGE SERVICE LIST**

The Company will provide local exchange service throughout the State of Florida. Local calling areas will coincide with those of the Incumbent Local Exchange Carrier (ILEC), unless otherwise specified.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - Progressive Telecommunications Corp.

Customer - the person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's price list regulations.

Day - From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.

Evening - From 5:00 PM up to but not including 11:00 PM local time Sunday through Friday.

Holidays - The Company's recognized holidays are New Year's Day, Martin Luther King, Jr. Day, Presidents Day, Ground Hog Day, St. Patrick's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Day.

Night/Weekend - From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

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**Alternative Local Exchange Service**

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**SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA**

**2.1 Undertaking of the Company.**

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this price list.

The Company's installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this price list. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

The selling of ALEC telecommunication service to uncertificated ALEC resellers is prohibited.

**2.2 Limitations.**

2.2.1 Service is offered subject to the availability of facilities and provisions of this price list.

2.2.2 The Company's reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control, or when the customer is using service in violation of the law or the provisions of this price list.

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Alternative Local Exchange Service

---

SECTION 2 - RULES AND REGULATIONS continued

2.2 Limitations (Cont.)

- 2.2.3 All facilities provided under this price list are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this price list shall apply to all such permitted assignees or transferees, as well as all conditions for service.
- 2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an ALEC carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company.

- 2.3.1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2.3.2 The Company shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.
  - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

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Alternative Local Exchange Service

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SECTION 2 - RULES AND REGULATIONS continued

2.4 Interruption of Service.

- 2.4.1 Credit allowance for the interruption of service which is not due to The Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
- 2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
- 2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

$$\text{Credit} = A/B \times C$$

"A" - outage time in hours

"B" - total days in month

"C" - total monthly charge for affected facility

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**SECTION 2 - RULES AND REGULATIONS continued**

**2.5 Disconnection of Service by Carrier.**

The Company, upon five (5) working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- 2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2.5.2 A violation of any regulation governing the service under this price list.
- 2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

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SECTION 2 - RULES AND REGULATIONS continued

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

2.10 Equipment

2.10.1 The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer, except as otherwise provided. The Customer is responsible for all costs at his or her remises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. The Customer is responsible to ensuring that customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities.

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SECTION 2 - RULES AND REGULATIONS continued

2.10 Equipment (contd.)

- 2.10.2 The Company shall use reasonable efforts to maintain facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others, to disconnect, rearrange, remove, attempt to repair or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- 2.10.3 Equipment the Company provides or installs at the Customer premises for use in connection with services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- 2.10.4 The Customer shall be responsible for payment of service charges, as set forth herein, for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.
- 2.10.5 The Company shall not be responsible for the installation, operation or maintenance of any customer-provided equipment. Where such equipment is connected to the facilities furnished pursuant to this price list, the responsibility of the Company shall be limited to the furnishing of facilities offered under this price list and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for the transmission of signals by customer-provided equipment or for the quality of, or defects in, such transmission; or the reception of signals by customer-provided equipment.

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Alternative Local Exchange Service

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SECTION 2 - RULES AND REGULATIONS continued

2.10 Equipment (contd.)

- 2.10.6 Upon reasonable notification to the Customer and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in the section for the installation, operation and maintenance of customer-provided facilities, equipment and wiring in the connection of such facilities and equipment to Company-provided facilities and equipment.
- 2.10.7 Title to all facilities provided by the Company under this price list shall remain in the Company's name or in the name of the carrier supplying the services and facilities being resold.

2.11 Installation

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this price list.

2.12 Service Implementation

Absent a promotional offering, service implementation charges of \$15.00 per service order will apply to new service order or to orders to change existing service for the business services listed in Section 3.

2.13 Reconnection Charge

A reconnection fee may be charged when service is re-established for customers who have been disconnected for non-payment, and is payable at the time that the restoration of suspended service and facilities is arranged.

2.22 Operator Service Rules

The Company will enforce the operator service rules specified by the Commission and by the FCC.

2.23 Access to Telephone Relay Services

Where required by the Commission, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users, and will comply with all regulations and requirements. The Company shall impose any monthly surcharge or any other related charge upon its local exchange telecommunications subscribers as may be required by state law.

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SECTION 2 - RULES AND REGULATIONS continued

2.24 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The company uses the rate centers and associated vertical and horizontal coordinates that are produced by Bell Communication Research in their NPA-NXX V&H Coordinate Tape and AT&T Tariff.

Formula: 
$$\frac{\sqrt{(V1 - V2)^2 + (H1 - H2)^2}}{10}$$

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES**

**3.1 Timing of Calls**

**3.1.1 When Billing Charges Begin and End For Phone Calls**

The customer's usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible.). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

**3.1.2 Billing Increments**

The billing increments for each service is set forth in the individual product rate section.

**3.1.3 Per Call Billing Charges**

Billing will be rounded up to the nearest penny for each call.

**3.1.4 Uncompleted Calls**

There shall be no charges for uncompleted calls.

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued**

**3.2 Determining Applicable Rate in Effect.**

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period. If the call continues into a different rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

**3.3 Payment of Calls**

**3.3.1 Late Payment Charges**

Interest charges of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

**3.3.2 Return Check Charges**

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, which ever is greater.

**3.4 Restoration of Service**

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued**

**3.5 Local Service Areas**

The Company will provide Local Exchange Service in the entire State of Florida. Local calling service areas will coincide with those of the ILEC, unless otherwise specified.

Installation, monthly recurring and per minute usage charges will apply to the Company's local exchange services. An addition per-call operator service charge will apply for operator-assisted calling.

**3.6 Product Descriptions**

**3.6.1 Business Services**

Business Services are offered for local calling using the facilities of the Company and/or those of other authorized Local Exchange Carriers. Business Services are offered primarily to the following:

1. Offices, stores, factories, mines and all other places of a strictly business nature;
2. Offices of hotels, boarding houses, apartment houses, colleges, quarters occupied by clubs and fraternal societies, public, private or parochial schools, hospitals, nursing homes, libraries, churches, and other institutions; and
3. Services terminating solely on the secretarial facilities of a telephone answering bureau.

If a Subscriber's service changes from business service to residential service, the telephone number will normally be changed. Reference of calls will not normally be provided regardless of how long existing directories will remain in effect. Changes from residential to business service may be made without change in telephone number, if the subscriber so desires.

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SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 Product Descriptions, cont.

3.6.1 Business Services, cont.

3.6.1.A Business Exchange Line Service

Business Exchange Line Service provides a facility from a Customer's location to the Company's Central Office and gives the Customer the ability to complete local and long distance calls. This service provides Customer with unlimited local calling, including rotary/hunting service, at a flat monthly rate. Special rates are offered to customers who purchase this service in conjunction with the Company's Business long distance products. Options available with Business Exchange Line Service include Call Waiting, Call Forwarding, Three-way Calling and Speed Dialing, as well as Class Features. Installation charges apply.

3.6.1.B Private Branch Exchange (PBX) Service

The Company's PBX Service uses PBX Trunks to connect a customer PBX system or other similar equipment to the Company's Central Office. Standard configurations include Local CO Trunks, Direct Inward Dialing (DID), Direct Outward Dialing (DOD) and Combination Trunks. This service provides Customers with unlimited local calling, rotary/hunting service and Carrier Access. The Company treats these trunks similar to individual exchange lines and supports multi-line hunting over a group of trunks. Service is billed based on monthly usage, together with monthly recurring charges. Special rates are offered to customers who purchase this service in conjunction with the Company's long distance products. Installation charges also apply.

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.6 Product Descriptions, cont.****3.6.1 Business Services, cont.****3.6.1.C Optional Business Features****3.6.1.C.1 Direct Inward Dial (DID) Service**

DID Service is an optional feature which can be purchased in conjunction with Company-provided PBX Trunks. DID service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID capability and DID number blocks apply in addition to charges specified for PBX Trunks. One additive charge applies for each DIDH equipped PBX Trunk or channel. Customer is required to purchase at least one DID number block for each DID equipped trunk or trunk group, or DID-equipped channel or group. The Company reserves the right to limit the amount of DID numbers constituting a block of telephone numbers in a group. Blocks of number groups will be determined at the sole discretion of the Company's resources. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

The Customer has no property rights to the telephone number or any other call number destination associated with DID service furnished by the Company, and no right to the continuance of service through any particular end office. The Company reserves the right to change such numbers, or the end office designation associated with such numbers, or both; assigned to the Customer, whenever the company deems it necessary to do so in the conduct of its business.

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Alternative Local Exchange Service

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**SECTION 3 - DESCRIPTION OF SERVICE, CONT.**

**3.6 Product Descriptions, cont.**

**3.6.2 Directory Listings**

For each Customer of Exchange Access Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings at an additional charge.

**3.6.3 Operator-Assisted Services**

Operator-assisted services are provided to Customers on a presubscribed basis. Services are also provided to Customers and Users of exchange access lines which are presubscribed to the Company's interexchange outbound calling services. Various billing arrangements are available with the Company's operator-assisted service including Calling Card, Commercial Credit Card, Collect, Person-to-Person and Third Party. Monthly and/or usage-sensitive charges apply as stated in Section 4, as well as per call operator charges.

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.6 Product Descriptions, cont.****3.6.3 Operator-Assisted Services, cont.****3.6.3.A Operator Dialed Surcharge**

This surcharge applies to Operator, Station and Person-to-Person rated calls when the Customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to:

- 1) Calls where a Customer cannot otherwise dial the call due to defective equipment or trouble on the network; and
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

**3.2.4.B Busy Line Verify and Line Interrupt Service**

Upon request of a calling party, the Company will verify a busy condition on a called line. The operator will determine whether the line is clear or in use and report its status to the calling party. The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

A charge will apply when:

1. The operator verifies that the line is busy with a call in progress,
2. The operator verifies that the line is unavailable for incoming calls; or

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ISSUED: April 3, 1998

EFFECTIVE:

BY:

Barry Shevlin, C.E.O.  
601 Cleveland Street, Suite 930  
Clearwater, Florida 33755

Alternative Local Exchange Service

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SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 Product Descriptions, cont.

3.6.3 Operator-Assisted Services, cont.

3.6.3.B Busy Line Verify and Line Interrupt service, cont.

3. The operator verifies that the called number is busy with a call in progress and customer requests interruption. The operator will then interrupt the call, advising the called party of the name of the calling party. One charge will apply for both verification and interruption.

No charge will apply when:

1. The calling party advises that the call is to or from an official public emergency agency; or
2. Under conditions other than the three stated above. Busy Verification and Interrupt service is furnished where and to the extent that facilities permit. The Customer shall indemnify and hold the Company harmless against all claims that may arise from either party to the interrupted call or any person.

3.6.4 Directory Assistance

Customers and users of the Company's business and residential calling services (excluding Toll Free services) may obtain directory assistance in determining telephone numbers within the state by calling the Directory Assistance operator.

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ISSUED: April 3, 1998

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SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 Product Descriptions, cont.

3.6.4 Directory Assistance, cont.

A credit will be given for calls to Directory Assistance when:

1. The Customer experiences poor transmission or is cut-off during the call,
2. The Customer is given an incorrect telephone number, or
3. The Customer inadvertently misdials an incorrect Directory Assistance NPA.

To receive a credit, the customer must notify the Company operator or Business Office of the problem experienced.

Exemptions

1. The single-line main telephone exchange line of a handicapped user, as defined by the Federal Register, Vol.35 #126, which has been registered with the Company will be exempt from Directory Assistance charges.
2. Directory Assistance attempts to telephone numbers which are non-listed or non-listed and non-published are exempt from the rate, and shall not be included in the ten call allowance.

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ISSUED: April 3, 1998

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SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 **Product Descriptions, cont.**

3.6.5 **Extended and Expanded Area Calling Services**

Extended and Expanded Area Calling Service allows the Customer to make calls to specific NXX codes within designated exchanges outside the Customer's Local Calling area without paying intraLATA toll rates. The Customer is billed per call according to the duration of the call. The Company will mirror all existing extended and expanded calling areas the ILEC currently has in place for facilities-based or resold services.

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ISSUED: April 3, 1998

EFFECTIVE:

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.7 Business Services Rates****3.7.1 Business Exchange Line Service - Facilities**

This service may be provided with or without the Company's long distance service.

**3.7.1.A Monthly Charges**

	<u>Per Month</u>
With Long Distance	\$30.00
Without Long Distance	\$35.00

**3.7.1.B Optional Features**

Call Waiting	\$2.25 per line/per month
Call Forwarding	\$2.25 per line/per month
Three-Way Calling	\$2.25 per line/per month
Speed Dialing	\$2.25 per line/per month
Class Features	\$2.25 per line/per month
Non-recurring Installation Charge (per optional feature)	\$45.00 per line

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**ISSUED: April 3, 1998****EFFECTIVE:****BY:**

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.7 Business Services Rates****3.7.2 Private Branch Exchange Service - Facilities**

This service may be provided without the Company's long distance service.

**3.7.2.A Monthly Charges**

	<u>Per Month</u>
With Long Distance	\$30.00
Without Long Distance	\$35.00

**3.7.2.B Usage-Sensitive Charges**

With Long Distance	\$0.15 per minute*
Without Long Distance	\$0.18 per minute*

**3.7.2.C Installation Charge**

Per trunk: \$20.00

\*Per minute charges are rounded to the next higher minute.

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ISSUED: April 3, 1998

EFFECTIVE:

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**Alternative Local Exchange Service**

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**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.8 Resold Local Exchange Service**

Monthly Recurring Charge  
10% Discount from ILEC Price list

Resold features associated with resold local exchange service will be priced according to the rates established for such features in the underlying carriers effective intrastate price lists, together with applicable discounts.

**3.9 Operator-Assisted Services****3.9.1 Usage Rates**

0.360 per minute (rounded to the next higher minute).

**3.9.2 Additional Operator Handling Fees**

Operator Station Calls	\$1.750
Person to Person Calls	\$3.500
Collect Calls	\$1.750

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ISSUED: April 3, 1998

EFFECTIVE:

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Clearwater, Florida 33755

Alternative Local Exchange Service

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SECTION 4 - NON BASIC SERVICE DESCRIPTIONS AND RATES

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ISSUED: April 3, 1998

EFFECTIVE:

BY:

Barry Shevlin, C.E.O.  
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Clearwater, Florida 33755

## **EXHIBIT C**

### **AUDITED FINANCIAL STATEMENTS AND PROJECTED FINANCIAL STATEMENTS**

In support of its financial capability to provide the requested services, the company has provided its audited financial statements for the year ending August 31, 1997 and two months ending October 31, 1997. Note 6 of these audited statements provides an explanation of the Company's ability to provide service in the geographic areas requested on a continuous basis.

In addition, the company has enclosed its forecasted statement of income for the next five years in support of its financial capability.

**PROGRESSIVE TELECOMMUNICATIONS  
CORPORATION**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED**

**OCTOBER 31, 1997  
AND  
AUGUST 31, 1997**

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<u>Statement of Stockholders' Equity</u>	F-6
<u>Statement of Cash Flow</u>	F-7
<u>Notes to Financial Statements</u>	F-8

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C. M. Meeks & Company, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

500 N. MAITLAND AVE.  
SUITE 308  
MAITLAND, FLORIDA 32751  
PHONE: (407) 629-8684  
FAX: (407) 647-1787

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Progressive Telecommunications Corp.  
Longwood, Florida

We have audited the accompanying balance sheets of Progressive Telecommunications Corp. (a development stage company) as of October 31, 1997, and August 31, 1997, and the related statements of operations, stockholders' equity and cash flows for the two month period ended October 31, 1997, the fiscal year ended August 31, 1997, and for the period from July 10, 1996 (inception) to October 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Telecommunications Corp. as of October 31, 1997, and August 31, 1997, and the results of its operations and cash flows for the two month period ended October 31, 1997, the fiscal year ended August 31, 1997, and for the period from July 10, 1996 (inception) to October 31, 1997, in conformity with generally accepted accounting principles.

C.M. Meeks & Company, P.A.  
Certified Public Accountants

Orlando, Florida  
January 15, 1998

MEMBER OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBER OF FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS



Progressive Telecommuni  
(A Development Stage C

	October 31, 1997	August 31, 1997
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 32,227	\$ -
Accounts receivable, net	-	-
Prepaid expense	1,070	-
<b>Total current assets</b>	<b>33,297</b>	<b>-</b>
<b>Property and equipment, net</b>	<b>37,288</b>	<b>30,772</b>
<b>Other assets:</b>		
Stockholder loans	37,009	15,347
Deposits	13,100	4,437
Software, net	6,414	-
Organization costs, net	600	625
<b>Total other assets</b>	<b>57,123</b>	<b>20,409</b>
	<b>\$ 127,708</b>	<b>\$ 51,182</b>

See accompanying notes to financial statements.

Progressive Telecommuni  
 (A Development Stage C

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	October 31, 1997	August 31, 1997
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Bank overdraft	\$ 7,948	\$ 9,332
Accounts payable	30,068	24,306
Commissions payable	4,525	-
Accrued liabilities	14,223	9,373
<b>Total current liabilities</b>	<b>56,764</b>	<b>43,011</b>
<b>Commitments and contingencies</b>	<b>-</b>	<b>-</b>
<b>Stockholders' Equity:</b>		
Non-voting cumulative preferred stock, \$0.01 par value, 900,000 shares authorized, 222,320 issued and outstanding	2,223	1,115
Common stock, par value \$0.01, 9,100,000 shares authorized, 1,577,300 issued and outstanding	15,773	15,773
Additional paid-in capital	366,354	179,512
Deficit accumulated during the development stage	(313,406)	(188,229)
<b>Total stockholders' equity</b>	<b>70,944</b>	<b>8,171</b>
	<b>\$ 127,708</b>	<b>\$ 51,182</b>

See accompanying notes to financial statements.

Progressive Telecommuni  
 (A Development Stage  
 Statemen

	Two Months Ended October 31, 1997	Year Ended August 31, 1997	July 10, 1996 (Inception) to October 31, 1997
<b>Revenues:</b>			
Communication services	\$ -	\$ -	\$ -
Marketing services	6,340	26,918	33,258
<b>Total revenues</b>	<b>6,340</b>	<b>26,918</b>	<b>33,258</b>
<b>Operating expenses:</b>			
Communication	-	5,465	5,465
Marketing services	29,577	302	29,879
General and administrative	101,940	209,380	311,320
<b>Total operating expenses</b>	<b>131,517</b>	<b>215,147</b>	<b>346,664</b>
<b>Net loss</b>	<b>\$ (125,177)</b>	<b>\$ (188,229)</b>	<b>\$ (313,406)</b>
<b>Net loss per share</b>	<b>\$ (0.08)</b>	<b>\$ (0.13)</b>	<b>\$ (0.20)</b>
<b>Weighted average number of shares and share equivalents outstanding</b>	<b>1,577,300</b>	<b>1,502,965</b>	<b>1,577,300</b>

See accompanying notes to financial statements.

Progressive Telecommunications  
(A Development Stage)  
Statements of Stockholders' Equity

	Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total Equity
	Shares	Par Value	Shares	Par Value			
Balance, July 10, 1996	-	\$ -	-	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	-	-	1,577,300	15,773	74,947	-	90,720
Issuance of preferred stock	111,500	1,115	-	-	104,565	-	105,680
Net loss	-	-	-	-	-	(188,229)	(188,229)
Balance, August 31, 1997	111,500	\$ 1,115	1,577,300	\$ 15,773	\$ 179,512	\$ (188,229)	\$ 8,171
Issuance of preferred stock	110,820	1,108	-	-	186,842	-	187,950
Net loss	-	-	-	-	-	(125,177)	(125,177)
Balance, October 31, 1997	222,320	\$ 2,223	1,577,300	\$ 15,773	\$ 366,354	\$ (313,406)	\$ 70,944

See accompanying notes to financial statements.

Progressive Telecommuni  
(A Development Stage  
Statements o

	Two Months Ended October 31, 1997	Year Ended August 31, 1997	July 10, 1996 (Inception) to October 31, 1997
<b>Cash flows from operating activities:</b>			
Net loss	\$ (125,177)	\$ (188,229)	\$ (313,406)
Adjustments to reconcile net cash used by operating activities:			
Depreciation and amortization	1,162	6,441	7,603
Changes in assets and liabilities:			
Accounts receivable	-	-	-
Prepaid expenses	(1,070)	-	(1,070)
Bank overdraft	(1,384)	9,332	7,948
Accounts payable	5,762	24,306	30,068
Commission payable	4,525	-	4,525
Accrued liabilities	4,850	9,373	14,223
<b>Net cash used by operating activities</b>	<b>(111,332)</b>	<b>(138,777)</b>	<b>(250,109)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	(7,568)	(37,074)	(44,642)
Increase in loans to stockholders	(21,662)	(15,347)	(37,009)
Increase in deposits	(8,663)	(4,437)	(13,100)
Increase in other assets	(6,498)	(765)	(7,263)
<b>Net cash used in investing activities</b>	<b>(44,391)</b>	<b>(57,623)</b>	<b>(102,014)</b>
<b>Cash flows from financing activities:</b>			
Net proceeds from issuance of preferred stock	187,950	105,680	293,630
Net proceeds from issuance of common stock	-	90,720	90,720
<b>Net cash provided by financing activities</b>	<b>187,950</b>	<b>196,400</b>	<b>384,350</b>
Net increase in cash	32,227	-	32,227
Cash, beginning of period	-	-	-
<b>Cash, end of period</b>	<b>\$ 32,227</b>	<b>\$ -</b>	<b>\$ 32,227</b>
<b>Supplemental disclosure:</b>			
Interest paid during the period	\$ -	\$ -	\$ -
Income taxes paid during the period	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

Progressive Telecommunication  
(A Development Stage Co  
Notes to Financial St

- Note 1. Development Stage Company  
Progressive Telecommunications Corp. ("The Company") was incorporated on June 10, 1996, under the laws of the state of Florida. The Company is a provider of long distance telephone service. The Company primarily utilizes independent representatives ("IRs") to market its long distance service to residential and small business subscribers throughout the United States. The Company completes subscriber calls to all directly dialable locations worldwide. Since its formation, the Company has utilized network switching and transmission facilities provided by other companies. Activities since inception have included primarily research, raising capital, establishing facilities, and hiring technical and administrative employees, developing and marketing products.
- Note 2. Summary of Significant Accounting Policies
- Fair Value of Financial Instruments  
The carrying value of cash, receivables and accounts payable approximates fair value due to the short maturity of these instruments.
- Accounts Receivable  
Accounts receivable are net of allowance for doubtful accounts of \$38,917 at October 31, 1997 and \$23,280 at August 31, 1997. The Company establishes an allowance for doubtful accounts and anticipated revenue adjustments based upon factors surrounding the credit risk of specific subscribers, historical trends, and other information. The Company also reserves for doubtful accounts on specific accounts when considered appropriate.
- Property and Equipment  
Fixed assets are carried at cost and consist of furniture and equipment. Depreciation is provided for financial reporting purposes over the estimated useful life of the assets, which are estimated to range between five (5) to seven (7) years, using the straight-line method. The modified accelerated cost recovery system is used for federal income tax purposes. Depreciation expense for financial reporting purposes was \$1,312 for the two months ended October 31, 1997 and \$6,301 for the year ended August 31, 1997.
- Revenue Recognition  
The Company's long distance revenues are recognized as services are provided to subscribers. The terms of which are specific to each agreement that the Company enters into.
- Use of estimates  
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Progressive Telecommunication  
(A Development Stage Co  
Notes to Financial Statements (Co

Cash and cash equivalents	The Company considers all highly liquid financial instruments purchased with an initial maturity of three months or less to be cash equivalents.
Income taxes	The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.
Concentration of Credit Risk	The Company's subscribers are primarily residential subscribers and are not concentrated in any specific geographic region of the United States. The Company has agreements with local exchange carriers, which provide billings and collection services to the majority of the Company's subscribers.
Net Loss per Share	Net loss per share is computed on the basis of the weighted average number of common shares outstanding during the period.
New Accounting Standards	<p>SFAS No. 121, "Accounting for the Impairment of Long-lived Assets," The Company has also adopted the provisions of SFAS No. 121 as of July 10, 1996 (date of inception), which did not have a material effect on the Company's results of operations or financial position.</p> <p>SFAS No. 123, "Accounting for Stock-Based Compensation." The Company adopted the provisions of SFAS No. 123 as of July 10, 1996 (date of inception), which did not have a material effect on the Company's results of operations or financial position.</p> <p>SFAS No. 128, "Earnings per Share." In February 1997, the FASB issued SFAS No. 128, "Earnings per Share," which is effective for financial statements issued for periods ending after December 15, 1997. This pronouncement establishes standards for computing and presenting earnings per share (EPS) for entities with publicly-held common stock or potential common stock. SFAS 128 simplifies the standards for computing EPS and makes them comparable to international EPS standards. Early application of this statement is not permitted.</p> <p>SFAS No. 129, "Disclosure of Information about Capital Structure." In February 1997, the FASB issued SFAS Statement No. 129, "Disclosure of Information about Capital Structure," which is applicable to all companies. Capital structure disclosures required by SFAS 129 including liquidation preferences of preferred stock, information about the pertinent rights and privileges of the outstanding equity securities, and the redemption amounts for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or determinable dates. SFAS No. 129 is effective for financial statements for periods ending after December 15, 1997.</p>

Note 2. New Accounting Standards  
 (Continued)

SFAS No. 130, "Reporting Comprehensive Income." In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," which requires reclassification of earlier financial statements for comparative purposes. SFAS No. 130 requires that changes in amounts of certain items, including foreign currency translation adjustments and gains and losses on certain securities be shown in the financial statements. SFAS No. 130 does not require a specific format for the financial statement in which comprehensive income is reported, but does require that an amount representing total comprehensive income be reported in that statement. SFAS No. 130 is effective for financial statements for periods ending after December 15, 1997.

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Also in June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 will change the way public companies report information about segments of their business in annual financial statements and requires them to report selected segment information in their quarterly reports issued to stockholders. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues, and its major customers. SFAS No. 131 is effective for fiscal years beginning after December 15, 1997.

The Company intends to adopt the provisions of SFAS No.'s 128, 129, 130 and 131 during its fiscal year ended August 31, 1999 and does not expect their application to have a material impact on the financial statements of the Company.

Note 3. Income Taxes

The significant components of the net deferred tax assets consist of the following:

	October 31, 1997
<hr/>	
Deferred tax assets:	
Net operating loss carryforwards	\$70,104
Allowance for doubtful accounts	5,317
Gross deferred income tax assets	75,421
Valuation allowance	(70,994)
<hr/>	
Total deferred income tax assets	4,427
Deferred income tax liabilities:	
Depreciation	280
Other	4,147
<hr/>	
Total deferred income tax liabilities	4,427
<hr/>	
Net deferred income tax assets	\$ -
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Progressive Telecommunication  
 (A Development Stage Co  
 Notes to Financial Statements (Co

Note 3. Income Taxes  
 (Continued)

The following summary reconciles differences from taxes at the Federal statutory rate with the effective rate:

	Two Months Ended October 31, 1997	Year Ended August 31, 1997
Federal income taxes at statutory rates	(34.0%)	(34.0%)
Net operating losses	34.0%	34.0%
Income taxes at effective rate	-%	-%

Unused net operating losses for income tax purposes, expiring in various amounts through 2012, of approximately \$271,700 are available at October 31, 1997, for carryforward against future years' taxable income. The tax benefit of these losses of approximately \$70,994 has been offset by a valuation allowance due to it being more likely than not that the deferred tax assets will not be realized.

Note 4. Capital  
 Stock

Consulting Option - Pursuant to a consulting agreement (see Note 6), in June 1997, the Company granted to a financial consultant an option to purchase 10% of the Company's common stock at an exercise price of \$.01 per share, which approximates the value of the Company's common stock at the date of grant. The financial consultant received and exercised an option for one half of the shares under this agreement or 77,300 shares. The option for the remaining one half of the shares will be granted upon the Company receiving a commitment for funding.

Other Stock Option - On November 6, 1997, the Company granted to a limited partnership, in which the financial consultant was a general partner, an option to purchase 500,000 shares of common stock at an exercise price of \$2.00, which is above the value of the Company's common stock at the date of grant. The option is exercisable for five years and is granted with certain "piggy back" registration rights.

Note 5. Preferred  
 Stock

During the two months ended October 31, 1997 and the year ended August 31, 1997, the Company completed a private placement of \$375,850 of securities consisting of 222,320 shares of preferred stock, par value \$.01 with cumulative dividends at 1% above prime. Proceeds from this offering, net of offering costs, were \$293,630.

Note 6. Commitments and Contingencies

Leases - The following is a schedule by years of future minimum rental payments required under operating leases for automobiles and property on which the offices are located:

Year ending August 31,	Minimum Commitments
1998	\$15,252
1999	\$6,310
Total minimum payments required	\$21,562

Rent expense amounted to \$1,690 and \$12,308 for the two months ended October 31, 1997, and for the year ended August 31, 1997, respectively.

Consulting Agreements - On June 8, 1997, the management of the Company entered into a consulting agreement with a financial consultant as part of their efforts to raise capital for the Company. The agreement provides for payment to the financial consultant on a declining scale beginning with 5% of the first \$1,000,000 and ending with 1% of all amounts over \$4,000,000 raised. In addition, the agreement provides for an option to purchase 10% of the Company's common stock at par value of \$.01. Finally, the financial consultant will receive consulting fees at the rate of \$5,000 per month upon the Company receiving \$500,000 in funding. The agreement further provided for the issuance of 77,300 shares of the Company's common stock, which were issued on August 17, 1997.

Note 7. Subsequent Events

On December 27, 1997, the Company entered into a lease agreement for its office and operations center in Clearwater, Florida. The Company paid a security deposit in the amount of \$14,058. The future minimum lease payments under this lease are \$52,555, \$84,186, \$87,552, \$91,051 and \$30,744 for the years ended August 31, 1998 through 2002.

On November 4, 1997, the Company executed a letter of agreement with Commerce Capital Finance Corp. ("CCFC") under which CCFC will act as its exclusive financial advisor in connection with a private placement of the Company's common stock. The timing, number of shares, and price of the offering will be determined at a later date.

PROGRESSIVE TELECOMMUNICATIONS CORPORATION

FOBCASTED STATEMENT OF INCOME YEAR 1

	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	PERIOD 8	PERIOD 9	PERIOD 10	PERIOD 11	PERIOD 12	TOTAL
SALES	40000	60000	90000	130000	160000	194000	211300	2799300	339722	403178	487294	580473	2997817
COST OF SALES													
TIME	24000	36000	54000	81000	97200	116640	1399680	1679616	2011539	2418647	3002176	3482832	17987710
HEADS/PROCESSING COSTS	800	1200	1800	2700	3240	3888	46656	55987	67185	8022	90746	110095	599570
OFFICE PRODUCTION COSTS	500	800	900	1350	1620	1940	2128	27994	33972	40311	48172	58048	292783
	21500	37800	56700	85050	102660	124720	1469664	1763597	2116316	259579	304385	365894	1888646
GROSS MARGIN	18500	22200	33000	49950	59400	71720	86136	103763	1280916	1461499	1789799	214779	1109203
SELLING EXPENSES	10400	15600	23400	35100	42120	50540	60628	72784	87400	104880	127096	150726	779413
ADMINISTRATIVE EXPENSES	1350	1350	1350	1350	1350	1350	1350	1433	1719	2009	2457	2970	20129
PROFESSIONAL FEES	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	12000
INCOME FROM OPERATIONS	2040	4240	7540	12480	15480	19020	23308	28357	34217	41280	49733	59803	297639
INCOME TAXES	522	1212	2182	3634	4487	5313	6226	8243	9922	11928	14527	17633	86128
INCOME	1484	3016	5359	8874	10983	13617	16682	20154	24245	29354	35186	42159	211281

PROGRESSIVE TELECOMMUNICATIONS CORPORATION

FOECASTED STATEMENT OF INCOME: YEAR2

	PERIOD1	PERIOD2	PERIOD3	PERIOD4	PERIOD5	PERIOD6	PERIOD7	PERIOD8	PERIOD9	PERIOD10	PERIOD11	PERIOD12	TOTAL
SALES	690704	766274	842802	927132	1019947	1121636	1234070	1357418	1492160	1640786	1807742	1987966	14895671
COST OF SALES													
TIME	4179422	4597265	5007101	5562811	6119092	6731002	7404102	8144612	8928963	9854829	10840345	11926480	8927865
REPAIRS-PROCESSING COSTS	139314	153345	168370	183427	203970	224667	246803	271484	299632	328495	361343	397479	2979132
OTHER PRODUCTION COSTS	69657	76623	84283	92714	101985	112183	123402	135742	149216	164068	180772	198780	1489566
GROSS MARGIN	438894	482723	530996	584092	642507	706752	776207	851171	940911	1047902	1166263	1296599	9346652
SELLING EXPENSES	277310	283502	311836	340800	377440	415078	454503	502349	552494	607763	668480	735368	5511309
ADMINISTRATIVE EXPENSES	1811083	1992191	2191410	2410552	2651607	2916787	3208444	3529288	3882217	4270409	4697483	5167231	38728714
PROFESSIONAL FEES	3664	42797	51357	61628	73954	78954	78954	78954	78954	78954	78954	78954	78954
INCOME FROM OPERATIONS	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000
INCOME TAXES	72063	79003	86078	94221	103780	115003	127463	140207	153823	172279	190343	210212	1548217
INCOME	28933	22015	21029	22694	20284	23318	26202	42870	45172	49203	52198	60203	448923
	61169	56908	61478	67327	73499	81646	90416	100607	110651	122167	135144	149249	1099234

PROGRESSIVE TELECOMMUNICATIONS CORPORATION

FORCASTED STATEMENT OF INCOME: YEAR

	PERIOD1	PERIOD2	PERIOD3	PERIOD4	PERIOD5	PERIOD6	PERIOD7	PERIOD8	PERIOD9	PERIOD10	PERIOD11	PERIOD12	TOTAL
SALES	20420184	21084290	21716818	22368333	23039372	23730554	24444470	25177544	25921017	26786947	27510216	28335522	290713406
COST OF SALES													
TIME	12282110	12600374	13000091	13420394	13828263	14238332	14655482	15105447	15556610	16023308	16506129	17001113	174988074
REPAIRS/PROCESSING COSTS	409404	421686	434336	447366	460787	474611	488849	503515	518020	534179	550204	566710	5810269
OTHER PRODUCTION COSTS	20702	210843	217168	2236833	23039372	23730554	24444470	25177544	25921017	26786947	27510216	28335522	290713406
GROSS MARGIN	12892516	13283102	13681995	14092043	14514805	14952069	15397566	15860719	16330640	16826037	17331406	17837179	183523478
SELLING EXPENSES	7573968	7601187	8035223	8276279	854668	8790305	9048714	9315025	9594476	9882310	10178780	10484143	107948979
ADMINISTRATIVE EXPENSES	5322248	5481915	5640373	5815764	5990237	6169944	6355042	6546694	6742004	6944326	7152656	7367205	75334699
PROFESSIONAL FEES	16664	47797	51357	61628	78954	78954	78954	78954	78954	78954	78954	78954	78954
INCOME FROM OPERATIONS	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000
INCOME TAXES	2206056	2266475	2327493	2388888	2450377	250467	2504718	2603378	2704438	2844030	2942170	3032933	31033402
INCOME	692756	637228	628273	692772	710592	726528	723368	728782	802833	673682	633292	629536	9026482
INCOME	1566300	1609197	1652320	1696118	1739768	1783749	1848309	1906618	1966695	2030643	2098240	2163397	22447916

PROGRESSIVE TELECOMMUNICATIONS CORPORATION

FORCASTED STATEMENT OF INCOME - YEAR

	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	PERIOD 8	PERIOD 9	PERIOD 10	PERIOD 11	PERIOD 12	TOTAL
SALES	2033522	2918588	3006155	3090299	3191880	3284036	3382495	3486114	3594872	3697429	3808072	3922289	40218566
COST OF SALES													
TIME	17001113	17511353	18036693	18577794	19135128	19709182	20300407	20908471	21533755	22185828	22854243	23537794	24235140
RELEASES-PROCESSING COSTS	566750	583712	601223	619260	637838	656973	676682	696982	717892	739429	761611	784460	807771
OTHER PRODUCTION COSTS	283335	291856	300612	309630	318919	328486	338341	348481	358826	369374	380126	391082	4021386
	17811379	18366920	18938528	19526684	20091884	20684641	21315480	21984644	22613393	23292000	23990790	24710483	25347296
GROSS MARGIN	10484143	10798667	11122827	11466306	11799995	12133995	12518615	12894124	13280999	13679429	14089812	14512386	148771289
SELLING EXPENSES	767236	798253	7815900	8050377	8291889	8546645	8796865	9060771	9332394	9612372	9900849	10179777	10453627
ADMINISTRATIVE EXPENSES	35664	47797	51337	61628	79954	79954	79954	79954	79954	79954	79954	79954	79954
PROFESSIONAL FEES	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000
INCOME FROM OPERATIONS	3071249	3179618	3245370	3334001	3424153	3520396	3617796	3706449	3804451	3902903	4000909	4200775	43133164
INCOME TAXES	820661	812329	941137	966962	923004	1021552	1054961	1087240	1120921	1155042	1190524	1228867	1266038
INCOME	2186688	2241999	2384233	2367034	2401149	2508844	2562835	2621609	2747769	2827861	2914485	2990378	30772827

PROGRESSIVE TELECOMMUNICATIONS CORPORATION

FORECASTED STATEMENT OF INCOME: YEARS

	PERIOD 1	PERIOD 2	PERIOD 3	PERIOD 4	PERIOD 5	PERIOD 6	PERIOD 7	PERIOD 8	PERIOD 9	PERIOD 10	PERIOD 11	PERIOD 12	TOTAL
SALES	39222989	40999679	41611669	42860019	44143820	45470194	46840000	48239720	49668550	51177104	52712417	54297790	55933819
COST OF SALES													
TIME	2333793	2425907	24667001	23716011	26487402	27282117	28100380	28843977	29811905	30760263	31627400	32376274	33399292
REPAIRS-PROCESSING COSTS	784460	807994	832213	857200	882916	909404	936686	964787	993770	1023542	1054048	1085876	11183076
OTHER PRODUCTION COSTS	302220	403927	416117	428600	441438	454702	468343	482395	496685	511771	527124	542978	559338
GROSS MARGIN	14612506	1464781	15396318	15838207	16333953	16823972	17328091	17846552	18388028	18953529	19533594	20138722	20961913
SELLING EXPENSES	10197977	10503916	10819004	11143605	11477913	11822251	12176918	12542226	12918602	13306047	13705229	14116083	14472995
ADMINISTRATIVE EXPENSES	35664	42797	51357	61628	73954	79954	79954	79954	79954	79954	79954	79954	79954
PROFESSIONAL FEES	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	120000
INCOME FROM OPERATIONS	4208863	499168	451927	4642974	4722086	4917957	5067819	5222272	5381542	5545577	5714412	5888063	6032842
INCOME TAXES	1282721	1225452	1309032	1344462	1382925	1424123	1468268	1514488	1562653	1613823	1667179	1723025	1780394
INCOME	2926142	317729	3210245	3298512	3339161	3493834	3599551	3707784	3818889	3927335	4047233	4165038	4252448

# **EXHIBIT D**

**MANAGEMENT PROFILES**



**Barry E. Greenwood**

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Accomplished senior executive with over 25 years of experience in positions of increasing responsibility and visibility from inside sales support to company president. Exemplary organizational, supervisory and performance management skills with technical expertise in diverse product fields. Experienced dealing with multi-national Fortune 500 corporations in both a sales and operational capacity. Highly proficient in quality improvement and cost reduction. Open communications and team building style.

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**EXPERIENCE****SIG PACKAGING TECHNOLOGY NORTH AMERICA, INC.**

**President** 1995-1997  
Stillwater, Minnesota

Directed a \$100 million multi-business unit operation covering the U.S., Canada, Mexico and Central America with 500 employees. A major supplier of fully automated systems and stand alone packaging machines.

- Integrated and restructured packaging operations in North America resulting in more effective sales coverage and improved productivity
- Successfully implemented recovery program for Eagle Packaging "Operation Soaring Eagle" and brought business from a \$3 million loss to break-even in one year
- Eliminated internal competition by converting SIG owned agent, Raymond Automation, into the Automated Systems Division providing packaging solutions to customers having complex product handling requirements resulting in an increase in sales and profits by 20% in one year

**ROBERT BOSCH CORPORATION** 1970-1995

**President, Packaging Machinery Division** 1990-1995  
South Plainfield, New Jersey

Directed a \$60 million operation covering the U.S. and Canada with 90 employees. A major supplier of packaging and processing machinery for food, pharmaceutical, confectionery, aseptic, cosmetic, chemical and general applications.

- Increased sales by 50% and profits by 20% by decentralizing sales and service
- Successfully reduced personnel and operating costs by 20% over three years
- Enhanced company image and customer base

**Director of Service, Automotive and Diesel Products** 1984-1990  
Broadview, Illinois

Directed several functions whose responsibilities were to provide full service support for importers, domestic manufacturers and the independent aftermarket.

515 Mariner Dr. ~ Bayport, MN 55003 ~ (612) 430-3595 ~ Fax (612) 430-3748

**Barry E. Greenwood**

Principal responsibilities included product improvements, technical training, development and administration of product warranty policies and procedures, quality assurance and direct marketing of company's parts and services.

- Directed the establishment and maintenance of the Bosch Service Center program resulting in a 30% increase in market share
- Established and administered product repair and recall campaign
- Developed and administered factory approved product training schools for customers engineers and mechanics
- Provided technical liaison between customers and product manufacturers
- Established remanufacturing programs for automotive electric and diesel fuel injection products

**General Service Manager, Automotive & Diesel Products** 1974-1984  
Broadview, Illinois

Directed the service and direct sales support of all automotive products imported into the U.S. and Canada by major vehicle manufacturers. Responsibilities included quality assurance, training, technical documentation, establishing warranty policy & procedures and negotiating service policy with Original equipment customers.

**National Service Manager, Power Tools** 1970-1974  
Broadview, Illinois

Directed the development and maintenance of a complete service organization consisting of a network of 85 independent authorized service centers and five factory-owned regional workshops.

**WORTHINGTON CORP.**  
**Sales Engineer/Applications Engineer** 1967-1970  
Houston, Texas

Involved in training, inside sales and applications work. Quickly advanced to a Sales Engineer position selling to Brown & Root, Dow Chemical, Bechtel, Lummus, Foster Wheeler, etc. Products included heavy capital equipment such as air and water cooled engines, compressors, turbines, etc.

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**EDUCATION**

**VILLANOVA UNIVERSITY**, Philadelphia, Pennsylvania  
BE Civil Engineering- Graduated #3 in class

**NEW YORK MILITARY ACADEMY**, Cornwall-on-Hudson, New York  
Honor Graduate- #2 in class

**FLUENT IN GERMAN**

**515 Mariner Dr. - Bayport, MN 55003 - (612) 430-3595 - Fax (612) 430-3748**



## *Progressive Telecommunications*

P.O. Box 520334 • Longwood, FL 32752

### Barry Shevlin (CEO): Biography

Mr. Barry Shevlin, a native of New York, was educated at Friends Academy and Hofstra University. During his years at Hofstra, Mr. Shevlin first started working in the telecommunications industry as an installer for Cablevision. After he finished school, Barry began a career as an independent trader working with various firms in New York City, including Westmoreland Securities. During his two years in New York as an independent day trader, Mr. Shevlin specialized in high tech stocks, particularly in the telecommunications field. With this specialty in telecom stocks, Mr. Shevlin was able to identify market trends, opportunities and reactions to all facets of the telecommunications industry.

Mr. Shevlin resumed his career in the telecommunications industry as an independent contractor working for Cablevision of New York. Mr. Shevlin spent four years working as a special project contractor for various cable television and telephone companies including Time Warner and Bell South. During this time he acquired his technical expertise of network operations and system design while overseeing a large number of special projects. At this time, the cable companies were launching their own satellite company (Primestar) to serve their customers that did not have access to their lines.

Mr. Shevlin recognized these changes as a tremendous opportunity. New FCC regulations would require the cable companies to serve any customer, regardless of whether or not the cable companies had lines in place to serve them. Serving these customers with a satellite was the obvious choice for the cable companies. Primestar was a partnership of five cable companies (Time Warner, TCI, Cox, Comcast and Continental) and Mr. Shevlin was able to negotiate marketing contracts with four of them. After just a few short months, Mr.

Shevlin had created the largest satellite television dealership in the Southeast United States with revenues that reached \$800,000 per month.

With the Telecommunications Act of 1996, Mr. Shevlin realized that the industry was changing. Mr. Shevlin saw an opportunity that had not existed in this country before, and began designing Progressive Telecommunications. He realized that many companies were looking to bundle services; the cable companies were looking to offer telephone services, and vice versa. The cable companies were now concentrating on developing new telephone related products. Mr. Shevlin realized that to succeed in the telecommunications industry, the key was to be able to market the products effectively. Barry began to design a marketing program for Progressive that would allow them to compete with companies like AT&T, MCI and Sprint. Utilizing his marketing skills, he realized that this could be accomplished without spending billions of dollars on advertising.

Mr. Shevlin spent six months designing the four marketing arms of Progressive, and creating the company's unique compensation plan for its representatives. Barry's understanding of market trends and conditions allowed him to design each of the four marketing arms to put the pressure of selling onto other people or organizations. The four marketing arms include the MLM program, where the reps do the selling; the fund raisers, where the organizations do the selling; special events, where a group of individuals do the selling; and a commercial sales program, where highly trained telecommunications professionals do the selling. This unique marketing program allows Progressive to never worry about its "cost of sale" because everything is paid strictly on a performance basis. Mr. Shevlin is currently President and CEO of Progressive Telecommunications Corp.

**Correlius C. van Wyk**  
5510 Old Scott Lake Road  
Lakeland FL 33813  
(941) 644 1696

### **OBJECTIVE**

Administrative Director in the Entertainment Industry, utilizing highly developed skills of coordinating and directing support services, secretarial services, administration, payroll, information and data processing, facilities management, records management, and travel and telecommunications administration.

### **QUALIFICATIONS AND BACKGROUND**

Over 15 years of management experience in Government, Financial and Entertainment industries, with particular emphasis in organization development and entertainment production management. Expertise includes development of departmental plans and strategies, determined department goals and deadlines. Developed procedures to improve productivity and client service. Defined responsibilities of departmental managers, recruited, hired and developed personnel.

### **DEMONSTRATIONS OF EFFECTIVENESS**

Analyzed and re-organized TV-News operations into a functional and effective News and Current Affairs production facility. Result: 33% reduction in staff and annual budget savings of \$19 million.

Economized and reduced operating cost by revising existing budgets, purchasing and rental policies, introduced improved budget procedures, purchasing practices and negotiated new rental agreements. Result: Savings in departmental budget \$300,000 in first year and eventually 25% cut on total annual budget;

Revised divisional travel policy. Developed new policy based on real costs, effective accounting procedures, definitive guidelines and negotiated special discounts with travel industry. Result: \$240,000 savings in travel expenses over a one year period despite doubling domestic and international travel.

Retailered policy and procedures of production contract administration in a TV Division. By introducing improved negotiation and closure procedures, refined administration and accounting principles. Result: Department realized a 40% saving on fees and penalties paid to outside program producers.

Cornelius C. van Wyk ... Page 2

**South African Broadcast Corporation**

1988 - 1997

*Manager Management Services: TV News*

• Managed a staff compliment of 11 people • Managed and improved production contract administration • Managed travel administration • Managed payroll • Managed accounts payable • Administered regional broadcast centers • Performed staff audits • Records management • Financial reporting • Created management information reports • Budgeting • Executive secretarial services.

**Defense Industry, Pretoria, SA**

1987 - 1988

*Communications Official*

Speech writing for industry leaders;  
Planned and coordinated media communications;  
Participated in public relations.

**PREVIOUS RELEVANT EXPERIENCE**

Held positions as economist and portfolio advisor in finance industry from 1981 - 1987.

**ACHIEVEMENTS**

- Produced international TV series for Sir David Frost in South Africa;
- Produced highly acclaimed TV series on SA Political Transition: "Slabbert on Sunday";
  - Produced educational TV series: "Let's Talk Politics";
- Coordinated world wide broadcast of release of Nelson Mandela

**EDUCATION**

Rand Afrikaans University	Johannesburg SA
Bachelor of Commerce ( General Management )	
Bachelor of Arts ( Political Science )	
Public Service Commission of SA	Pretoria SA
Diploma in Organization and Method Study	
Cape Technicon	Cape Town SA
Diploma in Public Relations	

**AFFILIATIONS**

South African Institute for Organization and Method Study ( SAIOM )  
Public Relations Institute of South Africa ( PRISA )  
South African Cricket Umpires Association ( SACUA )

## **EXHIBIT E**

### **TECHNICAL CAPABILITY**

The Company will provide service on a pure resale basis. Therefore, its technical capability is reliant on that of its underlying service provider whose technical capability has been proven to this Commission. The Company will utilize the services of only Commission certificated local exchange carriers.

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

I. LEON L. NOWALSKY  
BENJAMIN W. BRONSTON  
EDWARD P. GOTHARD

3500 N. CAUSEWAY BOULEVARD  
SUITE 1442  
METAIRIE, LOUISIANA 70002  
TELEPHONE: (504) 832-1984  
FACSIMILE: (504) 831-0892

MONICA R. BORNE  
JEFFREY T. GREENBERG  
Of Counsel

DEPOSIT

DATE

April 3, 1998

D 7 4 8 -

APR 0 6 1998

Florida Public Service Commission  
Division of Communications  
Certification & Compliance Section  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0866

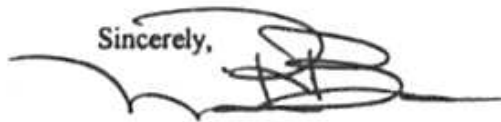
RE: PROGRESSIVE TELECOMMUNICATIONS CORP.

Dear Ms. Hawkins:

Enclosed herewith for filing please find an original and six (6) copies of the Application Form for Authority to provide Alternative Local Exchange Service within the state of Florida which is submitted on behalf of Progressive Telecommunications Corp. The requisite \$250.00 filing fee is also enclosed.

Please acknowledge receipt of this filing by returning a date stamped copy of this cover letter in the self-addressed envelope provided. Thank you and please call with any questions.

Sincerely,



PROGRESSIVE TELECOMMUNICATIONS CORP.

601 CLEVELAND STREET SUITE 930  
CLEARWATER, FLORIDA 33755  
(813) 466-9898

SUNTRUST  
SUNTRUST BANK, TAMPA BAY  
CLEARWATER SQUARE OFFICE  
CLEARWATER, FLORIDA (813) 441-3853

3294

PAY  
TO THE  
ORDER  
OF

FLORIDA PUBLIC SERVICE COMMISSION  
TWO HUNDRED FIFTY & 00/100 DOLLARS.

DATE  
3/31/98

AMOUNT  
250-00

  
AUTHORIZED SIGNATURE

Security Features: Details on Line 8