

APPLICATION

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

990989-TX

(X) Original certificate (new company).

() Approval of transfer of existing certificate: Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

() Approval of assignment of existing certificate: Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company

() Approval of transfer of control: Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

SandStream Communications & Entertainment, Inc.

3. Name under which the applicant will do business (fictitious name, etc.):

SandStream Communications & Entertainment, Inc.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

3740 N. Josey Lane, Suite 218

Carrollton, TX 75007

5. Florida address (including street name & number, post office box, city, state, zip code):

No address currently in Florida

RECEIVED
COMMUNICATIONS
DIVISION
JUL 29 PM 1:17
MAIL ROOM

Check enclosed for \$2,000.00
to pay for the fee for this application.
If you have any questions, please
to call with proof of deposit.

In the presence of person who certifies that correct
[Signature]

DOCUMENT NUMBER-DATE

08997 JUL 29 89

6. Structure of organization:

- Individual Corporation
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Other _____

7. If individual, provide:

Name: N/A _____

Title: N/A _____

Address: N/A _____

City/State/Zip: N/A _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

B. If incorporated in Florida, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State corporate registration number:

 N/A _____

9. If foreign corporation, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State corporate registration number:

 F99000002281 (entered 5/10) _____

10. If using fictitious name-d/b/a, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) The Florida Secretary of State fictitious name registration number:

N/A

11. If a limited liability partnership, provide proof of registration to operate in Florida:

(a) The Florida Secretary of State registration number:

N/A

12. If a partnership, provide name, title and address of all partners and a copy of the partnership agreement.

Name: N/A

Title: N/A

Address: N/A

City/State/Zip: N/A

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

13. If a foreign limited partnership, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: N/A

14. Provide F.E.I. Number(if applicable): 75-2792587

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

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

This does not apply to any officers, directors, or any of the ten largest stockholders in SandStream Communications & Entertainment, Inc.

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

N/A – SandStream Communications & Entertainment, Inc. has no Florida certificated telephone company.

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

(a) The application:

Name: David Houston

Title: Director of Telecommunications

Address: 3740 North Josey Lane, Suite 218

City/State/Zip: Carrollton, TX, 75007

Telephone No.: 972.512.2200 Fax No.: 972.492.0790

Internet E-Mail Address: dhouston@sandstream.com

Internet Website Address: SandStream.com

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

Name: David Houston

Title: Director of Telecommunications

Address: 3740 North Josey Lane, Suite 218

City/State/Zip: Carrollton, Texas 75007

Telephone No.: 972.512.2200 Fax No.: 972.492.0790

Internet E-Mail Address: dhouston@sandstream.com

Internet Website Address: SandStream.com

(c) Complaints/Inquiries from customers:

Name: David Houston

Title: Director of Telecommunications

Address: 3740 North Josey Lane, Suite 218

City/State/Zip: Carrollton, Texas 75007

Telephone No.: 972.512.2200 Fax No.: 972.492.0790

Internet E-Mail Address: dhouston@sandstream.com

Internet Website Address: SandStream.com

17. List the states in which the applicant:

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

N/A – SandStream Communications & Entertainment, Inc. has not yet begun service anywhere as an alternative local exchange company.

–

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

None pending

(c) is certificated to operate as an alternative local exchange company.

Texas

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

N/A – SandStream Communications & Entertainment, Inc. has never been denied authority to operate as an alternative local exchange company.

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

N/A – SandStream Communications & Entertainment, Inc. has had no violations or penalties.

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

N/A – SandStream Communications & Entertainment, Inc. has not been involved in any civil court proceedings with any of the above mentioned companies or entities.

18. Submit the following:

A. Financial capability.

The application **should contain** the applicants audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

None – SandStream Communications & Entertainment, Inc. is a start up company.

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

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

SandStream Communications & Entertainment, Inc. is a start up company. Enclosed is a five-year pro-forma Balance Sheet (Exhibit A) and Income Statement (Exhibit B).

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

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

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

Nortel Networks Corporation is financially backing SandStream Communications & Entertainment, Inc. Highly sensitive financial documentation supporting this can be furnished upon request.

2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.

Nortel Networks Corporation is financially backing SandStream Communications & Entertainment, Inc. Highly sensitive financial documentation supporting this can be furnished upon request.

3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

Nortel Networks Corporation is financially backing SandStream Communications & Entertainment, Inc. Highly sensitive financial documentation supporting this can be furnished upon request.

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

SEE EXHIBIT C

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

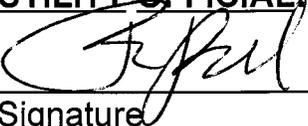
SEE EXHIBIT D

APPLICANT ACKNOWLEDGMENT STATEMENT

REGULATORY ASSESSMENT FEE: I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.

2. GROSS RECEIPTS TAX: I understand that all telephone companies must pay a gross receipt tax of two and one-half percent on all intra and interstate business.
3. SALES TAX: I understand that a seven- percent sales tax must be paid on intra and interstate revenues.
4. APPLICATION FEE: I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:



Signature

7-23-99

Date

President & CEO

Title

972-512-2200

Telephone No.

Address: 3740 N. Josey Lane
Suite 218
Carrollton, Tx 75007

ATTACHMENTS:

B - INTRASTATE NETWORK
C - AFFIDAVIT
-GLOSSARY

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. POP: Addresses where located, and indicate if owned or leased.

- 1) NONE 2) _____
3) _____ 4) _____

2. SWITCHES: Address where located, by type of switch, and indicate if owned or leased.

- 1) NONE 2) _____
3) _____ 4) _____

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

- | <u>POP-to-POP</u> | <u>OWNERSHIP</u> |
|-------------------|------------------|
| 1) <u>NONE</u> | _____ |
| 2) _____ | _____ |
| 3) _____ | _____ |
| 4) _____ | _____ |

****APPENDIXB****

APPENDIX C

AFFIDAVIT

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

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

UTILITY OFFICIAL:



Signature

President & CEO

Title

Address: 3740 N. Josey Lane
Suite 218
Carrollton, Tx 75007

7-23-99

Date

972-512-2206

Telephone No.

972-492-0790

Fax No.

DEPOSIT
D 1 7 7

DATE
JUL 29 1999

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Carrollton, TX 75007

5. Florida address (including street name & number, post office box, city, state, zip code):

No address currently in Florida

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

Initials of person who forwarded check:

RECEIVED
STATE OF FLORIDA
JUL 29 PM 1:17
MAIL ROOM

DEPOSIT

DATE

D 1 7 7

JUL 2 9 1999

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3740 N. Josey Lane, Suite 218

Carrollton, TX 75007

SANDSTREAM COMMUNICATION & ENTERTAINMENT, INC.

3740 N. JOSEY LN., STE. 210
CARROLLTON, TX 75007

1303

32-9312/3110

DATE 7-26

PAY TO THE ORDER OF

Florida Public Ser. Com.

\$ 250.00

Two hundred fifty & 00/100

DOLLARS

Bank of America

Bank of America Texas, N.A.
North Carrollton Branch
Carrollton, Texas

Ph. 730-6000

8997 JUL 29 99

[Signature]

FOR

1100130311

Note: This is overall business information. Following this the telecommunications portion.

EXHIBIT A

	BALANCE SHEET									
	(\$000's)									
	FYE = 31-Dec									
ASSETS	Year 1 F		Year 2 F		Year 3 F		Year 4 F		Year 5 F	
Cash	1,467	11.1%	1,688	2.9%	6,849	4.7%	20,980	6.8%	113,878	18.1%
A/R	833	6.3%	2,920	5.0%	6,572	4.5%	13,491	4.3%	23,065	3.7%
Prepaid Exp.	15	0.1%	240	0.4%	1,000	0.7%	2,000	0.6%	4,000	0.6%
Total Current Assets	2,316	17.6%	4,848	8.4%	14,421	9.9%	36,472	11.7%	140,943	22.5%
Network Ops Centers	853	6.5%	3,716	6.4%	8,963	6.2%	22,930	7.4%	43,605	6.9%
POPs	5,707	43.3%	36,301	62.7%	103,437	71.3%	224,997	72.4%	426,135	67.9%
Other Fixed Assets	3,903	29.6%	17,373	30.0%	42,788	29.5%	98,647	31.8%	185,779	29.6%
Accum. Depr.	-676	-5.1%	-6,966	-12.0%	-27,356	-18.8%	-75,315	-24.2%	-171,883	-27.4%
Net Fixed Assets	9,787	74.2%	50,424	87.1%	127,832	88.1%	271,259	87.3%	483,636	77.1%
Other Assets	1,090	8.3%	2,600	4.5%	2,900	2.0%	2,900	0.9%	2,900	0.5%
Total Assets	13,193	100.0%	57,873	100.0%	145,153	100.0%	310,630	100.0%	627,479	100.0%
LIABILITIES										
A/P	803	6.1%	2,364	4.1%	4,842	3.3%	9,148	2.9%	15,367	2.4%
Short Term Finance	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Notes Payable - Current	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Current Liabilities	803	6.1%	2,364	4.1%	4,842	3.3%	9,148	2.9%	15,367	2.4%
Long Term Debt	3,000	22.7%	20,000	34.6%	46,000	31.7%	50,000	16.1%	50,000	8.0%
Total Liabilities	3,803	28.8%	22,364	38.6%	50,842	35.0%	59,148	19.0%	65,367	10.4%
EQUITY										
Seed Capital	300	2.3%	300	0.5%	300	0.2%	300	0.1%	300	0.0%
Start-up (Round 1)	2,000	15.2%	2,000	3.5%	2,000	1.4%	2,000	0.6%	2,000	0.3%
Roll-out (Round 2)	6,000	45.5%	6,000	10.4%	6,000	4.1%	6,000	1.9%	6,000	1.0%
Growth (Round 3)	14,000	106.1%	14,000	24.2%	14,000	9.6%	14,000	4.5%	14,000	2.2%
Growth (Round 4)	0	0.0%	20,000	34.6%	20,000	13.8%	20,000	6.4%	20,000	3.2%
Total Equity Stock	22,300	169.0%	42,300	73.1%	42,300	29.1%	42,300	13.6%	42,300	6.7%
Retained Earnings	-12,137	-92.0%	-8,666	-15.0%	46,361	31.9%	192,191	61.9%	489,333	78.0%
Current Earnings	-773	-5.9%	1,875	3.2%	5,651	3.9%	16,992	5.5%	30,478	4.9%
Less: Cum. Dividends	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Equity	9,390	71.2%	35,509	61.4%	94,311	65.0%	251,482	81.0%	562,112	89.6%
Total Liabilities & Equity	13,193	100.0%	57,873	100.0%	145,153	100.0%	310,630	100.0%	627,479	100.0%

EXHIBIT B

INCOME STATEMENT (\$000's)

FYE = 31-Dec

	Year 1 F	%	Year 2 F	%	Year 3 F	%	Year 4 F	%	Year 5 F	%
Revenue	37,423	100.0%	242,826	100.0%	611,811	100.0%	1,298,912	100.0%	2,324,149	100.0%
COGS	27,291	72.9%	157,161	64.7%	375,427	61.4%	769,808	59.3%	1,325,322	57.0%
Gross Margin	10,132	27.1%	85,664	35.3%	236,384	38.6%	529,104	40.7%	998,826	43.0%
G&A	2,680	7.2%	7,321	3.0%	12,623	2.1%	18,355	1.4%	27,313	1.2%
Sales & Mktg.	4,416	11.8%	20,386	8.4%	42,441	6.9%	91,151	7.0%	189,307	8.1%
Tech. & Telephony	9,436	25.2%	30,040	12.4%	49,786	8.1%	84,214	6.5%	142,270	6.1%
Other	4,898	13.1%	14,488	6.0%	21,131	3.5%	29,467	2.3%	39,879	1.7%
EBITDA	-11,299	-30.2%	13,429	5.5%	110,402	18.0%	305,917	23.6%	600,058	25.8%
Interest	30	0.1%	1,020	0.4%	3,143	0.5%	4,455	0.3%	2,475	0.1%
Depreciation	674	1.8%	6,290	2.6%	20,390	3.3%	47,960	3.7%	96,567	4.2%
NPBT	-12,004	-32.1%	6,118	2.5%	86,870	14.2%	253,502	19.5%	501,015	21.6%
Tax	0	0.0%	0	0.0%	28,068	4.6%	96,331	7.4%	190,386	8.2%
NPAT	-12,004	-32.1%	6,118	2.5%	58,802	9.6%	157,171	12.1%	310,630	13.4%
Number of Subscribers (in thousands)	60.45		202.06		413.67		739.74		1,152.31	

SandStream 1999 Pro Forma Financial Statements Version 1.50 5/17/99

NOTE: This model reflects only the Telecommunications Portion of the Business.



Disclaimer:

This analysis is provided for discussion purposes only.

Note the version number and make sure that you are using the most current release of this model.

Version Notes:

This model assumes that all infrastructure is in and operational by 6/1/99.

NOTE: This is a subsection of the overall business plan.

Primary network costs both capital and expense are provided by the cable television operation. A small access fee is passed on instead of the cost of infrastructure.

Note: No taxes were paid in 1999 due to carry over losses in this division and other divisions in the company. Even though the telephony business was profitable in 1999 losses in other areas of the business created a situation where there was no tax liability.

Confidential:

This model is the property of SandStream, Inc., which reserves exclusive rights to it's content, formula, and format. This material is confidential and is intended for the internal use of SandStream, Inc., and is protected by the company's non-disclosure agreement. Distribution of this material without the expressed written permission of SandStream, Inc., is prohibited.

Legend:

Numbers in normal font are calculated numbers, do not replace with alternate values or the model will not function correctly.

Number in italic are numbers which are inputed to drive the model.

Bold numbers are totals which are calculated.

Model Information:

Model Prepared For: [Redacted]
Prepared By: [Redacted]

Date Prepared: 5/17/99
Status: [Redacted] release.

Site On Which Model Is Based: [Redacted]

Model Developed By: TCW for SandStream.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Revenues													
Local Service	-	-	-	-	-	-	-	126,614	424,129	1,055,977	1,890,518	2,699,123	6,196,361
Long Distance & Other Telephony Services	-	-	-	-	-	-	-	21,938	110,334	274,705	491,805	702,159	1,600,941
Installation & Relocation Fees (Service)	-	-	-	-	-	-	-	-	-	507,503	1,099,816	1,470,003	3,077,322
Other Commercial Telecom Revenues	-	-	-	-	-	-	418,213	267,025	331,250	262,000	374,000	422,000	2,074,488
Total Revenues	-	-	-	-	-	-	418,213	415,577	865,713	2,100,185	3,856,139	5,293,285	12,949,112
Cost of Goods Sold													
Subscription/Access Costs	-	-	-	-	-	-	36,400	78,580	286,200	583,600	1,399,200	1,793,000	4,176,980
Telephony - LD/Access/Other Costs	-	-	-	-	-	-	21,847	76,320	182,264	326,304	565,872	965,144	2,137,751
Access Provider Fees Paid	-	-	-	-	-	-	3,294	13,033	27,471	49,181	110,216	193,044	396,239
Direct Installation Costs	-	-	-	-	-	-	27,000	16,623	34,629	84,007	154,246	211,731	528,236
Other Commercial Costs	-	-	-	-	-	-	349,712	284,278	383,654	394,307	443,947	497,007	2,332,905
Total COGS	-	-	-	-	-	-	438,253	468,834	894,218	1,437,399	2,673,481	3,659,926	9,572,111
Gross Margin	-	-	-	-	-	-	(20,040)	(53,257)	(28,505)	662,786	1,182,658	1,633,359	3,377,001
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-4.79%	-12.82%	-3.29%	31.56%	30.67%	30.86%	26.08%
Expenses:													
General & Administrative	30,958	31,908	31,203	34,949	43,956	55,835	60,447	103,203	173,408	186,498	226,334	336,189	1,314,888
Marketing & Sales	21,000	23,584	19,879	15,320	17,822	93,209	267,185	145,501	354,132	362,914	394,394	421,067	2,135,987
Technology & Telephony	21,424	21,748	22,341	22,837	24,430	97,145	277,881	329,388	350,488	338,338	359,538	483,239	2,348,797
Operations	10,918	10,918	10,918	11,567	14,251	82,180	272,463	284,139	326,848	308,734	312,296	376,444	2,021,656
MIS	11,479	11,690	11,785	10,332	14,443	38,475	59,766	57,680	71,650	68,432	70,880	78,306	504,918
Total Expenses	95,779	99,828	96,126	95,005	114,902	366,824	937,742	919,911	1,276,526	1,264,916	1,363,442	1,695,245	8,328,246
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	224.23%	221.36%	147.45%	60.23%	35.36%	32.03%	64.30%
EBITDA	(95,779)	(99,828)	(96,126)	(95,005)	(114,902)	(366,824)	(957,782)	(973,168)	(1,305,031)	(602,130)	(180,784)	(61,886)	(4,949,245)
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-229.02%	-234.17%	-150.75%	-28.67%	-4.89%	-1.17%	-38.22%
Interest (9%)	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation	(1,471)	(1,453)	(1,494)	(1,528)	(1,921)	(5,905)	(16,368)	(40,628)	(64,078)	(84,172)	(110,816)	(147,274)	(477,109)
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.91%	-9.78%	-7.40%	-4.01%	-2.87%	-2.78%	-3.68%
Pre-Tax Earnings	(97,250)	(101,281)	(97,620)	(96,533)	(116,823)	(372,729)	(974,150)	(1,013,796)	(1,369,109)	(686,302)	(291,600)	(209,161)	(5,426,354)
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-232.93%	-243.95%	-158.15%	-32.68%	-7.56%	-3.95%	-41.91%
Taxes	38%												
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Earnings	(97,250)	(101,281)	(97,620)	(96,533)	(116,823)	(372,729)	(974,150)	(1,013,796)	(1,369,109)	(686,302)	(291,600)	(209,161)	(5,426,354)
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-232.93%	-243.95%	-158.15%	-32.68%	-7.56%	-3.95%	-41.91%
COL	(97,250)	(198,531)	(296,151)	(392,684)	(509,506)	(882,236)	(1,856,385)	(2,870,182)	(4,239,290)	(4,925,593)	(5,217,193)	(5,426,354)	

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets												
Current Assets												
Operating Cash ^[1]	302,045	202,581	103,499	6,280	868,359	272,529	8,202,968	5,698,981	2,938,249	24,741,441	22,822,368	20,432,815
Cost of Capital ^[2]	-	-	-	-	-	-	500,000	500,000	500,000	1,750,000	1,750,000	1,750,000
Accounts Receivables ^[3]	10%	-	-	-	-	-	41,821	41,558	86,571	210,019	385,614	529,329
Prepaid Expenses	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Current Assets	317,045	217,581	118,499	21,280	883,359	287,529	8,759,789	6,255,539	3,639,820	26,716,459	24,972,982	22,727,143
Depreciable Assets												
G&A Capital Budget	15,745	15,745	15,745	15,745	17,856	101,189	184,772	293,665	332,548	371,431	410,314	449,197
Marketing & Sales	10,324	10,324	10,324	10,324	20,774	31,224	42,574	53,924	65,743	78,243	91,043	103,408
Programming	-	-	-	-	-	6,350	13,025	78,940	85,865	101,515	139,548	147,383
Studio Operations	-	-	-	-	-	59,300	141,400	209,800	278,200	358,403	439,150	519,400
Network Operations Center	-	-	-	-	-	25,000	127,425	252,700	384,850	511,678	642,853	765,394
POP Infrastructure	-	-	-	-	-	-	21,500	389,445	896,748	1,257,695	1,853,448	2,835,484
Subscriber Premise	-	-	-	-	-	-	225,000	875,450	1,456,003	1,948,374	2,568,499	3,484,783
Technology Development	41,145	41,145	41,584	43,393	52,383	74,304	151,979	234,756	318,566	403,341	512,283	597,399
MIS Capital Budget	10,300	10,300	12,484	12,788	14,857	40,707	70,807	100,907	131,007	165,722	199,822	233,957
Other Capital	14,235	14,235	14,235	14,235	15,425	34,900	55,275	76,400	97,525	119,725	142,175	165,125
Depreciable Assets	91,749	91,749	94,372	96,485	121,295	372,974	1,033,757	2,565,987	4,047,055	5,316,127	6,998,935	9,301,530
Accumulated Depreciation ^[4]	(3,625)	(5,078)	(6,572)	(8,100)	(10,020)	(15,926)	(32,293)	(72,921)	(137,000)	(221,172)	(331,988)	(479,263)
Net Fixed Assets	88,124	86,671	87,800	88,385	111,275	357,048	1,001,464	2,493,066	3,910,055	5,094,955	6,666,947	8,822,267
Total Assets	405,169	304,253	206,299	109,666	994,634	644,578	9,761,253	8,748,604	7,449,875	31,811,414	31,639,929	31,549,411
Liabilities & Equity												
Liabilities												
Accounts Payable ^[5]	9%	8,620	8,985	8,651	8,550	10,341	33,014	123,840	124,987	195,367	243,208	363,323
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities	8,620	8,985	8,651	8,550	10,341	33,014	123,840	124,987	195,367	243,208	363,323	481,965
Term Debt	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	8,620	8,985	8,651	8,550	10,341	33,014	123,840	124,987	195,367	243,208	363,323	481,965
Equity												
Stockholder Equity												
Common Stock	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Convertible Preferred Series A/F&F	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Convertible Preferred Series A/F&F 2	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Series B 1999/Round #1	-	-	-	-	-	-	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Series C 1999/Round #2	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000	25,000,000
Series D 2000/Round #3	-	-	-	-	-	-	-	-	-	-	-	-
Private Placement or IPO	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder Equity	1,300,000	1,300,000	1,300,000	1,300,000	2,300,000	2,300,000	12,300,000	12,300,000	12,300,000	37,300,000	37,300,000	37,300,000
Retained Earnings												
Prior	(806,201)	(903,451)	(1,004,732)	(1,102,352)	(1,198,885)	(1,315,707)	(1,688,437)	(2,662,586)	(3,676,383)	(5,045,491)	(5,731,794)	(6,023,394)
Current	(97,250)	(101,281)	(97,620)	(96,533)	(116,823)	(372,729)	(974,150)	(1,013,796)	(1,369,109)	(686,302)	(291,600)	(209,161)
Total Earnings	(903,451)	(1,004,732)	(1,102,352)	(1,198,885)	(1,315,707)	(1,688,437)	(2,662,586)	(3,676,383)	(5,045,491)	(5,731,794)	(6,023,394)	(6,232,555)
Cumulative Distribution^[6]												
Total Equity	396,549	295,268	197,648	101,115	984,293	611,563	9,637,414	8,623,617	7,254,509	31,568,206	31,276,606	31,067,445
Total Equity & Liability	405,169	304,253	206,299	109,666	994,634	644,578	9,761,253	8,748,605	7,449,875	31,811,415	31,639,929	31,549,411
Proof of Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

[1] The formula for 1999 is not consistent in later years, this has to do with the minimal worksheet transposition requirements from 1998.

[2] Represents a deduction from cash for the cost of acquiring capital in each round of financing.

[3] Formula value: 10% of total monthly revenues.

[4] Calculated using a straight-line depreciation method against the total depreciable assets.

[5] Formula value: Percentage indicated of total expenses before EBITDA plus COGS.

[6] Per share distribution.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sources of Cash:												
Net Income ⁽¹⁾	(6,831)	(101,281)	(97,620)	(96,533)	(116,823)	(372,729)	(974,150)	(1,013,796)	(1,369,109)	(696,302)	(291,600)	(209,161)
Capital Contributions	-	-	-	-	1,000,000	-	10,000,000	-	-	25,000,000	-	-
Accounts Payable	(9,050)	384	(333)	(101)	1,791	22,673	90,825	1,148	70,380	47,841	120,115	118,642
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Term Debt	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	1,471	1,453	1,494	1,528	1,921	5,905	16,368	40,628	64,078	84,172	110,816	147,274
Total Sources of Cash	(14,410)	(99,464)	(96,459)	(95,106)	886,889	(344,151)	9,133,043	(972,021)	(1,234,651)	24,445,711	(60,669)	56,756
Uses of Cash:												
Cost of Capital	-	-	-	-	-	-	500,000	-	-	1,250,000	-	-
Capital Budget	-	-	-	-	-	-	-	-	-	-	-	-
G&A Capital Budget	(11,980)	-	-	-	2,111	83,333	83,583	108,893	38,883	38,883	38,883	38,883
Marketing & Sales	8,464	-	-	-	10,450	10,450	11,350	11,350	11,819	12,500	12,800	12,365
Programming	-	-	-	-	-	6,350	6,675	65,915	6,925	15,650	38,033	7,835
Studio Operations	-	-	-	-	-	59,300	82,100	68,400	68,400	80,203	80,747	80,250
Network Operations Center	-	-	-	-	-	25,000	102,425	125,275	132,150	126,828	130,975	122,741
POP Infrastructure	-	-	-	-	-	-	21,500	367,945	507,303	360,947	595,753	982,036
Subscriber Premise	-	-	-	-	-	-	225,000	650,450	580,553	492,371	620,125	916,284
Technology Development	33,600	-	439	1,809	8,990	21,921	77,675	82,777	83,810	84,775	108,942	85,116
MIS Capital Budget	10,300	-	2,184	304	2,069	25,850	30,100	30,100	30,100	34,715	34,100	34,135
Other Capital	15,425	-	-	-	1,190	19,475	20,375	21,125	21,125	22,200	22,450	22,950
Accounts Receivable	-	-	-	-	-	-	41,821	(284)	45,014	123,447	175,595	143,715
Prepaid Expenses	15,000	-	-	-	-	-	-	-	-	-	-	-
Total Uses of Cash	70,809	-	2,623	2,113	24,810	251,679	1,202,604	1,531,966	1,526,082	2,642,519	1,858,403	2,446,310
Total Sources & Uses of Cash:												
Starting Cash	387,264	302,045	202,581	103,499	6,280	868,359	272,529	8,202,968	5,698,981	2,938,249	24,741,441	22,822,368
Sources of Cash	(14,410)	(99,464)	(96,459)	(95,106)	886,889	(344,151)	9,133,043	(972,021)	(1,234,651)	24,445,711	(60,669)	56,756
Uses of Cash	(70,809)	-	(2,623)	(2,113)	(24,810)	(251,679)	(1,202,604)	(1,531,966)	(1,526,082)	(2,642,519)	(1,858,403)	(2,446,310)
Ending Cash	302,045	202,581	103,499	6,280	868,359	272,529	8,202,968	5,698,981	2,938,249	24,741,441	22,822,368	20,432,815

SandStream 2000 Pro Forma Financial Statements Version 1.50 5/17/99

NOTE: This model reflects only the Telecommunications Portion of the Business.



Disclaimer:

This analysis is provided for discussion purposes only.

Note the version number and make sure that you are using the most current release of this model.

Version Notes:

This model assumes that all infrastructure is in and operational by 6/1/99.

NOTE: This is a subsection of the overall business plan.

Primary network costs both capital and expense are provided by the cable television operation. A small access fee is passed on instead of the cost of infrastructure.

Note: No taxes were paid in 1999 due to carry over losses in this division and other divisions in the company. Even though the telephony business was profitable in 1999 losses in other areas of the business created a situation where there was no tax liability.

Confidential:

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Legend:

Numbers in normal font are calculated numbers, do not replace with alternate values or the model will not function correctly.
Number in italic are numbers which are inputed to drive the model.
Bold numbers are totals which are calculated.

Model Information:

Model Prepared For: **Reference**
Prepared By: **Wetzel**

Date Prepared: **7/99**
Status: **Final** release.

Site On Which Model Is Based: **VA**

Model Developed By: TCW for SandStream.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Revenue													
Local Service	3,459,984	5,384,474	6,049,443	7,438,843	8,639,222	9,996,881	11,089,762	11,846,293	12,594,883	13,328,377	14,454,197	15,375,332	119,657,691
Long Distance & Other Telephony Services	1,813,737	2,147,814	2,394,864	2,722,085	2,948,334	3,285,256	3,505,592	3,744,394	3,980,389	4,213,290	4,569,113	4,860,325	40,185,993
Installation & Relocation Fees (Service)	1,876,339	1,521,283	2,008,990	1,884,177	1,906,123	1,665,454	1,904,333	1,855,439	1,894,303	2,752,773	2,443,585	2,518,948	24,231,747
Other Commercial Telecom Revenues	812,254	643,293	863,993	821,928	960,613	976,078	984,333	1,123,033	1,030,441	1,219,339	1,116,499	988,859	11,540,663
Total Revenues	7,962,314	9,696,664	11,317,290	12,867,033	14,454,292	16,924,669	17,484,020	18,569,169	19,500,016	21,513,779	22,683,394	23,743,484	195,816,094
Direct Production Expenses/COGS													
Subscription/Access Costs	3,206,926	3,627,334	4,165,622	4,675,168	5,171,046	5,647,394	6,054,488	6,502,719	6,961,243	7,613,088	8,161,260	8,699,147	70,485,434
Telephony - LD/Access/Other Costs	454,632	638,322	680,298	702,319	754,153	823,810	878,714	938,639	997,862	1,056,106	1,145,297	1,218,292	10,288,444
Access Provider Fees Paid	181,374	214,761	239,486	272,208	300,859	375,846	350,559	374,466	398,093	421,329	456,911	486,032	4,071,925
Direct Installation Costs	1,376,329	1,162,797	1,903,647	1,638,247	1,715,672	1,903,948	2,035,410	2,282,070	2,304,759	2,575,053	2,687,872	2,723,828	24,309,632
Other Commercial Costs	613,744	438,299	578,594	458,474	468,594	474,588	458,394	548,399	502,394	649,305	632,888	500,390	6,324,063
Total COGS	5,833,005	6,081,513	7,567,647	7,746,416	8,410,324	9,225,586	9,777,566	10,646,293	11,164,351	12,314,881	13,084,228	13,627,689	115,479,498
Gross Margin	2,129,309	3,615,151	3,749,643	5,120,617	6,043,968	6,699,083	7,706,455	7,922,866	8,335,665	9,198,898	9,499,166	10,115,775	80,136,596
	26.74%	37.28%	33.13%	39.80%	41.81%	42.07%	44.08%	42.67%	42.75%	42.76%	42.06%	42.60%	40.97%
Expenses:													
General & Administrative	271,765	280,600	381,960	485,722	486,233	584,784	545,774	611,112	596,300	655,933	677,321	802,934	6,380,438
Marketing & Sales	671,913	724,559	987,211	1,133,023	1,070,425	1,546,673	1,857,498	1,948,933	1,416,435	1,539,075	1,530,613	1,586,434	16,022,792
Technology & Telephony	705,952	651,376	771,569	794,332	1,046,377	1,463,774	952,372	1,272,098	1,062,392	1,063,922	1,134,818	1,278,322	12,227,304
Operations	1,093,321	985,448	1,329,933	1,500,200	2,147,388	2,405,886	1,805,332	2,348,930	1,900,023	2,036,644	1,943,383	1,929,302	21,425,791
MIS	310,339	325,429	423,949	644,399	694,893	858,400	807,558	1,050,984	899,200	802,944	810,393	841,339	8,469,827
Total Expenses	3,053,290	2,967,413	3,894,622	4,657,876	5,445,316	6,869,517	6,008,634	7,232,057	6,874,380	6,088,618	6,096,628	6,448,331	64,626,162
	38.35%	30.60%	34.41%	35.42%	37.67%	43.07%	34.37%	38.95%	30.12%	28.30%	27.00%	27.16%	32.99%
EBITDA	(923,981)	647,738	(144,979)	562,941	598,652	(160,434)	1,697,921	690,809	2,461,315	3,110,380	3,402,638	3,667,444	15,610,444
	-11.60%	6.68%	-1.28%	4.38%	4.14%	-1.01%	9.71%	3.72%	12.62%	14.46%	15.07%	15.45%	7.98%
Interest (9%)	-	-	-	-	75,000	112,500	187,500	225,000	262,500	300,000	300,000	337,500	1,800,000
	0.00%	0.00%	0.00%	0.00%	0.52%	0.71%	1.07%	1.21%	1.35%	1.39%	1.33%	1.42%	0.92%
Depreciation	(264,680)	(322,764)	(380,390)	(453,724)	(547,734)	(639,667)	(819,976)	(936,814)	(1,031,184)	(1,144,835)	(1,245,751)	(1,316,317)	(9,103,837)
	-3.32%	-3.33%	-3.36%	-3.53%	-3.79%	-4.02%	-4.69%	-5.05%	-5.29%	-5.32%	-5.52%	-5.54%	-4.65%
Pre-Tax Earnings	(1,188,661)	324,974	(525,369)	109,217	(24,082)	(912,601)	690,445	(471,005)	1,167,631	1,665,545	1,856,887	2,013,627	4,706,607
	-14.93%	3.35%	-4.64%	0.85%	-0.17%	-5.73%	3.95%	-2.54%	5.99%	7.74%	8.22%	8.48%	2.41%
Taxes	38%	-											
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Earnings	(1,188,661)	324,974	(525,369)	109,217	(24,082)	(912,601)	690,445	(471,005)	1,167,631	1,665,545	1,856,887	2,013,627	4,706,607
	-14.93%	3.35%	-4.64%	0.85%	-0.17%	-5.73%	3.95%	-2.54%	5.99%	7.74%	8.22%	8.48%	2.41%
(COL)	(6,615,015)	(6,290,041)	(6,815,410)	(6,706,193)	(6,730,275)	(7,642,876)	(6,952,431)	(7,423,436)	(6,255,806)	(4,590,260)	(2,733,373)	(719,746)	-

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets												
Current Assets												
Operating Cash ⁽¹⁾	11,629,613	8,450,093	4,720,723	542,838	5,109,947	4,084,331	3,963,938	2,130,283	3,200,236	3,634,157	326,098	4,163,838
Cost of Capital ⁽²⁾	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Accounts Receivable ⁽³⁾	10% 796,231	969,666	1,131,729	1,288,703	1,445,429	1,592,467	1,748,402	1,856,916	1,950,002	2,151,378	2,258,339	2,374,346
Prepaid Expenses	30,000	30,000	30,000	60,000	60,000	60,000	120,000	120,000	120,000	240,000	240,000	240,000
Current Assets	14,705,844	11,699,759	8,132,452	4,139,541	8,865,377	7,986,798	8,082,340	6,357,196	7,520,237	8,275,535	5,674,437	9,028,184
Depreciable Assets												
G&A Capital Budget	512,399	619,273	726,147	834,146	942,145	1,050,144	1,160,118	1,270,092	1,380,066	1,490,715	1,601,984	1,712,633
Marketing & Sales	186,580	211,055	235,530	262,430	290,655	318,880	348,830	378,780	409,330	439,880	471,305	502,730
Programming	161,444	174,394	701,286	1,214,711	1,742,577	2,256,331	2,794,631	3,319,181	4,357,181	4,894,403	5,920,493	6,459,550
Studio Operations	677,777	772,252	880,179	974,333	1,098,432	1,209,147	1,447,322	1,561,221	1,675,966	1,790,241	1,905,695	2,019,970
Network Operations Center	917,382	1,128,373	1,346,523	1,586,493	1,810,233	2,034,188	2,286,332	2,543,057	2,809,357	3,113,330	3,422,605	3,638,240
POP Infrastructure	5,783,928	8,382,993	10,033,020	11,827,343	15,246,178	17,362,393	25,809,785	30,784,890	33,350,167	37,116,175	40,383,149	43,086,245
Subscriber Premise	6,748,329	7,184,894	8,002,443	9,639,223	10,583,921	11,997,077	13,512,043	14,027,000	15,541,067	17,641,220	18,848,129	19,255,178
Technology Development	1,097,455	1,186,130	1,276,230	1,377,155	1,821,234	2,493,122	2,626,022	2,862,000	3,058,400	3,147,505	3,326,595	3,535,075
MIS Capital Budget	362,365	421,090	482,815	560,040	637,515	1,217,214	1,298,992	1,880,467	1,962,197	2,044,177	2,126,147	2,208,447
Other Capital	288,990	304,555	340,465	380,380	420,820	481,510	503,900	540,540	583,705	627,695	672,977	717,742
Depreciable Assets	16,716,649	20,385,109	24,024,638	28,656,254	34,593,710	40,400,006	51,787,975	59,167,228	65,127,436	72,305,341	78,679,039	83,135,810
Accumulated Depreciation ⁽⁴⁾	(743,943)	(1,066,707)	(1,447,097)	(1,900,821)	(2,448,555)	(3,088,222)	(3,908,198)	(4,845,012)	(5,876,197)	(7,021,031)	(8,266,783)	(9,583,100)
Net Fixed Assets	16,972,706	19,318,402	22,577,541	26,755,433	32,145,155	37,311,784	47,879,777	54,322,216	59,251,239	65,284,310	70,412,256	73,552,710
Total Assets	30,678,551	31,018,161	30,709,993	30,894,974	41,010,532	45,298,583	55,962,117	60,679,414	66,771,476	73,559,845	75,486,693	82,580,894
Liabilities & Equity												
Liabilities												
Accounts Payable ⁽⁵⁾	9% 799,767	814,403	1,031,604	1,107,368	1,247,008	1,447,659	1,420,749	1,609,052	1,533,483	1,656,306	1,726,268	1,806,842
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities	799,767	814,403	1,031,604	1,107,368	1,247,008	1,447,659	1,420,749	1,609,052	1,533,483	1,656,306	1,726,268	1,806,842
Term Debt	-	-	-	-	10,000,000	15,000,000	25,000,000	30,000,000	35,000,000	40,000,000	40,000,000	45,000,000
Total Liabilities	799,767	814,403	1,031,604	1,107,368	11,247,008	16,447,659	26,420,749	31,609,052	36,533,483	41,656,306	41,726,268	46,806,842
Equity												
Stockholder Equity												
Common Stock	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Convertible Preferred Series A/F&F	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Convertible Preferred Series A/F&F 2	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Series B 1999/Round #1	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Series C 1999/Round #2	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Series D 2001/Round #3	-	-	-	-	-	-	-	-	-	-	-	-
Private Placement or IPO	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder Equity	37,300,000											
Retained Earnings												
Prior	(6,232,555)	(7,421,216)	(7,096,242)	(7,621,811)	(7,512,394)	(7,536,476)	(8,449,077)	(7,758,632)	(8,229,637)	(7,062,007)	(5,396,461)	(3,539,574)
Current	(1,188,661)	324,974	(525,369)	109,217	(24,082)	(912,601)	690,445	(471,005)	1,167,631	1,665,545	1,856,887	2,013,627
Total Earnings	(7,421,216)	(7,096,242)	(7,621,611)	(7,512,394)	(7,536,476)	(8,449,077)	(7,758,632)	(8,229,637)	(7,062,007)	(5,396,461)	(3,539,574)	(1,525,947)
Cumulative Distribution⁽⁶⁾												
Total Equity	29,878,784	30,203,758	29,678,389	29,787,606	29,763,524	28,850,923	29,541,368	29,070,363	30,237,993	31,903,539	33,760,426	35,774,053
Total Equity & Liability	30,678,551	31,018,161	30,709,993	30,894,974	41,010,532	45,298,583	55,962,117	60,679,414	66,771,476	73,559,845	75,486,694	82,580,894
Proof of Balance	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

[1] The formula for 1999 is not consistent in later years, this has to do with the minimal worksheet transposition requirements from 1998.

[2] Represents a deduction from cash for the cost of acquiring capital in each round of financing.

[3] Formula value: 10% of total monthly revenues.

[4] Calculated using a straight-line depreciation method against the total depreciable assets.

[5] Formula value: Percentage indicated of total expenses before EBITDA plus COGS.

[6] Per share distribution.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sources of Cash:												
Net Income ⁽¹⁾	(1,188,661)	324,974	(525,369)	109,217	(24,082)	(912,601)	690,445	(471,005)	1,167,631	1,665,545	1,856,887	2,013,627
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	317,801	14,637	217,201	75,764	139,639	200,652	(28,910)	188,303	(75,568)	122,823	69,962	80,574
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Term Debt	-	-	-	-	10,000,000	5,000,000	10,000,000	5,000,000	5,000,000	5,000,000	-	5,000,000
Depreciation	264,680	322,784	380,390	453,724	547,734	639,667	819,978	936,814	1,031,184	1,144,835	1,245,751	1,316,317
Total Sources of Cash	(606,180)	662,375	72,222	638,705	10,663,291	4,927,718	11,483,511	5,654,112	7,123,247	7,933,203	3,172,600	8,410,518
Uses of Cash:												
Cost of Capital	500,000	-	-	-	-	-	-	-	-	-	-	-
Capital Budget												
G&A Capital Budget	63,202	106,874	106,874	107,999	107,999	107,999	109,974	109,974	109,974	110,849	111,269	110,649
Marketing & Sales	83,172	24,475	24,475	26,900	28,225	28,225	29,950	29,950	30,550	30,550	31,425	31,425
Programming	14,061	12,950	526,892	513,425	527,866	513,754	538,300	524,550	1,038,000	537,222	1,026,090	539,057
Studio Operations	158,377	94,475	107,927	94,154	124,099	110,715	238,175	113,899	114,745	114,275	115,454	114,275
Network Operations Center	151,988	210,991	218,150	239,970	223,740	223,955	252,144	256,725	266,300	303,973	309,275	215,635
POP Infrastructure	2,948,444	2,599,065	1,650,027	1,794,323	3,418,835	2,116,215	8,447,392	4,975,105	2,565,277	3,766,008	3,266,974	2,703,096
Subscriber Premise	3,263,546	436,665	817,449	1,636,780	944,698	1,413,156	1,514,968	514,957	1,514,067	2,100,153	1,206,909	407,049
Technology Development	500,056	88,675	90,100	100,925	444,079	671,888	132,900	235,978	196,400	89,105	179,050	208,520
MIS Capital Budget	128,408	58,725	81,725	77,225	77,475	579,699	81,778	581,475	81,730	81,980	81,970	82,300
Other Capital	103,865	35,565	35,910	39,915	40,440	40,690	42,390	36,640	43,165	43,990	45,282	44,785
Accounts Receivable	266,903	173,435	162,063	154,974	158,726	147,038	155,935	108,514	93,086	201,376	106,962	116,007
Prepaid Expenses	15,000	-	-	30,000	-	-	60,000	-	-	120,000	-	-
Total Uses of Cash	8,197,022	3,841,895	3,801,592	4,816,590	6,096,182	5,953,334	11,603,904	7,487,767	6,053,294	7,499,281	6,480,660	4,572,778
Total Sources & Uses of Cash:												
Starting Cash	20,432,815	11,629,613	8,450,093	4,720,723	542,838	5,109,947	4,084,331	3,963,938	2,130,283	3,200,236	3,634,157	326,098
Sources of Cash	(606,180)	662,375	72,222	638,705	10,663,291	4,927,718	11,483,511	5,654,112	7,123,247	7,933,203	3,172,600	8,410,518
Uses of Cash	(8,197,022)	(3,841,895)	(3,801,592)	(4,816,590)	(6,096,182)	(5,953,334)	(11,603,904)	(7,487,767)	(6,053,294)	(7,499,281)	(6,480,660)	(4,572,778)
Ending Cash	11,629,613	8,450,093	4,720,723	542,838	5,109,947	4,084,331	3,963,938	2,130,283	3,200,236	3,634,157	326,098	4,163,838

SandStream 2001 Pro Forma Financial Statements Version 1.50 5/17/99

NOTE: This model reflects only the Telecommunications Portion of the Business.



Disclaimer:

This analysis is provided for discussion purposes only.

Note the version number and make sure that you are using the most current release of this model.

Version Notes:

This model assumes that all infrastructure is in and operational by 6/1/99.

NOTE: This is a subsection of the overall business plan.

Primary network costs both capital and expense are provided by the cable television operation. A small access fee is passed on instead of the cost of infrastructure.

Note: No taxes were paid in 1999 due to carry over losses in this division and other divisions in the company. Even though the telephony business was profitable in 1999 losses in other areas of the business created a situation where there was no tax liability.

Confidential:

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Legend:

Numbers in normal font are calculated numbers, do not replace with alternate values or the model will not function correctly.
Number in italic are numbers which are inputed to drive the model.
Bold numbers are totals which are calculated.

Model Information:

Model Prepared For: [Redacted]
Prepared By: [Redacted]

Date Prepared: 5/17/99
Status: Draft/Not for release.

Site On Which Model Is Based: N/A

Model Developed By: TCW for SandStream.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Revenues													
Local Service	16,811,180	18,925,891	20,422,113	22,172,047	23,598,777	24,993,012	26,369,127	27,730,456	29,077,074	30,412,559	32,404,677	34,085,000	307,001,913
Long Distance & Other Telephony Services	6,947,150	7,821,086	8,439,546	9,162,506	9,975,256	10,528,687	11,397,440	11,859,111	12,216,412	12,867,882	13,591,187	14,085,856	128,892,079
Installation & Relocation Fees (Service)	3,804,832	2,879,594	3,522,411	3,080,521	3,377,375	3,078,406	3,335,887	3,215,878	3,282,869	4,837,850	4,323,549	4,447,428	43,186,400
Other Commercial Telecom Revenues	1,353,753	1,865,133	2,038,711	2,341,468	2,645,980	2,793,750	2,962,673	3,061,123	3,410,445	3,729,600	3,999,114	4,011,428	34,213,178
Total Revenues	28,916,915	31,491,684	34,422,781	36,756,542	39,597,388	41,393,835	44,065,127	45,866,368	47,986,800	51,847,891	54,318,527	56,629,712	513,293,670
Direct Production Expenses/COGS													
Subscription/Access Costs	9,859,452	10,461,086	11,282,458	12,506,525	13,509,180	14,711,156	16,344,681	17,339,040	18,098,223	19,588,399	20,589,330	21,909,392	186,197,902
Telephony - LD/Access/Other Costs	1,678,726	1,677,322	1,917,233	2,082,156	2,216,516	2,347,046	2,476,351	2,604,112	2,730,667	2,856,122	3,043,021	3,100,983	28,730,255
Access Provider Fees Paid	754,128	782,399	842,931	916,215	975,215	1,032,129	1,089,712	1,145,999	1,201,664	1,256,437	1,339,192	1,408,129	12,744,186
Direct Installation Costs	3,346,925	3,033,743	3,107,991	2,880,818	2,716,675	2,577,535	2,825,140	2,671,307	2,717,451	3,959,890	3,576,411	3,650,443	36,844,429
Other Commercial Costs	776,884	758,494	786,443	800,112	866,544	916,558	999,821	1,034,883	1,347,588	1,562,377	1,689,773	1,500,394	13,049,871
Total COGS	16,415,115	16,713,044	17,947,056	18,965,882	20,284,130	21,584,424	23,735,685	24,795,341	26,095,593	29,223,325	30,237,727	31,569,341	277,566,643
Gross Margin	12,501,800	14,778,640	16,475,725	17,790,660	19,313,258	19,809,411	20,329,442	21,071,027	21,891,207	22,624,566	24,080,800	25,060,371	235,726,927
	43.23%	46.93%	47.86%	48.40%	48.77%	47.86%	46.13%	45.94%	45.62%	43.64%	44.33%	44.25%	45.92%
Expenses:													
General & Administrative	1,229,348	1,329,222	1,457,321	1,528,112	1,329,112	1,293,821	1,300,011	1,312,911	1,271,201	1,417,141	1,429,311	1,873,121	16,770,632
Marketing & Sales	2,270,334	2,002,278	2,828,396	2,781,840	2,761,211	2,870,185	2,918,741	2,898,500	3,428,977	2,582,462	2,656,818	3,715,032	33,714,774
Technology & Telephony	2,858,658	2,808,932	3,019,112	3,193,112	3,078,111	3,538,172	3,307,073	4,054,545	4,002,133	4,011,291	4,181,732	4,291,841	42,344,712
Operations	1,032,611	1,198,011	1,372,812	1,471,811	1,478,000	1,465,231	1,578,212	1,562,123	1,578,331	1,891,112	1,987,012	2,194,811	18,810,077
MIS	1,050,413	1,059,911	1,101,921	1,291,811	1,380,900	1,378,810	1,571,811	1,501,000	1,598,101	1,625,201	1,872,999	2,010,891	17,453,769
Total Expenses	8,441,364	8,398,354	9,779,562	10,266,688	10,037,334	10,546,219	10,675,848	11,329,079	11,878,743	11,527,207	12,127,872	14,085,696	129,093,964
	29.19%	26.67%	28.41%	27.93%	25.35%	25.48%	24.23%	24.70%	24.75%	22.23%	22.33%	24.87%	25.15%
EBITDA	4,060,436	6,380,286	6,696,163	7,523,994	9,275,924	9,263,192	9,653,594	9,741,948	10,012,464	11,097,359	11,952,928	10,974,675	106,632,963
	14.04%	20.26%	19.45%	20.47%	23.43%	22.38%	21.91%	21.24%	20.87%	21.40%	22.01%	19.38%	20.77%
Interest (9%)	337,500	375,000	375,000	412,500	375,000	375,000	4,725,000						
	1.17%	1.19%	1.09%	1.12%	1.04%	1.00%	0.94%	0.90%	0.86%	0.80%	0.69%	0.66%	0.92%
Depreciation	(12,687,282)	(1,700,202)	(1,800,397)	(1,898,375)	(1,997,248)	(2,109,555)	(2,200,659)	(2,309,483)	(2,407,907)	(2,498,765)	(2,633,558)	(2,746,722)	(36,988,133)
	-43.67%	-5.40%	-5.23%	-5.16%	-5.04%	-5.10%	-4.99%	-5.04%	-5.02%	-4.82%	-4.85%	-4.85%	-7.21%
Pre-Tax Earnings	(8,964,326)	4,305,084	4,520,766	5,213,119	6,866,176	6,741,137	7,040,435	7,019,965	7,192,057	8,188,094	8,944,370	7,852,953	64,919,830
	-31.00%	13.67%	13.13%	14.18%	17.34%	16.29%	15.98%	15.31%	14.99%	15.79%	16.47%	13.87%	12.65%
Taxes	38% (585,979)	(1,635,932)	(1,717,891)	(1,980,885)	(2,609,147)	(2,581,832)	(2,675,365)	(2,687,587)	(2,732,982)	(3,111,476)	(3,398,880)	(2,984,122)	(28,661,958)
	-2.03%	-5.19%	-4.99%	-5.39%	-6.59%	-6.19%	-6.07%	-5.82%	-5.70%	-6.00%	-6.26%	-5.27%	-5.58%
Net Earnings	(9,550,305)	2,669,152	2,802,875	3,232,134	4,257,029	4,179,595	4,365,069	4,352,378	4,459,076	5,076,618	5,545,509	4,868,831	36,257,871
	-33.03%	8.46%	8.14%	8.79%	10.75%	10.10%	9.91%	9.49%	9.29%	9.79%	10.21%	8.60%	7.06%

(COL)

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Assets												
Current Assets												
Operating Cash ⁽¹⁾	(8,981,236)	(8,056,839)	(9,839,417)	(6,194,829)	(6,371,277)	(7,192,097)	(6,642,178)	(8,879,365)	(6,274,147)	(4,649,115)	(10,211,353)	(9,678,043)
Cost of Capital ⁽²⁾	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Accounts Receivables ⁽³⁾	10% 2,891,692	3,149,168	3,442,278	3,675,654	3,959,739	4,139,384	4,406,513	4,586,637	4,798,680	5,184,789	5,431,853	5,662,971
Prepaid Expenses	400,000	400,000	400,000	600,000	600,000	600,000	800,000	800,000	800,000	1,000,000	1,000,000	1,000,000
Current Assets	(3,439,545)	(2,257,671)	(3,747,139)	330,825	438,462	(202,713)	814,335	757,272	1,574,533	3,785,674	(1,529,500)	(765,972)
Depreciable Assets												
G&A Capital Budget	1,834,191	2,046,076	2,165,718	2,280,148	2,392,653	2,485,301	2,500,391	2,615,331	2,831,461	2,948,636	3,165,721	3,282,771
Marketing & Sales	587,444	655,019	685,964	754,789	783,614	810,015	854,019	923,869	993,719	1,064,444	1,103,985	1,145,601
Programming	6,738,121	6,821,311	7,227,414	7,912,193	8,311,293	8,596,191	8,973,122	9,287,123	9,487,522	9,564,532	9,985,674	10,060,931
Studio Operations	2,361,741	2,513,989	2,674,119	2,769,444	2,977,123	3,172,448	3,118,101	3,214,872	3,323,462	3,465,890	3,567,891	3,763,491
Network Operations Center	4,761,540	5,178,540	5,500,904	5,867,004	6,131,049	6,372,112	6,577,612	7,069,787	7,366,463	7,693,450	8,219,735	8,576,912
POP Infrastructure	54,171,821	58,959,945	62,849,095	66,484,331	70,391,121	74,874,041	78,555,133	82,303,777	86,323,440	90,003,072	94,552,600	98,109,841
Subscriber Premise	20,784,211	22,841,361	23,784,311	24,675,541	25,647,121	27,504,811	28,551,019	30,198,438	31,245,896	32,168,760	34,681,921	37,184,194
Technology Development	3,748,951	3,821,940	4,194,540	4,376,640	4,658,122	4,720,222	4,808,822	4,993,422	5,145,010	5,238,293	5,331,498	5,424,638
MIS Capital Budget	3,398,512	3,620,587	3,742,622	3,864,947	3,892,012	3,910,931	4,046,301	4,181,884	4,217,368	4,353,042	4,488,967	4,624,882
Other Capital	784,205	822,392	884,583	912,311	957,883	988,980	1,006,493	1,073,594	1,143,969	1,190,291	1,232,016	1,303,921
Depreciable Assets	99,170,737	107,381,160	113,709,270	119,897,348	126,141,991	133,235,052	138,989,013	145,862,097	152,078,310	157,690,410	166,330,008	173,477,182
Accumulated Depreciation⁽⁴⁾	(22,270,362)	(23,970,564)	(25,770,961)	(27,669,335)	(29,666,583)	(31,776,138)	(33,976,798)	(36,286,281)	(38,694,188)	(41,190,952)	(43,824,511)	(46,571,233)
Net Fixed Assets	76,900,375	83,410,596	87,938,309	92,228,013	96,475,408	101,458,914	105,012,215	109,575,816	113,384,122	116,499,458	122,505,497	126,905,949
Total Assets	73,460,830	81,152,925	84,191,170	92,558,838	96,913,869	101,256,200	105,826,550	110,333,088	114,958,656	120,285,132	120,975,997	126,140,877
Liabilities & Equity												
Liabilities												
Accounts Payable ⁽⁵⁾	9% 2,237,083	2,260,026	2,495,396	2,630,929	2,728,932	2,891,758	3,097,038	3,251,198	3,417,690	3,667,548	3,812,904	4,108,953
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Current Liabilities	2,237,083	2,260,026	2,495,396	2,630,929	2,728,932	2,891,758	3,097,038	3,251,198	3,417,690	3,667,548	3,812,904	4,108,953
Term Debt	45,000,000	50,000,000	50,000,000	55,000,000	50,000,000	50,000,000						
Total Liabilities	47,237,083	52,260,026	52,495,396	57,630,929	57,728,932	57,891,758	58,097,038	58,251,198	58,417,690	58,667,548	53,812,904	54,108,953
Equity												
Stockholder Equity												
Common Stock	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Convertible Preferred Series A/F&F	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Convertible Preferred Series A/F&F 2	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Series B 1999/Round #1	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Series C 1999/Round #2	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Series D 2001/Round #3	-	-	-	-	-	-	-	-	-	-	-	-
Private Placement or IPO	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder Equity	37,300,000											
Retained Earnings												
Prior	(1,525,947)	(11,076,253)	(8,407,101)	(5,604,226)	(2,372,092)	1,884,937	6,064,442	10,429,512	14,781,890	19,240,966	24,317,584	29,863,093
Current	(9,550,305)	2,669,152	2,802,875	3,232,134	4,257,029	4,179,505	4,365,069	4,352,378	4,459,076	5,076,618	5,545,509	4,868,831
Total Earnings	(11,076,253)	(8,407,101)	(5,604,226)	(2,372,092)	1,884,937	6,064,442	10,429,512	14,781,890	19,240,966	24,317,584	29,863,093	34,731,924
Cumulative Distribution⁽⁶⁾												
Total Equity	26,223,747	28,892,899	31,695,774	34,927,908	39,184,937	43,364,442	47,729,512	52,081,890	56,540,966	61,617,584	67,163,093	72,031,924
Total Equity & Liability	73,460,830	81,152,925	84,191,170	92,558,838	96,913,869	101,256,200	105,826,550	110,333,088	114,958,656	120,285,132	120,975,997	126,140,877
Proof of Balance	(0)											

[1] The formula for 1999 is not consistent in later years, this has to do with the minimal worksheet transposition requirements from 1998.
 [2] Represents a deduction from cash for the cost of acquiring capital in each round of financing.
 [3] Formula value: 10% of total monthly revenues.
 [4] Calculated using a straight-line depreciation method against the total depreciable assets.
 [5] Formula value: Percentage indicated of total expenses before EBITDA plus COGS.
 [6] Per share distribution.

Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sources of Cash:												
Net Income ⁽¹⁾	(9,550,305)	2,869,152	2,802,875	3,232,134	4,257,029	4,179,505	4,365,069	4,352,378	4,459,076	5,076,618	5,545,509	4,888,831
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Payable	430,241	22,943	235,370	135,534	96,002	162,826	205,280	154,160	166,492	249,858	145,356	296,049
Short-Term Financing/ASC	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Financing/Other	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Term Debt	-	5,000,000	-	5,000,000	-	-	-	-	-	-	(5,000,000)	-
Depreciation	12,687,262	1,700,202	1,800,397	1,898,375	1,997,248	2,109,555	2,200,659	2,309,483	2,407,907	2,496,765	2,633,558	2,746,722
Total Sources of Cash	3,567,198	9,392,297	4,838,642	10,266,042	6,352,280	6,451,886	6,771,009	6,816,021	7,033,475	7,823,241	3,324,424	7,911,602
Uses of Cash:												
Cost of Capital	-	-	-	-	-	-	-	-	-	-	-	-
Capital Budget	-	-	-	-	-	-	-	-	-	-	-	-
G&A Capital Budget	121,558	211,885	119,642	114,430	112,505	92,648	15,090	114,940	216,130	117,175	217,085	117,050
Marketing & Sales	84,714	67,575	30,945	68,825	28,825	26,401	44,004	69,850	69,850	70,725	39,541	41,616
Programming	278,571	83,190	406,103	684,779	399,100	284,898	378,931	314,001	200,399	77,010	421,142	75,257
Studio Operations	341,771	152,248	160,130	95,325	207,679	195,325	(54,347)	98,771	108,590	142,428	102,001	195,600
Network Operations Center	1,123,300	417,000	322,364	366,100	264,045	241,063	205,500	492,175	296,676	326,987	526,285	357,177
POP Infrastructure	11,085,576	4,788,124	3,889,150	3,635,236	3,906,790	4,282,920	3,881,092	3,748,644	4,019,663	3,679,632	4,549,528	3,557,241
Subscriber Premise	1,529,033	2,057,150	942,950	891,230	971,580	1,857,890	1,046,208	1,647,419	1,047,458	922,984	2,513,161	2,502,273
Technology Development	213,876	172,989	272,600	182,100	281,482	62,100	86,600	186,600	151,588	93,283	93,205	93,140
MIS Capital Budget	1,190,065	222,075	122,035	122,325	27,065	18,919	135,370	135,583	35,484	135,674	135,925	135,915
Other Capital	66,463	38,187	62,191	27,728	45,572	31,097	17,513	67,101	70,375	46,322	41,725	71,905
Accounts Receivable	517,345	257,477	293,110	233,376	284,085	179,645	267,129	180,124	212,043	386,109	247,064	231,119
Prepaid Expenses	160,000	-	-	200,000	-	-	200,000	-	-	200,000	-	-
Total Uses of Cash	16,712,272	8,467,900	6,621,220	6,621,454	6,528,728	7,272,706	6,221,090	7,053,208	6,428,256	6,198,209	8,886,662	7,378,293
Total Sources & Uses of Cash:												
Starting Cash	4,163,838	(8,981,236)	(8,056,839)	(9,839,417)	(6,194,829)	(6,371,277)	(7,192,097)	(6,642,178)	(6,879,365)	(6,274,147)	(4,649,115)	(10,211,353)
Sources of Cash	3,567,198	9,392,297	4,838,642	10,266,042	6,352,280	6,451,886	6,771,009	6,816,021	7,033,475	7,823,241	3,324,424	7,911,602
Uses of Cash	(16,712,272)	(8,467,900)	(6,621,220)	(6,621,454)	(6,528,728)	(7,272,706)	(6,221,090)	(7,053,208)	(6,428,256)	(6,198,209)	(8,886,662)	(7,378,293)
Ending Cash	(8,981,236)	(8,056,839)	(9,839,417)	(6,194,829)	(6,371,277)	(7,192,097)	(6,642,178)	(6,879,365)	(6,274,147)	(4,649,115)	(10,211,353)	(9,678,043)

EXHIBIT C

Patrick Robbins, President & CEO - President and CEO of ASC Solutions, Inc.

With more than 15 years experience with software, systems integration and rich media technologies, Mr. Robbins possesses a wide range of important skills in the management of complex and challenging technology solutions in communications, entertainment and commerce.

ASC Solutions, Inc. – President, Founder

In 1993, Mr. Robbins founded ASC Solutions with partner Anil Lal and built the advanced technology consulting practice from zero to 4.6 million in revenues its first 3 years. ASC Solutions is a founding organization to SandStream with all of the important technology and business relationships stemming from this organization. Important client projects were MCI – Frame Relay Billing Application Modifications, Billing Information Concepts – Telephone Billing System, CompUSA – On-line Store, Payment Tech – Credit Card Reporting System, Planergy – Power Metering and Aggregation System, Tandy – On-line Catalog and many other mission critical software and networking solutions. Prior to this, in 1989, Mr. Robbins was one of the founding managers in Oracle's Dallas consulting practice. As Client Services Manager, Mr. Robbins built the practice from revenues of \$250K per year to \$6 million per year in the 2.5 years of his tenure. Specializing in Oracle's CASE tool product line, many important skills were acquired in the rapidly emerging Client/Server applications market. Clients included Northern Telecom, GTE, General Dynamics, Frito Lay, Ericsson, NEC and many others. Mr. Robbins has a BA in Telecommunications from Michigan State University where he studied telecommunication deregulation, management, and cable television, graduating in 1985.

Mike Tobias, Vice President Engineering

Mr. Tobias has extensive strategic planning, new business development, management, engineering, marketing and sales management experience. He holds a BS in Computer Science and Applied Mathematics, with honors, Western Michigan University, 1983. He was with Tech Source, Inc. from 1987 to 1998. He served as President and Chief Executive Officer from 1992 – 1998 for Tech Source, Inc. which is a Manufacturer of Computer Graphics and imaging Boards. Prior to this he was with Tech Source Laboratories from 1985 to 1987 as Principle of Software Engineer and Senior Software Engineer. He has also served as Senior Software Engineer for FCG Engineering and Florida Computer Graphics from 1983 – 1985.

EXHIBIT C

John Yager, Vice President Sales and Marketing

As the Vice President of Sales & Marketing for CLR/Rent Roll, Inc., a software development company in Carrollton, TX, Mr. Yager recruited, trained and managed a direct sales team of 65 individuals and increased Sales Revenues by 100%. His experience in Sales & Marketing for the software development industry spans 1984 to the present and includes development of business plans, creation of team management, and increases of sales revenues from a minimum of 80% to 100%. Mr. Yager has a Bachelor of Science Degree, with a major in Computer Science.

EXHIBIT D

Tom Wendt, Vice President Technology

Over 15 years of experience in the Telecommunications, computer and software industry, architecting, developing and implementing key systems for such companies as MCI/Worldcom, Bellsouth, MFS Communications, Northern Telecom, LDDS, Bowater Communications, US West and Informix. Some of these projects included designing billing systems, wireless systems, local and wide area networks, video on demand applications to operate over XDSL and Cable Modem, High Speed Data and Voice Networks.

Bachelor of Science, Computer Science and Accounting

Doug Workings, Manager Infrastructure

Mr. Workings has a broad range of knowledge and experience in system and network design, analysis, integration and operation. He has eighteen years experience in both wide and local area network design, implementation and operations. This experience includes eight years of telecommunication experience with Ameritech, MCI and Avantel as Senior Technical Analyst for the Telecommunications division. His expertise in pioneering client-server application systems has spanned both large, enterprise level development and operational programs for Fortune 500 corporations on an international level. His education in Electrical Engineering has provided a solid foundation for his career in network and infrastructure design, implementation and operations in industries ranging from oil and gas exploration and production companies to major International Banking firms. As Consulting Manager, he designed the infrastructure and Network Operations Center (NOC) for Intertainer, Inc. As Senior Technical Architect, he designed and implemented the basic network infrastructure for Canadian Tire's redesigned Customer Care help desk facility in Toronto, Canada. In the same capacity he designed the network infrastructure for MCI System House, Inc.'s Customer Care development and implementation center in Oakland, CA. As Senior Technical Architect, he advised the architecture team for Avantel (An international joint venture project between MCI and Banamex), Network Engineering System's Reference Data Warehouse and Managed Reporting Environment projects. As Senior Technical Architect and Quest Production Support Manager for Foxmeyer Health Corporation, he implemented a client-server based order entry and fulfillment system. The project successfully integrated an open systems based client-server environment to the SAP R3 accounting system as well as existing IBM and Unisys legacy systems. Prior to these projects Mr. Workings has

EXHIBIT D

participated on many design and implementation projects primarily in telecommunications.

Chuck Lawson, Manager Architectures

Over 22 years experience in development and management of Internet applications and electronic commerce systems, microcomputer based software systems, microcomputer technology, marketplace research, and assessment. Extensive experience in LAN, WAN, dialup communications and network architecture, Internet-related technologies, workgroup systems, down-sizing enterprise systems, graphic user interface systems (Windows, Macintosh), client-server technology. Strong experience in the management of leading-edge software and systems and market research, assessment and development efforts. From 1996 – Present, Mr. Lawson has been Systems Architecture Consultant/Consulting Technologies where his primary responsibility is for development of systems architecture and technology strategy for clients in the Internet services and broadband entertainment industries; systems architecture and project management for Internet and Intranet deployed business processes for a variety of clients. Deep focus on Internet Commerce, Database/Web Applications, and Communities of Interest related topics. From 1976 – 1996 Mr. Lawson served as Systems Analyst/Project Manager/Systems Architect/Chief Technologist in various positions in software development were ranging from Systems Analyst to Project Manager, Systems Architect to Chief Technologist. Responsible for development of innovative and groundbreaking telephony call accounting systems that was the benchmark for an entire market segment. Responsible for development of a best selling consumer database/PIM system licensed as Rolodex Live. Responsible for re-engineering of a worldwide private X.25 network to a system that saved over \$1 million dollars in data communication costs over 3 years. Architect and managed massive development project that rescued a faltered downsizing effort resulting in the displacement of 3 IBM 3090 systems with a distributed array of batch tax return processing system. Managed largest portion of Advanced Technology Group for a major accounting software corporation. Chief of Technology Strategy for major tax software, with responsibility for setting technology strategy, briefing and presenting technology directions to CIO, CEO and Board of Directors for \$150 million per year technology driven organization. Responsible for negotiating joint technology strategies and approaches for clients consisting of primarily Big 6 accounting firms. Career focus on successful and innovative integration of state of the art telephony and data communications technologies with database and microcomputer technologies to produce competitive and industry leading solutions.