

TJ 343  
7313

# NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company  
Attorneys at Law

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  
EllenAnn G. Sands

August 17, 2000

2000 AUG 17 11:03 AM  
COMMUNICATIONS

## BY FEDERAL EXPRESS

Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

001191-TI

RE: Notification of An Asset Purchase Agreement By and Among  
W2Com, L.L.C., W2Com International, L.L.C. and  
Arel Acquisition, Inc.

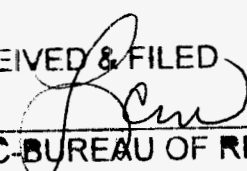
Dear Sir/Madam:

On behalf of W2Com, L.L.C., ("W2Com"), W2Com International, L.L.C. ("W2International") and Arel Acquisition, Inc. ("Arel"), this letter is to advise the Commission of a proposed Asset Purchase Agreement (the "Agreement") whereby Arel will purchase substantially all of the assets of W2Com, which assets include 100% of the membership interest in W2International ("the Acquisition").

As a result of the Acquisition, Arel will acquire substantially all of the assets of W2Com and the associated assets, which include 100% of the membership interest in W2International and the Business as a going concern, together with substantially all of the assets, properties and operating authorities of W2International, for equitable consideration. After the transaction, W2International will continue to operate, in all material respects, as it currently operates. The technical, managerial and financial personnel of W2International will remain the technical, managerial and financial personnel of W2International after this transaction. W2International will continue to provide service under its present operating authorities, certifications and tariffs.

The proposed Agreement will be beneficial to the involved companies as well as their customers, primarily due to the enhanced overall financial strength of the combined companies which will result from the transaction. Approval of the Agreement will not in any way be detrimental to the public interests of this state. The customers of W2International will continue to receive the same high quality service presently rendered to them, and there will not be any increase in their rates due to this transaction at this time.

RECEIVED & FILED

  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

10179 AUG 18 8

FPSC-RECORDS/REPORTING

W2Com International, L.L.C. is an Ohio limited liability company with principal offices located at 3500 Park Center Drive, Dayton, Ohio 45414. W2International is a non-dominant carrier that is authorized to provide intrastate, interstate and international long distance and local exchange services.

W2International is authorized by the FCC to provide interstate and international services as a non-dominant carrier as well as local and intrastate interexchange service, pursuant to certification, registration or tariff requirements in forty-four (44) states. W2International is a certificated carrier in this state.<sup>1</sup>

Until the closing of the Acquisition, W2International is a wholly owned subsidiary of W2Com, L.L.C., an Ohio Corporation ("Parent"); subsequent to the closing of the Acquisition, W2International will be a wholly owned subsidiary of Arel, which is a wholly owned subsidiary of Arel Inc., which is a wholly owned subsidiary of Arel Communications and Software Ltd. ("Arel Ltd.") Parent, Arel, Arel Inc. and Arel Ltd. do not possess any federal or state authorizations to provide telecommunications services.

Arel Ltd. is a public company, the ordinary shares of which is publicly traded on the NASDAQ National Market, and is an Israeli domestic company, the principal address of which is 3 Hayarden Street, P.O.B. 76, Yavne 70600, Israel. Arel Ltd. does not possess any federal or state authorizations to provide telecommunications services.

Arel is an Ohio corporation that has been formed strictly for the purposes of effectuating the Acquisition.

The practical effect of the transaction will be the acquisition by Arel of all of the assets of W2Com. After the transaction, W2International will continue to operate, in all material respects, as it currently operates. W2International will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures.

The parties submit that the Acquisition will accomplish the following:

- (a) Arel will acquire all of the assets of W2Com as set forth in the Agreement;
- (b) As a result of the transaction, W2International will become a wholly owned subsidiary of Arel; and

---

<sup>1</sup> In this state, W2Com International, L.L.C. provides telecommunications services pursuant to authority granted in Docket No. PSC-00-0626-CO-TI, dated April 3, 2000.

- (c) W2International will continue to operate as a regulated entity pursuant to its present certifications, registrations, tariff requirements and rate structures as provided by and pursuant to applicable law.

At the present time, W2International is a regulated entity providing interexchange as well as intrastate, interstate and international services to its customers. By virtue of this transaction, and the resulting association of the two (2) corporate entities, the combined companies will realize significant economic, marketing and administrative efficiencies.

Although the transaction will result in a change in control of W2International, it will not involve any change in the manner in which services are provided to W2International's customers. The technical, managerial and financial personnel of W2International will remain the technical, managerial and financial personnel after the transaction, and W2International will continue to provide service to its customers with the same high level of expertise currently in place.

The practical effect of the transaction is a change in ownership of W2International. W2International will continue to operate in all material respects as it presently operates. The Acquisition will be seamless and transparent to the customers of W2International. As a result, the customers of W2International will in no way be adversely impacted by the Acquisition.

Critical to the Acquisition is the need to ensure the continuation of high quality service to all customers currently served by W2International. The Acquisition will serve the public interest for the following reasons:

- (a) First, it will enhance the operating efficiencies, including market efficiencies, of the combined companies.
- (b) Second, it will increase the appeal to present and potential customers as communications services will be provided in a more cost-effective manner due to greater buying power and lower transport costs.
- (c) Finally, it will allow the combined companies to provide a broader array of services to customers at competitive prices.

Accordingly, the Acquisition will serve to create a heightened level of operating efficiency and expanded service offerings which generally will serve to enhance the overall capacity of the combined companies to compete in the marketplace and to provide telecommunications services for customers in this state at competitive rates.

**The parties are forwarding this letter to the Commission for informational purposes, to be included in the appropriate files. The parties will proceed on our understanding that no approval or other formal action is required by the Commission prior to consummation of the proposed transaction.**

Enclosed please find an original and six (6) copies of this letter. Please date stamp and return the additional copy in the envelope provided.

Thank you very much for your assistance with this matter.

Respectfully submitted,



---

EllenAnn G. Sands  
Nowalsky, Bronston & Gothard, APLLC  
3500 North Causeway Boulevard, Suite 1442  
Metairie, Louisiana 70002  
Telephone: (504) 832-1984  
Counsel for W2Com, L.L.C.,  
W2Com International, L.L.C. and  
Arel Acquisition, Inc.