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August 29, 2000

ORIGINAL

Monica R. Borne
EllenAnn G. Sands

RECORDS AND
REPORTING

00 AUG 30 AM 11:04

RECEIVED-FPSC

001273-TI

Executive Secretary
Florida Public Service Commission
2540 Shumard Oak Drive
Tallahassee, FL 32399-0850

Re: Application for approval of a Stock Purchase Agreement
between Xtracom, Inc. and Blue Shift Telecom, Ltd.

Dear Sir/Madam:

On behalf of Xtracom, Inc. and Blue Shift Telecom, Ltd., enclosed please find an original and twelve (12) copies of the referenced Application.

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

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

Sincerely,



EllenAnn G. Sands

EAS/rph
Enclosures

RECEIVED & FILED
Mos
FPSC-BUREAU OF RECORDS

00 AUG 30 AM 11:04
MAIL ROOM

DOCUMENT NUMBER-DATE

10750 AUG 30 8

FPSC-RECORDS/REPORTING

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF FLORIDA

APPLICATION OF XTRACOM, INC.
AND BLUE SHIFT TELECOM, LTD.
FOR APPROVAL OF A STOCK
PURCHASE AGREEMENT

CASE NO. 001273-TI

APPLICATION

Xtracom, Inc. ("Xtracom") and Blue Shift Telecom, Ltd. ("Blue Shift"), pursuant to applicable Statutes of the State of Florida and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby requests Commission approval of a Stock Purchase Agreement¹ (the "Agreement") whereby Xtracom will become a wholly-owned subsidiary of Blue Shift.

The transaction will result in the acquisition by Blue Shift of all of the outstanding and issued shares of Xtracom's common stock for equitable consideration. Following the transaction, Xtracom will change its name to Blue Shift Telecom, Inc. and will continue to operate, in all material respects, as Xtracom currently operates.²

The technical, managerial and financial personnel of Blue Shift, will become the technical, managerial and financial personnel of Xtracom after this transaction.³ Xtracom

¹ A draft copy of the proposed Agreement is attached hereto as Exhibit "A."

² Attached please find the requisite revised Articles of Incorporation and appropriate Secretary of State filing in order to effect the name change from Xtracom, Inc. to Blue Shift Telecom, Inc. Following consummation of the transaction the Company will file revised tariffs reflecting the name change as required by this Commission.

³ Resumes of Blue Shifts' current management team are attached hereto as Exhibit "B."

will continue to provide service under Xtracom's present operating authorities, certifications and tariffs.

As a regulated telecommunications provider, Xtracom hereby seeks Commission approval of the Agreement, which will result in a change in ownership of the stock of Xtracom. Commission approval of the proposed Agreement will be beneficial to the involved companies as well as their customers, primarily due to the enhanced overall financial strength and buying power of the combined companies which will result from the transaction. Approval of the proposed Agreement will not in any way be detrimental to the public interests of this state. The customers of Xtracom 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.

In support of this Application, Applicant shows the following:

I. THE PARTIES

1. Xtracom is a privately held Illinois corporation with principal offices located at 833 W. Chicago Avenue, Suite 201, Chicago, Illinois 60610. Xtracom is a non-dominant carrier that resells domestic and international long distance service purchased from various facilities based carriers.

2. Xtracom is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in fifty (50) states. Xtracom is a certificated carrier in this State.⁴

⁴ In this State, Xtracom provides interexchange telecommunications services pursuant to a Certificate of Public Convenience and Necessity issued April 15, 1996, Docket No. 951489-TI, Order No. PSC-96-0522-FOF-TI. _____.

3. Upon consummation of the transaction, Xtracom will change its name to BlueShift Telecom, Inc.

4. Following consummation of the transaction, Xtracom's corporate address will change to 853 Sanders Road, Suite 180, Northbrook, Illinois 60062.

5. Blue Shift is a privately held Illinois corporation with principal offices located at 853 Sanders Road, Suite 180, Northbrook, Illinois 60062. Blue Shift is a holding company which does not directly offer long distance telecommunications services, but rather owns and operates, and is in the process of acquiring, wholly owned subsidiaries which offer such services.

5. Pursuant to the transaction which is the subject of this Application, Blue Shift will acquire all of the shares of Xtracom for equitable consideration and Xtracom will become a wholly-owned subsidiary of Blue Shift. After the transaction, Xtracom will change its name to Blue Shift Telecom, Inc. and will continue to operate, in all material respects, as Xtracom currently operates. Xtracom will continue to operate as a regulated entity pursuant to Xtracom's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, pursuant to applicable law.

II. DESIGNATED CONTACT

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

EllenAnn G. Sands
Nowalsky, Bronston & Gothard
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

With copies to

Mr. Steven Shyman
Xtracom, Inc.
160 Goethe
Chicago, Illinois 60610

Mr. Barry Chessick
Blue Shift Telecom, Ltd.
853 Sanders Road, Suite 180
Chicago, Illinois 60062

Alan Block, Esq.
Block & Landsman
180 N. LaSalle, Suite 2400
Chicago, Illinois 60601

III. REQUEST FOR PERMISSION TO CONSUMMATE THE AGREEMENT

7. At the present time, Blue Shift is a non-regulated entity operating as a holding company to facilitate access to capital funding and to use economies of scale to benefit its affiliated companies. Xtracom is a regulated entity providing intrastate interexchange services to its customers. By virtue of this transaction, and the resulting association of the two (2) corporate entities, both companies will realize economic, marketing and administrative efficiencies. Copies of financial statements for both Xtracom and Blue Shift are attached to this Application, in globo, as Exhibit "B".

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

- (a) Blue Shift will acquire all of the shares of the stock of Xtracom by virtue of the Purchase Agreement;
- (b) As a result of the transaction, Xtracom will become a wholly owned subsidiary of Blue Shift;
- (c) Xtracom shall continue to operate as a regulated entity pursuant to Xtracom's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law.

9. It is respectfully represented herein that the transfer of stock as outlined above will be made for fair and due consideration to the stockholders of both Blue Shift and Xtracom.

10. The technical, managerial and financial personnel of Blue Shift, will become the technical, managerial and financial personnel of Xtracom after this transaction, and Xtracom, as a wholly-owned subsidiary of Blue Shift, will continue to provide service to the customers of Xtracom with the same high level of expertise currently in place.

11. The practical effect of the transaction is a change in ownership of the common stock of Xtracom. Xtracom will continue to operate in all respects as Xtracom presently operates.

IV. PUBLIC INTEREST CONSIDERATIONS

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

- (a) First, it will enhance the operating efficiencies, including market efficiencies, of Xtracom.
- (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 higher buying power and lower transport costs.
- (c) Finally, it will allow Xtracom to operate in a more cost effective manner due to improved access to capital and the ability to provide services to customers at competitive prices.

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

V. EXPEDITED TREATMENT

14. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. CONCLUSION

15. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission authorize consummation of the Agreement as described above.

DATED this 29th day of August, 2000.

Respectfully submitted,



EllenAnn G. Sands, LA Bar No. 22604
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Counsel for Xtracom, Inc.
and Blue Shift Telecom, Ltd.

PROFFT CORPORATION

**APPLICATION BY FOREIGN PROFFT CORPORATION TO FILE
AMENDMENT TO APPLICATION FOR AUTHORIZATION TO TRANSACT
BUSINESS IN FLORIDA
(Pursuant to s. 607.1504, F.S.)**

SECTION I

(1-3 must be completed)

1. Xtracom, Inc.
Name of corporation as it appears on the records of the Department of State.
2. Illinois 3. October 18, 1995
Incorporated under laws of Date authorized to do business in Florida

SECTION II

(4-7 complete only the applicable changes)

4. If the amendment changes the name of the corporation, when was the change effected under the laws of its jurisdiction of incorporation? _____

5. Blueshift Telecom, Inc.
Name of corporation after the amendment, adding suffix "corporation", "company" or "incorporated," or appropriate abbreviation, if not contained in new name of the corporation.

6. If the amendment changes the period of duration, indicate new period of duration.

NO CHANGE
New Duration

7. If the amendment changes the jurisdiction of incorporation, indicate new jurisdiction.

NO CHANGE
New Jurisdiction


Signature

Steve Shyman
Typed or printed name

8/25/00

Date

President

Title

Exhibit "A"

Stock Purchase Agreement

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT made this ____ day of _____, 2000, by and between XTRACOM, INC., an Illinois Corporation, of 833 W. Chicago Ave., Suite 201, Chicago, Illinois, (the "Company") by and through STEVEN SHYMAN, its sole shareholder ("Seller"), and BLUE SHIFT TELECOM, LTD., an Illinois Corporation, of 853 Sanders Road, Suite 180, Northbrook, Illinois ("Buyer").

WHEREAS Seller owns one hundred (100) shares that constitute all of the outstanding shares of common stock of the Company; and

WHEREAS the Seller desires to sell to Buyer one hundred (100) shares that represents one hundred (100%) percent of the outstanding shares of common stock of the Company in accordance to the terms and conditions hereinafter set forth:

NOW in consideration of the representations, covenants and warranties stated herein the Seller and Buyer agree as follows:

I. SALE OF SHARES

On the Closing Date, as hereinafter defined, the Seller agrees to sell, assign, transfer, convey, and deliver to Buyer all right, title, and interest in and to the number of shares of common stock of the Company set forth opposite the Shareholder's name in the following schedule ("Stock"), and the Buyer agrees to purchase from the Seller the number of shares free and clear of all liens, charges, encumbrances, equities, claims, and options of any kind whatsoever:

<u>NAME OF SHAREHOLDER</u>	<u>NUMBER OF SHARES OWNED</u>	<u>NUMBER OF SHARES SOLD</u>	<u>NUMBER OF SHARES RETAINED</u>
Steven Shyman	100	100	0.00

II. PURCHASE PRICE

The total Purchase Price for the sale of the stock shall be . In addition to the purchase price, Buyer shall pay to Seller a total of \$, which Seller shall utilize exclusively for payment of those expenses necessary to keep Company current with respect to its regulatory and secretary of state registrations in the relevant states, as identified in Exhibit A hereto, up through June 30, 2000. Payments shall be made as follows:

- A. At the Pre-Closing, Buyer shall pay a total of \$ in certified funds to the Seller; \$ of this payment will be applied towards the Purchase Price, and \$ will be utilized to pay the maintenance of regulatory and secretary of state registrations. The \$ portion of the payment will be non-refundable.
- B. The remaining \$ of the Purchase price will be paid into an mutually agreed upon escrow account. Buyer shall pay the costs, if any, of the escrow account. The escrow agent will be instructed to release one-half of the escrowed funds upon the approval of the regulators of the transfer of the certifications/tariffs in the first half of those states identified in Exhibit A. The balance of the escrow will be released upon the earlier of the approval of the regulators of the transfer of the certifications/tariffs in the remaining states, or one hundred twenty (120) days after the Pre-Closing of this Agreement; and;
- C. Buyer shall use it best efforts in making applications for the transfer of the subject certifications/tariffs. With the specific exception contained in Paragraph VII or a breach of the warranties contained in Paragraph VIII, all payments once made to Seller are non-refundable.

III. BUYER'S RESPONSIBILITIES

- A. Buyer assumes all responsibilities, costs and expenses for the transferring of any certifications/tariffs conveyed by means of this Agreement;
- B. Buyer represents and warrants that it will use its best efforts to effectuate the transfer of the tariffs as soon as possible; and
- C. Buyer represents and warrants that it has no knowledge or understanding of any facts or information that may impede or prevent the successful transfer of the certifications/tariffs conveyed by means of this Agreement.

IV. EXCLUDED ASSETS

The following assets of the Company are excluded from this Agreement:

- D. Banco Popular Bank Account [REDACTED];
- E. Banco Popular C. D. [REDACTED] **REDACTED**
- F. Cosmopolitan Bank Account [REDACTED];
- G. Phone number (312) 243-8660;
- H. CIC Codes;
- I. All desks, file cabinets and office equipment; and
- J. Proceeds of the Contracts identified in Exhibit B hereto.

V. PAYMENT FOR COVENANT NOT TO COMPETE

Of the Purchase Price Buyer is paying to Seller, \$ _____ represents the compensation to Seller for Seller's agreement not to compete with the Company. Seller agrees to execute the non-compete agreement attached hereto as Exhibit C.

VI. CLOSING DATE

The Pre-Closing of this transaction shall take place at the Buyer's office on July _____, 2000, or on such other day as the parties may agree in writing. This date is herein called the "Pre-Closing Date", at which Buyer shall deliver that portion of the Purchase Price identified in Section II (A). At the final the closing, the Seller will deliver to the Buyer a stock certificate representing the one hundred (100) shares of common stock of the Company as more fully described above, duly endorsed or with stock powers attached thereto. Buyer will deliver to the Seller the remainder of the Purchase Price which has not yet been paid as identified in Section II (B).

VII. CONDITIONS OF CLOSING

The transaction herein contemplated is expressly subject to the satisfaction, prior to the closing, of the following described conditions. The failure of any condition to be satisfied at or prior to the closing shall render this Agreement null and void, and all money or documents previously delivered shall be returned to their original owner, and the parties shall be relieved of all liabilities hereunder.

- A. Approval by Board of Directors of the Company of the Buyer's purchase of the shares contemplated herein.
- B. Seller shall tender at or before the closing her stock certificates representing her existing ownership of the common stock of the Company, which certification shall be marked "CANCELED" at the closing.
- C. Seller shall provide Buyer with current judgment and lien search for the Company which evidences that no judgments or liens of any kind or nature currently exist with respect to the Company.

- D. Seller shall provide a change of Registered Agent form as directed by Buyer.
- E. Seller shall provide Buyer with the resignation of the current corporate officers and directors of the Company.

VIII. SELLER'S REPRESENTATIONS AND WARRANTIES

- A. The Company is an Illinois corporation in good standing as evidenced by the Certificate Of Good Standing issued by the Illinois Secretary of State attached hereto as Exhibit D.
- B. Seller has the authority, power and right to effectuate the transactions contemplated herein.
- C. Seller and company represent and warrant, there is no suit, action, proceeding, claim or investigation by any governmental agency pending or threatened against the Company.
- D. Seller has not previously pledged, optioned, transferred or assigned his shares of common stock of the Company to any other individual or entity and she owns the issues outright not subject to any liens or encumbrances.
- E. Seller and Company represent and warrant, there is no suit, action, proceeding, claim or arbitration presently threatened or actually initiated against or involving the Company.
- F. The execution of this Stock Purchase Agreement and Buyer's compliance with the terms thereof will not violate or conflict with or constitute a default under any provision or term of the articles of incorporation or bylaws of the Company, any law, statute, governmental regulation or to the best of Seller's knowledge, any

- license, decree, order, agreement, indenture or other instrument applicable to the Company.
- G. The Company has all the right, title and interest in the registrations identified in Exhibit A.
- H. Seller hereby agrees to cooperate if, after the Closing Date, certain documents, permits or registration related papers, require his signature to effectuate the terms and conditions stated herein.
- I. The relationships of the Company with its vendors and customers are good commercial working relationships and no vendors of the Company have canceled or otherwise terminated or threatened in writing to cancel or otherwise terminate its relationship with the Company following the consummation of the transactions contemplated herein.
- J. Seller warrants that the capitalization of the Company consists of 1000 shares of common stock of which only one hundred (100) shares have been issued.
- K. Seller warrants that the Secretary of State (Foreign Qualification) and Regulatory certifications, for the states identified in Exhibit A hereto, maintained by Company are current and have not been canceled or threatened to be canceled.
- L. Seller warrants that, other than those contracts identified in Exhibit B hereto, there are no material contracts to which the Company is bound.
- M. Seller warrants that there are no liens or judgments, tax or otherwise, presently existing or threatened against the Company.

IX. TAX RETURNS AND TAXES

The Company has filed all federal, state, county and applicable local tax returns and reports and other such tax returns and reports as are required to be filed, and paid all applicable taxes, except those local tax returns and other reports for which failure to file does not individually or in the aggregate have a materially adverse effect on the financial or other condition, business, prospects, assets, or good will of the Company. For purposes of this Section, materiality will be defined to mean an amount not to exceed \$1,000 in the aggregate for all taxes of any kind or nature whatsoever.

Buyer represents and warrants that it and its appointed agents have not relied upon any oral representation, promise or other statement of the Seller in agreeing to execute this Agreement or any of the transactions contemplated herein.

X. SECURITIES LAWS

Seller has disclosed and Buyer hereby acknowledges that the common stock to be delivered hereunder is not a registered security as that term is used in the Securities Act of 1933, 15 U.S.C. §77, et seq., or in the Illinois Securities law of 1953, 815 ILCS 5/1, et seq.

The sale of stock pursuant to this Agreement does not violate any state or federal law or regulation with regard to the sale of stock.

XI. PURCHASE FOR INVESTMENT

Buyer is purchasing the stock of the Seller as an investment and based on the present business conditions does not contemplate a resale of the stock so purchased.

Buyer further represents that its has the power and authority to enter into this transaction consistent with its internal rules and by-laws.

XII. INDEMNIFICATION

- A. The parties agree to indemnify and hold the other party and respective officers, directors, employees, agents, assigns and representatives of the other harmless from and against any claims asserted by lawsuit or arbitration for all costs, expenses, losses, claims, damages, penalties, fines, direct and liquidated liabilities and obligations whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and attorneys' fees and expenses, but not including consequential damages) (individually, a "Loss", and collectively, "Losses") arising out of or relating to the operation of the Corporation, or any transactions contemplated by this Agreement.
- B. Seller individually agrees to indemnify, defend and hold Buyer harmless from and against any and all charges, losses, damages, liabilities and obligation actually incurred (including without limitation reasonable attorneys' and accountants fees and other costs and expenses of Buyer as an incident to seeking indemnification) arising out of any breach by Seller of any representation or warranty set forth in Paragraph VIII of this Agreement and any covenant or obligations of Seller set forth in this Agreement.

XIII. MISCELLANEOUS

- A. All notices shall be in writing and shall be considered served when deposited in the U. S. Mail, by certified mail, return receipt requested, or when placed for delivery with a nationally recognized courier service addressed as follows:

To Seller:

To Buyer:

Steven Shyman
160 Goethe
Chicago, Illinois 60610

Blue Shift Telecom, Ltd.
853 Sanders Road, Suite 180
Northbrook, Illinois 60062
Attention: Barry Chessick

With copies to:

Alan Block, Esq.
Block & Landsman
180 N. LaSalle, Suite 2400
Chicago, Illinois 60601

The Parties shall notify each other, in writing, of any change in their address.

- B. All parties represent that they have the opportunity to review this Agreement, amend the same and have their respective counsel and/or representative review and approve of this Agreement.
- C. This Agreement is subject to and governed by the laws of the State of Illinois without regard to any conflict of law provisions.
- D. Any litigation to enforce any provision of this Agreement shall occur in the Circuit Court of Cook County, Illinois and the parties agree to submit to that Court's jurisdiction. The prevailing party in any litigation to enforce any term of this Agreement shall be entitled to its costs including reasonable attorneys' fees.
- E. If any portion of this Agreement shall be adjudicated invalid by a court of competent jurisdiction, then the remaining portions of this Agreement shall remain in full force and effect.
- F. This Agreement contains the entire understanding of the parties with respect to the subject matter of this Agreement. There are no restrictions, agreements, promises,

warranties, covenants, or undertakings other than those expressly set forth herein.

This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter and may be amended only by written instrument executed by all the parties.

G. The representations, warranties, covenants and obligations of the parties as set forth in this Agreement and the Exhibits hereto shall survive closing.

ENTERED INTO AND EFFECTIVE THE DATE FIRST WRITTEN ABOVE:

BUYER:

COMPANY:

BLUE SHIFT TELECOM, LTD.

XTRACOM, INC.

By: _____
Barry Chessick, its _____

By: _____
Steven Shyman, President

SELLER:

By: _____
Steven Shyman, individually

Exhibit "B"

Resumes of Blue Shift Management Team

RESUMES OF OFFICERS

BLUESHIFT TELECOM, INC.

Barry Chessick, Chairman of the Board, owned and managed the Har Company, an international distributor. There, he increased profits by more than 500% and later sold the company. Since then, Barry has invested in and successfully built and sold several start-up companies, including PrePaid America, a telecommunications firm. A Certified Public Accountant, Barry studied at Northwestern University.

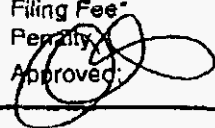
Kurt Wise, CEO, is one of the nation's largest traders of goods and services. In addition, his business expertise includes direct mail publishing and insurance. The founder of International Trade Services, Kurt executes hundreds of millions of dollars in trade arrangements both domestically and internationally. Prior to starting International Trade Services, Kurt founded and sold a direct mailing company, which produced more than two million ad-based, direct mailers each month. Early in his career he established an insurance agency, representing MSI Insurance. For three consecutive years, he was one of the top agents among 3,000 agents worldwide.

Paul Chessick, President, is an entrepreneur who has worked with and successfully built several companies across diverse industries, including telecommunications, entertainment and investment banking. A commodities trader, Paul was a National Merit Scholar at the University of Chicago.

Bob Eisendrath, Vice President of Sales, currently oversees the Midwest sales and marketing for national accounts for Caremark, Inc. Prior to joining Caremark, Mr. Eisendrath worked for over nine years on national health care sales and employee benefit consulting for The Blue Cross/Blue Shield Association and United Healthcare of Illinois. Mr. Eisendrath received a Bachelor of Arts with an emphasis in business marketing from the University of Wisconsin.

Cary Chessick, COO, is an attorney specializing in complex litigation. He has resolved hundreds of disputes, covering a wide range of issues. A graduate of DePaul University Law School, Cary is also a trained mediator.

Articles of Amendment

Form BCA-10.30 (Rev. Jan. 1999)	ARTICLES OF AMENDMENT	File # <u>5501-707-0</u>
Jesse White Secretary of State Department of Business Services Springfield, IL 62756 Telephone (217) 782-1832	<div style="text-align: center;"> <h1>FILED</h1> <p>AUG 16 2000</p> <p>JESSE WHITE SECRETARY OF STATE</p> </div>	<div style="background-color: black; color: white; text-align: center; padding: 5px;"> SUBMIT IN DUPLICATE </div>
Remit payment in check or money order, payable to "Secretary of State." The filing fee for restated articles of amendment - \$:00.00 http://www.sos.state.il.us		This space for use by Secretary of State Date <u>8/16/00</u> Franchise Tax \$ Filing Fee* \$25.00 Penalty \$ Approved: 

1. CORPORATE NAME: Xtracom, Inc. (Note 1)

2. MANNER OF ADOPTION OF AMENDMENT:
- The following amendment of the Articles of Incorporation was adopted on August 4 (Month & Day) 2000 (Year) in the manner indicated below. ("X" one box only)
- By a majority of the incorporators, provided no directors were named in the articles of incorporation and no directors have been elected; (Note 2)
 - By a majority of the board of directors, in accordance with Section 10.10, the corporation having issued no shares as of the time of adoption of this amendment; (Note 2)
 - By a majority of the board of directors, in accordance with Section 10.15, shares having been issued but shareholder action not being required for the adoption of the amendment; (Note 3)
 - By the shareholders, in accordance with Section 10.20, a resolution of the board of directors having been duly adopted and submitted to the shareholders. At a meeting of shareholders, not less than the minimum number of votes required by statute and by the articles of incorporation were voted in favor of the amendment; (Note 4)
 - By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by shareholders having not less than the minimum number of votes required by statute and by the articles of incorporation. Shareholders who have not consented in writing have been given notice in accordance with Section 7.10; (Notes 4 & 5)
 - By the shareholders, in accordance with Sections 10.20 and 7.10, a resolution of the board of directors having been duly adopted and submitted to the shareholders. A consent in writing has been signed by all the shareholders entitled to vote on this amendment. (Note 5)

3. TEXT OF AMENDMENT:

a. When amendment effects a name change, insert the new corporate name below. Use Page 2 for all other amendments.

Article 1: The name of the corporation is:

Blueshift Telecom, Inc.
(NEW NAME)

File Number 5561-767-8

State of Illinois Office of The Secretary of State

Whereas, ARTICLES OF AMENDMENT TO THE ARTICLES OF
INCORPORATION OF

XTRACOM, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF ILLINOIS HAVE BEEN
FILED IN THE OFFICE OF THE SECRETARY OF STATE AS PROVIDED BY THE
BUSINESS CORPORATION ACT OF ILLINOIS, IN FORCE JULY 1, A.D. 1984.

Now Therefore, I, Jesse White, Secretary of State of the State of Illinois, by virtue of the powers vested in me by law, do hereby issue this certificate and attach hereto a copy of the Application of the aforesaid corporation.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois,

at the City of Springfield, this 16TH

day of AUGUST A.D. 2000 and of
the Independence of the United States the two
hundred and 25TH



Jesse White

Secretary of State

Text of Amendment

- b. *(If amendment affects the corporate purpose, the amended purpose is required to be set forth in its entirety. If there is not sufficient space to do so, add one or more sheets of this size.)*

4. The manner, if not set forth in Article 3b, in which any exchange, reclassification or cancellation of issued shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, provided for or effected by this amendment, is as follows: (If not applicable, insert "No change")

NO CHANGE

5. (a) The manner, if not set forth in Article 3b, in which said amendment effects a change in the amount of paid-in capital (Paid-in capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) is as follows: (If not applicable, insert "No change")

NO CHANGE

(b) The amount of paid-in capital (Paid-in Capital replaces the terms Stated Capital and Paid-in Surplus and is equal to the total of these accounts) as changed by this amendment is as follows: (If not applicable, insert "No change")

NO CHANGE

	Before Amendment	After Amendment
Paid-in Capital	\$ _____	\$ _____

(Complete either Item 6 or 7 below. All signatures must be in BLACK INK.)

6. The undersigned corporation has caused this statement to be signed by its duly authorized officers, each of whom affirms, under penalties of perjury, that the facts stated herein are true.

Dated August 15, 2000
 (Month & Day) (Year)

attested by [Signature]
 (Signature of Secretary or Assistant Secretary)

Steve Shyman
 (Type or Print Name and Title)

Xtracom, Inc.
 (Exact Name of Corporation at date of execution)

by [Signature]
 (Signature of President or Vice President)

Steve Shyman
 (Type or Print Name and Title)

7. If amendment is authorized pursuant to Section 10.10 by the incorporators, the incorporators must sign below, and type or print name and title.

OR

If amendment is authorized by the directors pursuant to Section 10.10 and there are no officers, then a majority of the directors or such directors as may be designated by the board, must sign below, and type or print name and title.

The undersigned affirms, under the penalties of perjury, that the facts stated herein are true.

Dated _____
 (Month & Day) (Year)

Financial Information

**BLUESHIFT TELECOM, INC.
PROFORMA BALANCE SHEET
AS OF MAY 1, 2000**

ASSETS

CASH IN BANKS	\$2,006,200.
COMPUTERS AND EQUIPMENT	115,000.
	<hr/>
TOTAL ASSETS	<u>\$2,121,200.</u>

LIABILITIES

CURRENT ACCOUNTS PAYABLE	\$ 117,500.
DUE TO OFFICERS	40,000.
	<hr/>
TOTAL LIABILITIES	\$ 157,500.

<u>SHAREHOLDERS EQUITY</u>	\$ 1,963,700.
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<u>TOTAL LIABILITIES & SHAREHOLDERS EQUITY</u>	<u>\$ 2,121,200.</u>
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YEAR 2

BLUESHIFT TELECOM, INC.
EXPENSE and REVENUE PROJECTIONS
FIVE YEARS - BY MONTH
25% OF PROJECTIONS

	Month-13	Month-14	Month-15	Month-16	Month-17	Month-18	Month-19	Month-20	Month-21	Month-22	Month-23	Month-24	YEAR-2
REVENUE													
Startup	12,202,500	13,702,500	15,202,500	16,702,500	18,202,500	19,702,500	21,202,500	22,702,500	24,202,500	25,702,500	27,202,500	28,702,500	245,430,000
Monthly Recurring	12,202,500	13,702,500	15,202,500	16,702,500	18,202,500	19,702,500	21,202,500	22,702,500	24,202,500	25,702,500	27,202,500	28,702,500	245,430,000
COST OF SALES	5,971,965	6,582,965	7,193,965	7,804,965	8,377,965	8,988,965	9,599,965	10,210,965	10,783,965	11,448,965	12,113,965	12,778,965	111,857,580
Equipment	600,000	680,000	760,000	840,000	900,000	980,000	1,060,000	1,140,000	1,200,000	1,280,000	1,360,000	1,440,000	12,240,000
Colocation	30,000	34,000	38,000	42,000	45,000	49,000	53,000	57,000	60,000	64,000	68,000	72,000	612,000
ATM Port Cost	180,000	204,000	228,000	252,000	270,000	294,000	318,000	342,000	360,000	384,000	408,000	432,000	3,672,000
Monitoring	240,000	272,000	304,000	336,000	360,000	392,000	424,000	456,000	480,000	512,000	544,000	576,000	4,896,000
Point-to-Point Circuits	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,098,000	1,152,000	1,206,000	1,260,000	13,500,000
VBR: mpbs Bandwidth	90,000	102,000	114,000	126,000	135,000	147,000	159,000	171,000	180,000	192,000	204,000	216,000	1,836,000
Origination/On-Net Term.	2,135,438	2,397,938	2,660,438	2,922,938	3,185,438	3,447,938	3,710,438	3,972,938	4,235,438	4,497,938	4,760,438	5,022,938	42,950,250
Off-Net Termination	1,598,528	1,795,028	1,991,528	2,188,028	2,384,528	2,581,028	2,777,528	2,974,028	3,170,528	3,367,028	3,563,528	3,760,028	32,151,330
EXPENSES	3,719,897	4,121,802	4,523,828	4,925,798	5,342,594	5,744,614	6,146,664	6,548,744	6,950,858	7,345,878	7,726,122	8,106,400	66,416,104
A. Administration	2,200,397	2,538,102	2,875,836	3,213,598	3,567,244	3,905,084	4,242,914	4,580,794	4,934,558	5,250,578	5,566,622	5,882,700	45,104,404
Office/Utilities	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	6,900	82,800
Salaries	378,999	382,789	386,617	390,484	394,388	398,332	402,316	406,339	410,402	414,508	418,651	422,838	4,806,662
Bonus	1,479,274	1,766,262	2,053,274	2,340,249	2,640,875	2,927,815	3,214,738	3,514,844	3,802,200	4,070,170	4,338,122	4,606,056	33,590,698
Payroll Taxes	297,324	343,851	390,383	436,917	485,642	532,184	578,729	624,277	674,016	717,548	761,084	804,623	6,143,578
Employment Benefits	37,900	38,279	38,662	39,048	39,439	39,833	40,232	40,634	41,040	41,451	41,865	42,284	480,666
B. Insurance for OVG's	31,500	35,700	39,900	44,100	47,250	51,450	55,650	59,850	63,000	67,200	71,400	75,600	642,600
C. Customer Processing	488,100	548,100	608,100	668,100	728,100	788,100	848,100	908,100	968,100	1,028,100	1,088,100	1,148,100	8,669,100
D. Marketing & Advertising	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	12,000,000
GROSS PROFIT													
Each Month	2,510,538	2,997,633	3,484,699	3,971,737	4,481,941	4,968,921	5,455,871	5,956,791	6,462,877	6,907,680	7,362,413	7,817,135	66,008,216
Cumulative	11,398,273	14,395,906	17,880,606	21,852,343	26,334,284	31,303,205	36,759,075	46,355,866	52,806,743	59,716,403	67,078,816	74,895,951	
Number of Ports	40,656	45,696	50,736	55,776	60,816	65,856	70,896	75,936	80,976	86,016	91,056	96,096	
Number of Rollouts	30	34	38	42	46	49	53	57	60	64	68	72	
CUSTOMERS													
New	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Total	406,750	456,750	506,750	556,750	606,750	656,750	706,750	756,750	806,750	856,750	906,750	956,750	

NOTE: 1. Customer Monthly Fee = \$30 for 75 Calls; \$0.35/call is charged for calls over the 75 limit. Average call = 3.5 minutes.

NOTE: 2. Based on complete coverage of the domestic U.S.

YEAR-1

BLUESHIFT TELECOM, INC.
EXPENSE and REVENUE PROJECTIONS
FIVE YEARS - BY MONTH
25% OF PROJECTIONS

	Month-1	Month-2	Month-3	Month-4	Month-5	Month-6	Month-7	Month-8	Month-9	Month-10	Month-11	Month-12	YEAR-1
REVENUE	225,000	525,000	900,000	1,702,500	2,827,500	3,952,500	5,077,500	6,202,500	7,327,500	8,452,500	9,577,500	10,702,500	57,472,500
Startup	-	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Recurring	225,000	525,000	900,000	1,702,500	2,827,500	3,952,500	5,077,500	6,202,500	7,327,500	8,452,500	9,577,500	10,702,500	57,472,500
COST OF SALES	<u>124,850</u>	<u>272,650</u>	<u>387,400</u>	<u>744,865</u>	<u>1,257,215</u>	<u>1,789,465</u>	<u>2,317,715</u>	<u>2,865,965</u>	<u>3,376,215</u>	<u>3,924,465</u>	<u>4,472,715</u>	<u>5,020,865</u>	<u>26,534,585</u>
Equipment	20,000	40,000	40,000	80,000	140,000	200,000	260,000	320,000	360,000	420,000	480,000	540,000	2,900,000
Colocation	1,000	2,000	2,000	4,000	7,000	10,000	13,000	16,000	18,000	21,000	24,000	27,000	145,000
ATM Port Cost	6,000	12,000	12,000	24,000	42,000	60,000	78,000	96,000	108,000	126,000	144,000	162,000	870,000
Monitoring	8,000	16,000	16,000	32,000	56,000	80,000	104,000	128,000	144,000	168,000	192,000	216,000	1,160,000
Point-to-Point Circuits	18,000	36,000	36,000	72,000	126,000	180,000	270,000	360,000	450,000	540,000	630,000	720,000	3,438,000
VBR: mpbs Bandwidth	3,000	6,000	6,000	12,000	21,000	30,000	39,000	48,000	54,000	63,000	72,000	81,000	435,000
Origination/on-net Term.	39,375	91,875	157,500	297,938	494,813	691,688	888,563	1,085,438	1,282,313	1,479,188	1,676,063	1,872,938	10,057,888
Off-Net Termination	29,475	68,775	117,900	223,028	370,403	517,778	665,153	812,528	959,903	1,107,278	1,254,653	1,402,028	7,528,898
EXPENSES	<u>314,200</u>	<u>377,200</u>	<u>442,200</u>	<u>991,100</u>	<u>1,419,893</u>	<u>1,573,780</u>	<u>1,669,730</u>	<u>1,917,025</u>	<u>3,216,444</u>	<u>3,780,188</u>	<u>3,041,494</u>	<u>3,306,947</u>	<u>22,050,180</u>
A. Administration	154,200	154,200	154,200	384,000	549,783	655,660	703,630	902,925	2,155,344	2,671,088	1,884,394	2,101,847	12,471,280
Office/Utilities	3,000	3,000	3,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	63,000
Salaries	120,000	120,000	120,000	300,000	350,000	353,500	357,035	360,605	384,211	387,854	371,532	375,247	3,559,985
Bonus	-	-	-	-	88,615	176,078	213,591	381,519	1,457,274	1,897,924	1,215,744	1,399,168	6,829,913
Payroll Taxes	19,200	19,200	19,200	48,000	70,178	84,732	91,300	118,740	291,438	382,524	253,964	283,906	1,662,384
Employment Benefits	12,000	12,000	12,000	30,000	35,000	35,350	35,704	36,061	36,421	36,765	37,153	37,525	355,998
B. Insurance For DVG's	1,000	2,000	2,000	4,000	7,000	10,000	13,000	16,000	18,000	21,000	24,000	27,000	145,000
C. Customer Processing	9,000	21,000	36,000	68,100	113,100	158,100	203,100	248,100	293,100	338,100	383,100	428,100	2,286,900
D. Marketing & Advertising	150,000	200,000	250,000	535,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	7,135,000
GROSS PROFIT													
Each Month	(214,050)	(124,850)	70,400	(33,565)	150,392	609,275	1,090,055	1,419,510	734,841	747,847	2,063,291	2,374,588	8,867,735
Cumulative	(214,050)	(338,900)	(268,500)	(302,085)	(151,673)	457,802	1,547,657	2,967,167	3,702,008	4,449,855	6,513,146	8,887,735	
Number of Ports	1,344	2,016	3,024	5,712	9,408	13,440	17,136	20,832	24,528	28,224	31,920	35,616	
Number of Rollouts	1	2	2	4	7	10	13	16	18	21	24	27	
CUSTOMERS													
New	7,500	10,000	12,500	26,750	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	356,750
Total	7,500	17,500	30,000	56,750	94,250	131,750	169,250	206,750	244,250	281,750	319,250	356,750	

NOTE: 1. Customer Monthly Fee = \$30 for 75 Calls; \$0.35/call is charged for calls over the 75 limit. Average call = 3.5 minutes.

NOTE: 2. Based on complete coverage of the domestic U.S.

120S

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

Do not file this form unless the corporation has timely filed Form 2553 to elect to be an S corporation.

See separate instructions.

1999

Department of the Treasury
Internal Revenue Service

Tax year beginning 1999, and ending 1999, and ending

Date of election to incorporate

01/1990

See code no. (pages 28-29)

11600

Use IRS label. Otherwise, please print or type.

XTRACOM, INC.
935 W. CHESTNUT, SUITE 206
CHICAGO, IL 60622

C Employer identification number

36-3663561

D Date incorporated

8/02/1989

E Total assets (see page 10)

\$ 17,201

Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

Number of shareholders in the corporation at end of the tax year 1

Include only trade or business income and expenses on lines 1a through 21. See page 10 of the instructions for more information.

Table with 27 rows and 3 columns (Description, Amount, Total). Includes items like Gross receipts or sales (271,504), Total income (173,126), Total deductions (164,936), and Ordinary income (8,190).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer

Date

Title

Preparer's signature

John S. [Signature]

Date

3/10/00

Check if self-employed

Preparer's SSN or PTIN

EIN 34-1896454

Firm's name (or yours, if self-employed) and address

PHILIP RAE BUSINESS SERVICES
639 S. WASHINGTON STREET
NAPERVILLE, IL

ZIP code

60540

Form 1120S (1999) XTRACOM, INC. 36-3663561

Schedule A Cost of Goods Sold (see page 15 of the instructions)

Inventory at beginning of year	1	
Purchases	2	
Cost of labor	3	
Additional section 263A costs (attach schedule)	4	
Other costs (attach schedule)	5	SEE STATEMENT 3 98,378
Total. Add lines 1 through 5	6	98,378
Inventory at end of year	7	
Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	98,378

- a Check all methods used for valuing closing inventory:
 - (i) Cost as described in Regulations section 1.471-3
 - (ii) Lower of cost or market as described in Regulations section 1.471-4
 - (iii) Other (specify method used and attach explanation) ▶
- b Check if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c).....▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970).....▶
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO.....

9d	
----	--
- e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation?..... Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory?..... Yes No
If "Yes," attach explanation.

Schedule E Other Information

	Yes	No
1 Check method of accounting: (a) <input checked="" type="checkbox"/> Cash (b) <input type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list on page 26 through 28 of the instructions and state the corporation's principal: (a) Business activity ▶ <u>MARKETING & CONSULT.</u> (b) Product or service ▶ <u>TELECOMMUNICATIONS</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.....		X
4 Was the corporation a member of a controlled group subject to the provisions of section 15617.....		X
5 At any time during calendar year 1999, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See page 15 of the instructions for exceptions and filing requirements for Form TD F 90-22.1.).....		X
If "Yes," enter the name of the foreign country ▶		
6 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the corporation may have to file Form 3520. See page 15 of the instructions.....		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter.....▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount.....▶ <input type="checkbox"/> If so, the corporation may have to file Form 8261, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see page 15 of the instructions).....▶ \$		
10 Check this box if the corporation had accumulated earnings and profits at the close of the tax year (see page 16 of the instructions).....▶ <input type="checkbox"/>		

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

Table with columns (a) Pro rata share items and (b) Total amount. Rows include Ordinary income, Net income from rental real estate, Gross income from other rental activities, Expenses from other rental activities, Portfolio income, Charitable contributions, Section 179 expense deduction, Deductions related to portfolio income, Interest expense on investment debts, Credit for alcohol used as a fuel, Low-income housing credit, Qualified rehabilitation expenditures, Credits related to rental real estate, Depreciation adjustment, Adjusted gain or loss, Depletion, Gross income from oil, gas, or geothermal properties, Deductions allocable to oil, gas, or geothermal properties, Other adjustments and tax preference items, Type of income, Name of foreign country or U.S. possession, Total gross income from sources outside the United States, Total applicable deductions and losses, Total foreign taxes, Reduction in taxes available for credit, Other foreign tax information, Section 69(a)(2) expenditures, Tax-exempt interest income, Other tax-exempt income, Nondeductible expenses, Total property distributions, Other items and amounts required to be reported separately to shareholders, Total dividend distributions, and Income (loss).

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
	Cash				1
	Trade notes and accounts receivable				
	Less allowance for bad debts				
	Inventories				
	U.S. Government obligations				
	Tax-exempt securities				
	Other current assets (attach schedule) ST... 5				7,000
	Loans to shareholders				
	Mortgage and real estate loans				
	Other investments (attach schedule) ST... 6		26,576		10,000
	Buildings and other depreciable assets	44,768		44,768	
	Less accumulated depreciation	42,684	2,084	44,768	
	Depletable assets				
	Less accumulated depletion				
	Land (net of any amortization)				
	Intangible assets (amortizable only)				
	Less accumulated amortization				
	Other assets (attach schedule) ST... 7		200		200
	Total assets		28,860		17,201
Liabilities and Shareholders' Equity					
	Accounts payable				
	Mortgages, notes, bonds payable in less than 1 year		6,417		26,644
	Other current liabilities (attach schedule) ST... 8		12,050		5,200
	Loans from shareholders		67,645		45,821
	Mortgages, notes, bonds payable in 1 year or more				
	Other liabilities (attach schedule) ST... 9		100		
	Capital stock		1,000		1,000
	Additional paid-in capital				
	Retained earnings		-58,352		-61,464
	Adjustment to shareholders' equity				
	Less cost of treasury stock				
	Total liabilities and shareholders' equity		28,860		17,201

Schedule M-1		Reconciliation of Income (Loss) per Books With Income (Loss) per Return	
(You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)			
1	Net income (loss) per books	3,774	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year (Itemize):		
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16b (Itemize):		
a	Depreciation \$		
b	Travel and entertainment \$	105	
		105	
4	Add lines 1 through 3	3,879	
5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (Itemize):		
a	Tax-exempt interest \$		
6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16b, not charged against book income this year (Itemize):		
a	Depreciation \$		
7	Add lines 5 and 6		0
8	Income (loss) (Schedule K, line 23), Line 4 less line 7		3,879

Schedule M-2			Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see page 24 of the Instructions)		
	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed		
1	Balance at beginning of tax year	-51,675	3,038		
2	Ordinary income from page 1, line 21	8,190			
3	Other additions				
4	Loss from page 1, line 21				
5	Other reductions SEE STATEMENT 10	4,416			
6	Combine lines 1 through 5	-47,901	3,038		
7	Distributions other than dividend distributions	6,886			
8	Balance at end of tax year. Subtract line 7 from line 6	-54,787	3,038		