



16610 Dallas Pkwy. Ste. 1000
Dallas, Texas 75248
972-755-1200 Fax: 972-447-0865

March 27, 2001

Florida Public Service Commission
Division of Records and Reporting
25400 Shumard Boulevard
Tallahassee, FL 32399-0850
800.413.6770

010371 - 77

Re: Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

Dear Sir/Madam:

We submit the enclosed original application along with six copies and our check for \$250,000.
The application has the following attachments:

1. Statements
2. Board of Directors
3. Financial statements, certified
4. Projections
5. Revenue templates
6. Florida Tariff

Please file this application. Please call me if you have any questions. Thank you.

Very truly yours,

Kenneth Thomas

Enclosures

Via first class mail/prepaid

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

Initials of person who forwarded check:

DOCUMENT NUMBER-DATE

03919 MAR 29 06

FPSC-RECORDS/REPORTING

COPY

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

010371-J7

Instructions

- ◆ This form is used as an application for an original certificate and for approval of assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 16).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

Note: **No filing fee is required** for an assignment or transfer of an existing certificate to another company.

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480**

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

IntelleCare-FL, Inc.

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

IntelleCare-FL, Inc.

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

17194 Preston Road Bldg 2 Suite 312

Dallas, TX 75248

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

1200 South Pine Island Road Plantation, FL 33324

6.
Select type of business your company will be conducting \sqrt (check all that apply):

- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

- () **Operator Service Provider** - company provides or plans to provide alternative operator services for IXC's; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- (x) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- () **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- () **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
- () **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- | | |
|---------------------------|-------------------------|
| () Individual | () Corporation |
| (x) Foreign Corporation | () Foreign Partnership |
| () General Partnership | () Limited Partnership |
| () Other _____ | |

8. ✕ **If individual**, provide:

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

9. ✕ **If incorporated in Florida**, provide proof of authority to operate in Florida:

(a) **The Florida Secretary of State Corporate Registration number:**

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

(a) **The Florida Secretary of State Corporate Registration number:**

Applied for March 20, 2001 _____

11. ✕ **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:**

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

(a) **The Florida Secretary of State registration number:** _____

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

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

Internet E-Mail Address: _____

Internet Website Address: _____

14. **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:** _____

15. Provide **F.E.I. Number** (if applicable): 75-288838

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
 Yes () No

(b) If not, who will bill for your services?

Name: _____

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ **Fax No.:** _____

(c) How is this information provided?

Bills are monthly itemized statements sent by mail.

17. Who will receive the bills for your service?

- Residential Customers Business Customers
 PATs providers PATs station end-users
 Hotels & motels () Hotel & motel guests
 Universities Universities dormitory residents
 Other: (specify)_____.

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

(a) The application:

Name: Kenneth Thomas

Title: Secretary

Address: 17194 Preston Road Bldg 2 Suite 312

City/State/Zip: Dallas, TX 75248

Telephone No.: 972.755.1607 **Fax No.:** 972.447.0865

Internet E-Mail Address: kthomas@intellectcare.com

Internet Website Address: intellectcare.com

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

Name: Ron Gregory

Title: Vice President of Network Operations

Address: 17194 Preston Road Bldg 2 Suite 312

City/State/Zip: Dallas, TX 75248

Telephone No.: 972.755.1200 Fax No.: 972.447.0865

Internet E-Mail Address: rgregory@intellectcare.com

Internet Website Address: intellectcare.com

(c) Complaints/Inquiries from customers:

Name: Ron Gregory

Title: Vice President of Network Operations

Address: 17194 Preston Road Bldg 2 Suite 312

City/State/Zip: Dallas, TX 75248

Telephone No.: 972.755.1200 Fax No.: 972.447/0865

Internet E-Mail Address: rgregory@intellectcare.com

Internet Website Address: intellectcare.com

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

CA, FL, OH, NV & TX through affiliated companies

See Notes for further explanation.

(b) has applications pending to be certificated as an interexchange telecommunications company.

See Notes for further explanation.

(c) is certificated to operate as an interexchange telecommunications company.

CA, FL, OH, NV & TX through affiliated companies.

See NOtes for further explanation.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved.

None

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

None

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

None

20. 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. If so, please explain.

None

(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.

None

21. The applicant will provide the following interexchange carrier services \checkmark (check all that apply):

a. _____ **MTS with distance sensitive per minute rates**

- _____ Method of access is FGA
- _____ Method of access is FGB
- _____ Method of access is FGD
- _____ Method of access is 800

b. X **MTS with route specific rates per minute**

- _____ Method of access is FGA
- _____ Method of access is FGB
- X Method of access is FGD
- X Method of access is 800

c. X **MTS with statewide flat rates per minute (i.e. not distance sensitive)**

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

d. **MTS for pay telephone service providers**

e. **Block-of-time calling plan (Reach Out Florida, Ring America, etc.).**

f. **800 service (toll free)**

g. **WATS type service (bulk or volume discount)**

- Method of access is via dedicated facilities
- Method of access is via switched facilities

h. **Private line services (Channel Services)**
(For ex. 1.544 mbs., DS-3, etc.)

I. **Travel service**

- Method of access is 950
- Method of access is 800

j. **900 service**

k. **Operator services**

- Available to presubscribed customers
- Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).
- Available to inmates

1. **Services included are:**

- Station assistance
- Person-to-person assistance
- Directory assistance
- Operator verify and interrupt
- Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

23. Submit the following:

A. Managerial capability; give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

B. 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.

C. Financial capability.

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

The unaudited financial statements should be signed by the applicant's 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.

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. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.


THIS PAGE MUST BE COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its 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 receipts 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:

Kenneth Thomas
Print Name


Signature

Secretary
Title

March 23, 2001
Date

972.755.1607 972.447.0865
Telephone No. Fax No.

Address: 17194 Preston Road Bldg. 2 Suite 312
Dallas, TX 75248

THIS PAGE MUST BE COMPLETED AND SIGNED

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please check one):

- () The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.
(The bond must accompany the application.)

UTILITY OFFICIAL:

Kenneth Thomas
Print Name

Kent Thomas
Signature

Secretary
Title

March 23, 2001
Date

972.755.1607
Telephone No.

972.447.0865
Fax No.

Address: 17194 Preston Road Bldg. 2 Suite 312
Dallas, TX 75248

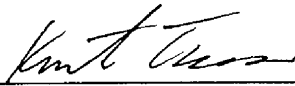
THIS PAGE MUST BE COMPLETED AND SIGNED

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 interexchange telecommunications 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:

<u>Kenneth Thomas</u>	<u></u>
Print Name	Signature
<u>Secretary</u>	<u>March 23, 2001</u>
Title	Date
<u>972.755.1607</u>	<u>972.447.0865</u>
Telephone No.	Fax No.

Address: 17194 Preston Road Bldg. 2 Suite 312
Dallas, TX 75248

CURRENT FLORIDA INTRASTATE SERVICES

Applicant **has** () or **has not** (x) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

Kenneth Thomas

Print Name



Signature

Secretary

Title

March 23, 2001

Date

972.755.1607

Telephone No.

972.447.0865

Fax No.

Address: 17194 Preston Road Bldg. 2 Suite 312

Dallas, TX 75248

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

Not used-left blank

I, (Name) _____,

(Title) _____ of
_____ (Name of Company)

and current holder of Florida Public Service Commission Certificate Number

_____, have reviewed this application and join in the petitioner's request
for a:

() transfer

() assignment

of the above-mentioned certificate.

UTILITY OFFICIAL: X

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address: _____

**IntelleCare-FL, Inc.
Application for Certificate of Authority
To Provide Telecommunications Services
Between Points Within the State of Florida**

STATEMENT REGARDING TECHNICAL CAPABILITY TO SUPPORT SERVICE

Ron Gregory
Vice President – Network Operations
16610 North Dallas Parkway
Building 2 Suite 1000
Dallas, TX 75248
972.755.1200
972.447.0865 fax

Ron Gregory is in charge of our telephony network design and operations. He has over 22 years of telephony experience with Pacific Bell, Western Electric International and AT & T.

His technical capability starts with experience as a technician. He then moved into management, and later worked as an engineer.

While Ron worked at AT& T he had the following experience:

AT & T Network Facilities Engineer – Core member of the team that developed the methodology of dedicated services facility deployment. Personally developed and implemented the deployment strategy for dedicated facilities in the Western region. Developed the concept, methods and standards for interfacing dedicated services at DS1 rates and successfully negotiated their use with RBOCs.

AT & T Digital Central Office Engineer – Worked with Bell laboratories in developing the Service Node concept; Engineered the first fully operational Service Node, making all digital products and services available in a single location.

AT & T Regional Manager – Developed the methods, tools, training and procedures for customer service and specific network maintenance centers; lead the service integration team that developed the maintenance plans for all facets of the first non-beta, ISDN application.

AT & T International Network Engineer – Developed AT & T's customer equipment co-location methods and strategies for international client's; Engineered and implemented the first two successful international customer network co-locations in AT & T facilities.

OTHER TECHNICAL ASSISTANCE

IntelleCare-FL, Inc. will also utilize the telephony resources of its strategic alliance partners Broadwing Communications and Southwestern Bell Corporation in all facets of its network implementation.



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Dallas, Texas 75248
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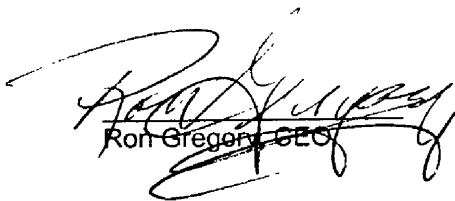
Re: Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

Dear Sir/Madam:

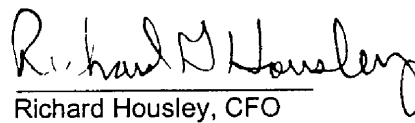
We submit the attached financial information of our company which includes a profit and loss statement and balance sheet as of February 28, 2001.

We hereby affirm that the attached financial information is true and correct.

Respectfully,



Ron Gregory, CEO



Richard Housley, CFO

03/26/01

IntelleCare.FL, Inc.
Balance Sheet
As of December 31, 2000

	Dec 31, '00
ASSETS	
Current Assets	
Other Current Assets	
14200 · Notes Receivable Current	
14210 · IntelleCare, Inc. N/R	40,500.00
Total 14200 · Notes Receivable Current	40,500.00
Total Other Current Assets	40,500.00
Total Current Assets	40,500.00
Other Assets	
19000 · Other & Intangible Assets	
19300 · Organization Costs	85.00
Total 19000 · Other & Intangible Assets	85.00
Total Other Assets	85.00
TOTAL ASSETS	40,585.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
21700 · Accounts Payable Intellect Co's	
21710 · IntelleCare, Inc. A/P	11,431.46
Total 21700 · Accounts Payable Intellect Co's	11,431.46
Total Accounts Payable	11,431.46
Total Current Liabilities	11,431.46
Total Liabilities	11,431.46
Equity	
30000 · Capital Stock	
33000 · Common Stock	40,500.00
Total 30000 · Capital Stock	40,500.00
Net Income	-11,346.46
Total Equity	29,153.54
TOTAL LIABILITIES & EQUITY	40,585.00

03/26/01

IntelleCare.FL, Inc.
Balance Sheet
As of February 28, 2001

	Feb 28, '01
ASSETS	
Current Assets	
Other Current Assets	
14200 · Notes Receivable Current	
14210 · IntelleCare, Inc. N/R	40,500.00
Total 14200 · Notes Receivable Current	40,500.00
Total Other Current Assets	40,500.00
Total Current Assets	40,500.00
Other Assets	
19000 · Other & Intangible Assets	
19300 · Organization Costs	85.00
Total 19000 · Other & Intangible Assets	85.00
Total Other Assets	85.00
TOTAL ASSETS	40,585.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
21700 · Accounts Payable Intellect Co's	
21710 · IntelleCare, Inc. A/P	11,431.46
Total 21700 · Accounts Payable Intellect Co's	11,431.46
Total Accounts Payable	11,431.46
Total Current Liabilities	11,431.46
Total Liabilities	11,431.46
Equity	
30000 · Capital Stock	
33000 · Common Stock	40,500.00
Total 30000 · Capital Stock	40,500.00
39000 · Retained Earnings	-11,346.46
Total Equity	29,153.54
TOTAL LIABILITIES & EQUITY	40,585.00

03/26/01

IntelleCare.FL, Inc.
Profit and Loss
January through December 2000

	<u>Jan - Dec '00</u>
Ordinary Income/Expense	
Expense	
61000 · General & Administrative Expens	
61100 · Professional Fees	
61120 · Legal Fees	2,887.93
Total 61100 · Professional Fees	<u>2,887.93</u>
Total 61000 · General & Administrative Expens	2,887.93
64800 · Travel and Entertainment	
64810 · Airfare	1,614.68
64820 · Automobile Rental	1,296.21
64830 · Fuel Rental Car	21.52
64840 · Hotel	3,640.72
64850 · Meals	1,778.16
64873 · Gasoline	102.24
64890 · Other Travel Expense	5.00
Total 64800 · Travel and Entertainment	<u>8,458.53</u>
Total Expense	<u>11,346.46</u>
Net Ordinary Income	<u>-11,346.46</u>
Net Income	<u><u>-11,346.46</u></u>

03/26/01

IntelleCare.FL, Inc.
Profit and Loss
January through February 2001

	<u>Jan - Feb '01</u>
Net Income	<u><u>0.00</u></u>



Executive Summary

IntelleCare, Inc.

IntelleCare, Inc. was formed in July of 1998 with a mission to create a unique telecommunication network for health care. In alliance with and utilizing existing telecommunication companies, IntelleCare, Inc. will provide network communication and repository services aimed at streamlining management of medical information and improving quality of patient care. The need for managing and transporting medical information within the health care community is well substantiated. With 10 billion pages of medical record information generated last year, and new HIPAA privacy legislation requiring secure transmission of medical information, (similar to the protocols of evidence handling within law enforcement), the IntelleCare model brings a private, secure telecommunication network and medical record repository.

We think that IntelleCare is ideally postured with the right timing, the right partners and the right technology to become the first company to offer a vast nationally recognized, broadband, "utility" for centrally accumulating, tracking and managing individual and professional medical information in the "new regulated" environment. Other keys to this large-scale endeavor and our success include our understanding of the "new" medical information technology, our intensive research into trends, and our strong marketing and co-branding alliance with Southwestern Bell Corporation (hereinafter "SBC") that encompasses SBC's subsidiaries. This alliance is further strengthened by SBC's active position on the IntelleCare Board of Directors.

Products and Services

IntelleCare's products and services line revolves around an online, sophisticated private central repository of live information. This is conceptually similar to the NASDAQ live private network. Access to our repository is accomplished by a unique integration of the telephone system and computers. IntelleCare's product goal is to mix the collective use of wireless, video, voice and keyboard information collection/management.

To accomplish this goal requires a large-scale network backbone, which is competitively out of reach, cost effective and reliable. We believe that the Southwestern Bell infrastructure and vast global telephone network in combination with our software tools and techniques, provides IntelleCare with such a facility. Several man-years of development were required to perfect this approach. First efforts began in 1983. IntelleCare products and services are grouped by two broad classifications related to health care; private network telecommunications and data management/transport services. With a centerpiece consisting of a highly reliable, secure, HIPAA compliant electronic patient medical record repository.

Marketing and Sales Strategy

IntelleCare plans to rollout its private network and associated services on a state-by-state basis in the U.S. IntelleCare and SBC have selected certain states based upon market demand, regulatory limitations and available telephony network resources. Each state is expected to operate independently with its own infrastructure sharing revenue with the parent company. Our marketing strategy for acquisition of members is simple. SBC and subsidiaries/alliance partners will perform and manage these efforts nationwide as part of our marketing alliance and co-branding agreement.

Thus, we believe IntelleCare is in an absolutely ideal position with respect to sales and marketing. Further, SBC plans to host IntelleCare at trade shows, seminars and through a huge direct telemarketing effort. The primary sales focus will be membership oriented, offering bundled IntelleCare network services on an attractive price per minute and/or transaction basis with little-to-no capital expenditure required from customers. This is similar to a "cellular phone" pricing model and perhaps similar to the initial efforts by AOL™ to gain market share.

Corporate Structure

IntelleCare is composed of a parent company (IntelleCare, Inc.) with regional companies for each state. The regional organizations sell products and services in our medical market space while the parent provides central services and support to them. The parent company will receive its primary revenue from two main sources: central services and licensing fees. We believe that this is the best structural model available to achieve its goals. The model has a long and successful track record as it is derived from the original Bell Telephone Company model. The model has been in existence for over one hundred years, has been perfected, and has built one of the largest companies in existence worldwide. Additionally SBC is willing to share a wealth of knowledge, policies and procedures, and so forth associated with successful implementation and operation of this comprehensive model. Thus, IntelleCare has the distinct advantage of 100 years of seasoned success to draw from in forming its corporate enterprise structure.

Revenue Goals

The entire healthcare industry is projected to reach approximately two trillion dollars of the Gross Domestic Product (GDP) according to estimates for 2003. Our initial goal for preliminary market penetration centers on the establishment of approximately 100,000 members over a five-state roll out plan by year-end 2002. This equates to projected revenues of \$36,000,000 based upon a carefully analyzed model of \$30 per month per member average low expenditure. This figure represents only monthly projected revenue and does not include additional network usage figures, per-transaction fees or figures generated through sales to institutional customers.

The Industry

It is evident that today's health care information industry is in a massive transitional state of reevaluation and growth, moving in the direction of electronic records, improved standards, patient rights to information, information accessibility/portability, and increased speed of information interface. Health care is also moving toward improving administrative efficiency and outsourcing. These trends are expected to continue for several years empowered in part by governmental regulations and by new broadband telecommunications services. Some of the pressing topics being addressed by the professional medical community and concerned individuals are accountability, accuracy, privacy, security, information standardization, medical error, patient rights, fraud and abuse, compliance, standard of care and similar complex topics. The timeline for action and compliance is a serious point of contention. These issues are creating tension and demands at the highest level of government and business, resulting in Presidential involvement and the establishment of rigid policies and regulations with stiff civil and criminal penalties for violation. IntelCare is postured to operate our central repository regardless of the outcome of this political tension and turmoil because our network will be a viable, affordable, sensible and available alternative.

Industry Trends

In the 1980's and 1990's, health care organizations were spending their budgets on financial and administrative systems. Due to the fee-for-service mentality of reimbursement, the only thing health care organizations cared about was getting bills out the door. In this environment, vendors of financial and administrative solutions fared well. Then the Y2K threat hit. During 1998 and 1999, most health care organizations froze new system purchases and focused their resources internally to fix projected problems. Since financial and administrative applications were the primary installed base, most of these were replaced or upgraded ahead of the Y2K turnover. Now, with upgrades in place, resources are being allocated to clinical applications. Health care organizations realize that they need to act like businesses and start focusing on controlling costs – just as the manufacturing industry has installed supply chain management systems and service companies have installed sales force automation software. The shift in spending is also driven by "quiet" external market forces such as the move to reduce medical errors, meet HIPAA legislation and follow state mandates.

Use of Proceeds

IntelCare is seeking \$12,000,000 through a 506D private placement offering, which nets \$10,440,000 after commissions and fees. The following chart gives effect of realizing the entire \$10,440,000 and another look if only a mid-range figure is attained. Subsequent to the accomplishment of milestones associated with this funding, IntelCare will require approximately \$100,000,000 to scale the network into a nationwide solution.

<u>Application of Net Proceeds</u>	<u>Maximum</u>	<u>%</u>	<u>Mid-Range</u>	<u>%</u>
Intellectual Property/Product Line Acquisition/Licensing	2,505,600	24	1,153,185	22
Product Development and Enhancement	1,044,000	10	471,758	9
Loan/Debt Repayments	417,600	4	262,087	5
Marketing/Advertising (Co-operative with Southwestern Bell)	522,000	5	262,087	5
Call Center and Support Personnel Acquisition	730,800	7	524,175	10
Management Team Acquisition	1,566,000	15	786,263	15
Insurance	522,000	5	262,087	5
Inventory	313,200	3	209,670	4
Rent and Facilities	208,800	2	157,253	3
Management Consulting and Central Services	835,200	8	419,341	8
Equipment (Direct Services Support)	939,600	9	471,757	9
Working Capital and General Corporate Purposes	835,200	8	262,087	5
Totals	10,440,000	100	5,241,750	100

16610 Dallas Pkwy, Bldg. 2, Ste 1000, Dallas, Texas 75248 Tel: 972-755-1200, 877-994-1001

March 1, 2001



Ohio Board of Directors

Mr. Phillip Matteis, Chairman

Mr. Matteis has considerable background in technology and management and currently serves as President and CEO of IntelleCare, Inc.

Dr. Joseph J. Ross, M.D., Vice Chairman

Dr. Ross is currently President of IntelleCare's Ohio statewide network. He is a practicing board certified ophthalmologist and facial plastic surgeon and a Magna Cum Laude graduate. Dr. Ross guides IntelleCare regarding medical and clinical issues regarding the private network. Dr. Ross also has a degreed background in finance. He is currently developing a new and innovative approach to physician and practice integration.

Dr. Larry M. Perich, D.O., Director

Dr. Perich currently serves as President of IntelleCare's Florida statewide network. Dr. Perich owns successful surgery centers and businesses in the Florida area. Dr. Perich graduated Cum Laude from the University of Southern California with a B.S. in biochemistry. He received his medical education at the Chicago College of Osteopathic Medicine. He has practiced for over twenty years and is a member of the American Academy of Ophthalmology. Dr Perich is very active on the advisory board and a co-founder of the company.

Mr. William R. Gorton, Director

Mr. Gorton, currently President and CEO of Gorton and Company, a full service risk management consulting firm, is a key member of IntelleCare of Ohio. He is involved with the Cleveland community and is a trustee for several foundations including the Cleveland Clinic Foundation, the Cleveland Clinic Health System, the Lakewood Hospital and University Hospitals Health Systems, Inc. He holds an M.B.A. in Finance.

Dr. Douglas Taylor, Ph.D., Director

Dr. Taylor is Vice President, Operations of IntelleCare of Ohio. Prior to joining IntelleCare, Dr. Taylor served as President and CEO of Advent Management Services and worked as an administrator of orthopedic surgery for Cleveland Clinic Foundation. He holds a B.A. in Philosophy and a Ph.D. in Health Policy Administration from Ohio State University.

Mr. Gregory G. Binford, Esq., Director

Mr. Binford is a Senior Partner with Benesch, Friedlander, Coplan & Aronoff and Co-founder and Chair of the Health Law Practice Group. He received his J.D. from Case Western Reserve University and is credentialed by the American Medical Association Doctor's Advisory Network and listed "AV" in the Best Lawyers in America (Health Care Law) since 1997.



Board of Directors

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Mr. Jim Keylon, Vice Chairman (Represents Sunchase Holdings, Inc.)

Mr. Keylon brings strong international experience to the team and currently serves as Executive Vice President of Sunchase Holdings, Inc., a multi-billion dollar operation. Mr. Keylon holds the title of President for Sunchase Holdings Ghana Rainforest Conservation Operations and has an advanced degree in psychology. Sunchase Holdings, Inc. has a considerable investment in IntelleCare.

Mr. Patrick D. Pothier, Director (Represents Southwestern Bell Corporation)

Mr. Pothier has a strong and diverse background in sales and marketing. He is in charge of all healthcare marketing operations of Southwestern Bell Corporations including its major subsidiaries; Pacific Bell, Nevada Bell, Ameritech, and Southern New England Telephone Company. Representing the Southwestern Bell Corporation/IntelleCare marketing alliance, Mr. Pothier plays a very active and significant role for the company.

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Mr. Joe LaManna, Director

Mr. LaManna is currently Vice President of Sales for register.com, an impressive public company in the domain name registration market. He has considerable exposure in the sales and marketing of telephony based products and services and is very active in guiding IntelleCare with regard to rollout strategy. He holds an MBA in Finance and International Business from New York University and a BBA in Marketing from Iona College in New York.



Florida Board of Directors

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Mr. Matteis has considerable background in technology and management and currently serves as President and CEO of IntelleCare, Inc.

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Dr. Jay L. Rosen, M.D., Director

Dr. Rosen holds the title as COO of IntelleCare's Florida network. He has been active in healthcare management for over 25 years and has worked in all phases of healthcare business development, management and marketing. His expertise includes surgery center management; diagnostic centers and healthcare venture firm management. He is a Cum Laude graduate of Fordham University (B.S.) and Cetec University (M.D.). He holds a Diplomat of the American Board of Quality Assurance and Utilization Review Physicians.

Mr. Thomas L. Birt, Jr., C.P.A., Director

Mr. Birt serves as CFO for IntelleCare's Florida network and as acting CFO for IntelleCare, Inc. He graduated from Oklahoma State University with a B.S. in Business Administration. He became a Certified Public Accountant (CPA) in 1981. Tom's specific background centers on providing financial guidance to airlines, physicians and ambulatory surgery centers. Prior to joining IntelleCare, Mr. Birt served as President of Global Air Charter, which included seven jet aircraft and international operations.

Operating Statement (Projections-1st Full Year)

1st Full Year Projections - Company Sensitive

Individual State Market Template

MEMBERSHIP BREAKOUT	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	Totals	%	Notes
Major Projected Customers	2	4	6	8	11	14	17	20	23	26	29	32	32		
Membership Size: Patents	4,200	8,400	12,600	16,800	25,200	33,600	42,000	50,400	58,800	67,200	75,600	84,000	84,000	84.00%	Patents, Individuals, Bedside Equipment, Family
Membership Size: Pro-Basic	500	1,000	1,500	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	10,000	10.00%	Gold Program, Doctors, Nurses, Care Givers Etc.
Membership Size: Pro-Extended	200	400	600	800	1,200	1,600	2,000	2,400	2,800	3,200	3,600	4,000	4,000	4.00%	Platinum Program, Doctors, Nurses
Membership Size: Equipment/Misc.	100	200	300	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,000	2.00%	Major Equipment and Other Members
Membership Size (Total)	5,000	10,000	15,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	100,000	100.00%	Total Membership
PROJECTED REVENUE															
Annual Membership Fees															
Patents	105,000	105,000	105,000	105,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	2,100,000	1.57%	\$25, Once per year, for up to 1 year
Professionals/Basic	50,000	50,000	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000	0.75%	\$100/Year
Professionals/Extended	30,000	30,000	30,000	30,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600,000	0.45%	\$150/per year
Major Equipment/Misc.	15,000	15,000	15,000	15,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300,000	0.22%	\$150/per year
Totals	200,000	200,000	200,000	200,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	4,000,000	3.00%	Total Annual Fees
Monthly Membership Fees															
Patents	37,800	75,600	113,400	151,200	226,800	302,400	378,000	453,600	529,200	604,800	680,400	756,000	4,309,200	3.23%	\$9/Month
Professionals/Basic	20,000	40,000	60,000	80,000	120,000	160,000	200,000	240,000	280,000	320,000	360,000	400,000	2,280,000	1.71%	\$40/Month
Professionals/Extended	30,000	60,000	90,000	120,000	180,000	240,000	300,000	360,000	420,000	480,000	540,000	600,000	3,420,000	2.56%	\$150/Month
Major Equipment/Misc.	15,000	30,000	45,000	60,000	90,000	120,000	150,000	180,000	210,000	240,000	270,000	300,000	1,710,000	1.28%	\$150/Month
Totals	502,800	605,600	708,400	811,200	1,416,800	1,622,400	1,828,000	2,033,600	2,239,200	2,444,800	2,650,400	2,856,000	19,719,200	14.79%	Total Monthly Fees
Total Membership Fees	702,800	805,600	908,400	1,011,200	1,816,800	2,022,400	2,228,000	2,433,600	2,639,200	2,844,800	3,050,400	3,256,000	23,719,200	17.79%	Total Membership Fees
Excess Minutes - Basic Plan															
Excess Minutes - Basic Plan	18,750	37,500	56,250	75,000	112,500	150,000	187,500	225,000	262,500	300,000	337,500	375,000	2,137,500	1.60%	1/2 of Basic Users use extra 300 minutes/month
Excess Minutes - Extended Plan															
Excess Minutes - Extended Plan	12,500	25,000	37,500	50,000	75,000	100,000	125,000	150,000	175,000	200,000	225,000	250,000	1,425,000	1.07%	1/2 of Extended Users use extra 300 minutes/month
Consulting Services															
Consulting Services	10,000	20,000	30,000	40,000	55,000	70,000	85,000	100,000	115,000	130,000	145,000	160,000	960,000	0.72%	50 Hours/Month @\$100/hour
IntelCom Services															
Long Distance (Domestic Only)															
Patents	2,495	4,990	7,484	9,979	14,969	19,958	24,948	29,938	34,927	39,917	44,906	49,896	284,407	0.21%	33% of Patient use 20 min/Month @ .09 cents
Professionals/Basic	1,600	3,200	4,800	6,400	9,600	12,800	16,000	19,200	22,400	25,600	28,800	32,000	182,400	0.14%	80% of Basic Plan use 50 min/Month @ .08 Cents
Professional/Extended	1,120	2,240	3,360	4,480	6,720	8,960	11,200	13,440	15,680	17,920	20,160	22,400	127,680	0.10%	80% of Extended use 100 min/Month @ .07 Cents
Call Conferencing (Domestic Only)															
Patents	2,268	4,536	6,804	9,072	13,608	18,144	22,680	27,216	31,752	36,288	40,824	45,360	258,552	0.19%	20% patents make 1 10 min call with 2 others/mo
Professionals/Basic	6,000	12,000	18,000	24,000	36,000	48,000	60,000	72,000	84,000	96,000	108,000	120,000	684,000	0.51%	50% basic make 3 20/min calls with 4 others/mo
Professional/Extended	7,168	14,336	21,504	28,672	43,008	57,344	71,680	86,016	100,352	114,688	129,024	143,360	817,152	0.61%	80% of Extended 8 20/mo calls with 4 others/mo
Call Recording Service															
Patents	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	No Patents Projected to Use
Professionals/Basic	2,533	5,067	7,600	10,133	15,200	20,267	25,333	30,400	35,467	40,533	45,600	50,667	288,800	0.22%	1/3 of basic calls are recorded (2x Rate)
Professional/Extended	2,763	5,525	8,288	11,051	16,576	22,101	27,627	33,152	38,677	44,203	49,728	55,253	314,944	0.24%	1/3 of Extended calls are recorded (2x Rate)
Call Transcribing Service															
Patents	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	No Patents Projected to Use
Professionals/Basic	20,267	40,533	60,800	81,067	121,600	162,133	202,667	243,200	283,733	324,267	364,800	405,333	2,310,400	1.73%	1/3 of basic calls transcribed (6x Rate)
Professional/Extended	22,101	44,203	66,304	88,405	132,608	176,811	221,013	265,216	309,419	353,621	397,824	442,027	2,519,552	1.89%	1/3 of Extended calls transcribed (6x Rate)

Operating Statement (Projections-1st Full Year)

Individual State Market Template

Network Setup and Maintenance																Does not Include 1-time Costs
Salaries	10,000	20,000	30,000	40,000	50,000	60,000	80,000	100,000	120,000	140,000	160,000	180,000	200,000	1,140,000	0.65%	Projected @ NTE \$2/member/Month
State Hub Equipment/System	5,000	10,000	15,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	100,000	570,000	0.43%	Not Counting 1 time costs NTE \$1/mem/mo
Communications Services	5,000	10,000	15,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	100,000	570,000	0.43%	Telephone, IntelliNet, Internet
Maintenance Services	2,500	5,000	7,500	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	50,000	285,000	0.21%	Projected @ NTE 50/member/month
Financial and Legal	2,500	5,000	7,500	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	50,000	285,000	0.21%	Projected @ NTE 50/member/month
Accounting and Legal	2,500	5,000	7,500	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	50,000	285,000	0.21%	Projected @ NTE 50/member/month
Billing Costs	5,000	10,000	15,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000	100,000	100,000	570,000	0.43%	Projected @ NTE \$1/member/mo
Insurance	0	25,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	9,000	9,000	110,500	0.08%	Liability, Renters, Key man
Facilities And Rent	2,500	5,000	7,500	10,000	15,000	20,000	25,000	30,000	35,000	40,000	45,000	50,000	50,000	285,000	0.21%	Projected @ NTE 50/member/month
Office Supplies and Misc	250	500	750	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500	5,000	5,000	28,500	0.02%	Other Expenses
Total Operating Expenses	143,059	292,119	399,679	523,738	790,619	1,038,500	1,286,381	1,534,263	1,782,144	2,030,025	2,277,906	2,526,288	14,624,719	10.97%	Total Operating Expenses Projected	
NET PROFITS BEFORE TAX	481,811	798,455	1,156,598	1,498,242	2,322,051	3,005,692	3,689,333	4,372,974	5,056,615	5,740,256	6,423,897	7,107,038	41,652,964	31.23%	Net profit percentage of sales	
Projected Taxes	144,543	239,536	346,980	449,473	696,615	901,708	1,106,800	1,311,892	1,516,985	1,722,077	1,927,169	2,132,112	12,495,889	9.37%	Provision for Taxes (Estimated only)	
NET PROFITS AFTER TAX	337,268	558,918	809,619	1,048,769	1,625,436	2,103,984	2,582,533	3,061,082	3,539,631	4,018,179	4,496,728	4,974,927	29,157,075	21.86%	Net profit (percentage of sales)	
Retained Earnings @ 50%	168,634	279,459	404,809	524,385	812,718	1,051,992	1,291,267	1,530,541	1,769,815	2,009,090	2,248,364	2,487,463	14,578,537	10.93%	Retained for IntelliCare State Network Growth	
Returned to Stock Holders	168,634	279,459	404,809	524,385	812,718	1,051,992	1,291,267	1,530,541	1,769,815	2,009,090	2,248,364	2,487,463	14,578,537	10.93%	Returned To Stock Holders	
Per share Earnings	0.00675	0.01118	0.01619	0.02098	0.03251	0.04208	0.05165	0.06122	0.07079	0.08036	0.08993	0.09950	0.58314		Per/share earnings	

Operating Statement (Projections-2001)

Individual State Market Template

OPERATING EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Totals	%	Notes
Sales And Marketing															
Projected Salanes	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Projected @ NTE .50/member/month
Commissions and Incentives	1,091,140	1,235,809	1,323,573	1,411,337	1,593,978	1,769,506	1,945,034	2,120,562	2,296,089	2,471,617	2,647,145	2,822,673	22,728,461	4.75%	Approx 5% of Sales (Max Commissions)
Travel And Demonstratons	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Visit Potential Clients and conduct seminars
Promotional Matenals	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Professional Promotional Materials
Co-Op+Trad Advertisig	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Press release and Advertising
Customer Support	52,000	56,000	60,000	64,000	72,000	80,000	88,000	96,000	104,000	112,000	120,000	128,000	1,032,000	0.22%	One per 5000 members @ \$4,000/month
Management/Administraton															Assumes IntelleCare.Com Central Services
Salaries + Central Services	130,000	140,000	150,000	160,000	180,000	200,000	220,000	240,000	260,000	280,000	300,000	320,000	2,580,000	0.54%	Projected @ NTE \$2/member/Month
Management Consultants	130,000	140,000	150,000	160,000	180,000	200,000	220,000	240,000	260,000	280,000	300,000	320,000	2,580,000	0.54%	IntelleCare or Other Assist Services
Administrative Support	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Projected @ NTE .50/member/month
Network Setup and Maintenance															Does not include 1-time Costs
Salanes	130,000	140,000	150,000	160,000	180,000	200,000	220,000	240,000	260,000	280,000	300,000	320,000	2,580,000	0.54%	Projected @ NTE \$2/member/Month
State Hub Equipment/System	65,000	70,000	75,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000	150,000	160,000	1,290,000	0.27%	Not Counting 1 time costs NTE \$1/member/mo
Communications Services	65,000	70,000	75,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000	150,000	160,000	1,290,000	0.27%	Telephone, IntelleNet, Internet
Maintenance Services	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Projected @ NTE .50/member/month
Financial and Legal															
Accounting and Legal	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Projected @ NTE .50/member/month
Billing Costs	65,000	70,000	75,000	80,000	90,000	100,000	110,000	120,000	130,000	140,000	150,000	160,000	1,290,000	0.27%	Projected @ NTE \$1/member/mo
Insurance	0	25,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	9,000	110,500	0.02%	Liability, Renters, Key man
Facilities And Rent	32,500	35,000	37,500	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	645,000	0.13%	Projected @ NTE .50/member/month
Office Supplies and Misc	3,250	3,500	3,750	4,000	4,500	5,000	5,500	6,000	6,500	7,000	7,500	8,000	64,500	0.01%	Other Expenses
Total Operating Expenses	2,023,890	2,265,309	2,408,323	2,567,837	2,893,978	3,213,006	3,532,034	3,851,062	4,170,089	4,489,117	4,808,145	5,127,673	41,350,461	8.64%	Total Operating Expenses Projected
NET PROFITS BEFORE TAX	8,366,355	9,150,082	9,820,563	10,474,544	11,801,850	13,109,813	14,417,775	15,725,738	17,033,701	18,341,663	19,649,626	20,957,088	168,848,798	35.29%	Net profit percentage of sales
Projected Taxes	2,509,906	2,745,024	2,946,169	3,142,363	3,540,555	3,932,944	4,325,333	4,717,721	5,110,110	5,502,499	5,894,888	6,287,127	50,654,639	10.59%	Provision for Taxes (Estimated only)
NET PROFITS AFTER TAX	5,856,448	6,405,057	6,874,394	7,332,181	8,261,295	9,176,869	10,092,443	11,008,017	11,923,590	12,839,164	13,754,738	14,669,962	118,194,158	24.70%	Net profit percentage of sales
Retained Earnings @ 50%	2,928,224	3,202,529	3,437,197	3,666,090	4,130,648	4,588,434	5,046,221	5,504,008	5,961,795	6,419,582	6,877,369	7,334,981	59,097,079	12.35%	Retained for IntelleCare State Network Growth
Returned to Stock Holders	2,928,224	3,202,529	3,437,197	3,666,090	4,130,648	4,588,434	5,046,221	5,504,008	5,961,795	6,419,582	6,877,369	7,334,981	59,097,079	12.35%	Returned To Stock Holders
Per share Earnings	0.11713	0.12810	0.13749	0.14664	0.16523	0.18354	0.20185	0.22016	0.23847	0.25678	0.27509	0.29340	2.36388		Per/share earnings

Confidential Internal Version

Operating Statement (Projections-2002)

Individual State Market Template

OPERATING EXPENSES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Totals	%	Notes
Sales And Marketing															
Projected Salaries	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Projected @ NTE .50/member/month
Commissions and Incentives	2,998,201	3,173,729	3,349,257	3,524,785	3,700,313	3,875,841	4,051,369	4,416,651	4,672,830	4,936,122	5,199,414	5,462,705	49,361,216	4.75%	Approx 5% of Sales (Max Commissions)
Travel And Demonstrations	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Visit Potential Clients and conduct seminars
Promotional Materials	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Professional Promotional Materials
Co-Op+Trad Advertising	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Press release and Advertising
Customer Support	136,000	144,000	152,000	160,000	168,000	176,000	184,000	200,000	212,000	224,000	236,000	248,000	2,240,000	0.22%	One per 5000 members @ \$4,000/month
Management/Administration															
Salaries + Central Services	340,000	360,000	380,000	400,000	420,000	440,000	460,000	500,000	530,000	560,000	590,000	620,000	5,600,000	0.54%	Projected @ NTE \$2/member/Month
Management Consultants	340,000	360,000	380,000	400,000	420,000	440,000	460,000	500,000	530,000	560,000	590,000	620,000	5,600,000	0.54%	IntelleCare or Other Asssit Services
Administrative Support	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Projected @ NTE .50/member/month
Network Setup and Maintenance															
Salaries	340,000	360,000	380,000	400,000	420,000	440,000	460,000	500,000	530,000	560,000	590,000	620,000	5,600,000	0.54%	Projected @ NTE \$2/member/Month
State Hub Equipment/System	170,000	180,000	190,000	200,000	210,000	220,000	230,000	250,000	265,000	280,000	295,000	310,000	2,800,000	0.27%	Not Counting 1 time costs. NTE \$1/mem/mo
Communications Services	170,000	180,000	190,000	200,000	210,000	220,000	230,000	250,000	265,000	280,000	295,000	310,000	2,800,000	0.27%	Telephone, IntelleNet, Internet
Maintenance Services	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Projected @ NTE .50/member/month
Financial and Legal															
Accounting and Legal	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Projected @ NTE .50/member/month
Billing Costs	170,000	180,000	190,000	200,000	210,000	220,000	230,000	250,000	265,000	280,000	295,000	310,000	2,800,000	0.27%	Projected @ NTE \$1/member/mo
Insurance	0	25,000	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	9,000	110,500	0.01%	Liability, Renters, Key man
Facilities And Rent	85,000	90,000	95,000	100,000	105,000	110,000	115,000	125,000	132,500	140,000	147,500	155,000	1,400,000	0.13%	Projected @ NTE .50/member/month
Office Supplies and Misc	8,500	9,000	9,500	10,000	10,500	11,000	11,500	12,500	13,250	14,000	14,750	15,500	140,000	0.01%	Other Expenses
Total Operating Expenses	5,437,701	5,781,729	6,084,257	6,403,285	6,722,313	7,041,341	7,360,369	8,012,651	8,484,080	8,962,622	9,441,164	9,920,205	89,651,716	8.63%	Total Operating Expenses Projected
NET PROFITS BEFORE TAX	22,274,051	23,557,014	24,881,476	26,189,439	27,497,402	28,805,364	30,113,327	32,767,939	34,710,539	36,672,483	38,634,427	40,595,871	366,699,333	35.29%	Net profit percentage of sales
Projected Taxes	6,682,215	7,067,104	7,464,443	7,856,832	8,249,220	8,641,609	9,033,998	9,830,382	10,413,162	11,001,745	11,590,328	12,178,761	110,009,800	10.59%	Provision for Taxes (Estimated only)
NET PROFITS AFTER TAX	15,591,836	16,489,910	17,417,033	18,332,607	19,248,181	20,163,755	21,079,329	22,937,557	24,297,378	25,670,738	27,044,099	28,417,110	256,689,533	24.70%	Net profit percentage of sales
Retained Earnings @ 50%	7,795,918	8,244,955	8,708,517	9,166,304	9,624,091	10,081,877	10,539,664	11,468,779	12,148,689	12,835,369	13,522,050	14,208,555	128,344,766	12.35%	Retained for IntelleCare State Network Growth
Returned to Stock Holders	7,795,918	8,244,955	8,708,517	9,166,304	9,624,091	10,081,877	10,539,664	11,468,779	12,148,689	12,835,369	13,522,050	14,208,555	128,344,766	12.35%	Returned To Stock Holders
Per share Earnings	0.31184	0.32980	0.34834	0.36665	0.38496	0.40328	0.42159	0.45875	0.48595	0.51341	0.54088	0.56834	5.13379		Per/share earnings

Appendix C

State Operating Template
Revenue Sharing and Statement of Operations Template

State Revenue Sharing Model

Business Environment

Each state or regional IntelCare subsidiary is expected to work in harmony with IntelCare, Inc. in all aspects maintaining a singular company image and product line. The objective of this collaboration is to implement and continuously improve a business model for mutual benefit in terms of growth, profitability and compliance.

A secondary agenda is to create an environment for competitive advantage while exhibiting vast barriers to entry. We believe that we have that model.

As stated elsewhere in this document, each state is a separate corporation. It has a full staff and board of directors. Since medical licenses are managed and regulated at the state level and since the Public Utilities Commissions of each state may differ in their implementation of the tariff and telecommunications public utility law, each state will have somewhat different implementation requirements, challenges and strategies for realization of target market sales and profit objectives.

Also, the laws governing movement, access and handling of medical information crossing state boundaries are unclear and wrought with difficult interpretations of actual liability. For these primary reasons, each state will maintain a statewide central repository for all members resident in the associated state.

Any states where IntelCare does not have an existing physical hub or repository, records storage will be handled through the IntelCare Nevada hub. We believe that Nevada best supports our model and has the least impacting restrictions regarding medical information, products and services.

Finally, since health care is practiced differently in every state and since rules for patient access and portability are federally regulated and yet to be finalized, each state may offer slightly different set of products and services to a somewhat different clientele environment.

Operating Statement Objectives

The following template is offered as a guideline regarding state revenue, cost and profit objectives. This template delineates the percentages of revenue that are shared with the parent company for licensing and central archive/repository maintenance. It depicts the cost of sales and general and administrative figures for the example categories listed. Additional notes provided to the far right of figures and subsequent to the following chart discuss the overall costs in more detail and the costs for central services, which state corporations may use.

The potential investor should note that the state corporations are not required to utilize the central services of the parent as related to customer products and services. However, certain quality and branding guidelines must be met throughout the corporate enterprise. The state corporations are required to participate in:

**Central repository licensing, royalties and maintenance,
Product improvement,
Cooperative programs for advertising and exposure,
Central administrative support including billing and accounting
Research
Other centrally provided support items**

The above list is not complete or comprehensive. It is provided as an example of the types of services provided by IntelCare, Inc. Also, state corporate contribution for all the above is collected via a fixed fee approach. Thus the state is aware of its total costs to the parent for the above services.

This fee is set at 20% of net collected revenue for the template and this figure will be the base starting point figure for the five state rollout discussed in this Memorandum. Such fees may vary depending upon individual state issues such as sales volume and regional cost of living/operations differences (i.e. California versus Kansas). Also, the scope of state support needs, and overall cost analysis may enter into the initial figure calculated by the parent.

It is not the intention of the parent to charge unreasonably for general central support and product maintenance/improvement services as an overall enterprise objective of the successful and profitable attainment and maintenance of market share. However, a reasonable profit is expected to be included within these fees. The individual state should still realize attractive cost pricing overall since resources are shared among several state corporations.

The following chart is simply an example template and is not intended to project actual figures or expectations of results. It is intended to explain the parent/subsidiary relationship that is planned for implementation through the IntelCare enterprise. IntelCare expects to attract investors and partners in each state corporation through private placement alliance agreements and other means. Therefore revenue and profits realized must be in balance and represent a mutually beneficial platform for all participants.

The following hypothetical chart assumes that a given state corporation achieves sales of 120,000 family and individual members by the end of its first full year of operation. This could equate to a twelve to twenty three month window to achieve such performance based upon start date.

The chart shows an example year (2002) and month of December 2002 giving effect of the final month (after a full year in operation) and an annualized figure for 2002. Monthly membership fees were estimated at our calculated worst case of \$15 per month per member adding an additional \$15 per month, per member for total ancillary purchases not counting long distance such as access and maintenance of medical records and use of call center and personal assistant personnel, as follows:

\$21,600,000	$120,000 \times \$15 = 1,800,000 \times 12 = 21,600,000$ (Monthly Fees)
\$21,600,000	$120,000 \times \$15 = 1,800,000 \times 12 = 21,600,000$ (Extra Purchases)

The chart further depicts that the template state sells some of IntelCare products services that year including:

\$1,200,000	in transcription services,
\$600,000	in HIPAA consulting services (from SBC Alliance)
\$5,760,000	in long distance/directory assistance ($120,000 \times \$4 = \$480,000/\text{month}/\text{member}$)

Also added were some of the IntelCare "reseller" services offered by SBC and other alliance partners including products like broadband interface, DSL, T1 lines, Bridge Conferencing, Video Conferencing, and Secured Facility Relocations. IntelCare has an "agency" agreement with SBC such that we can resell their product line. These were listed as a collective annual figure of:

\$2,400,000 in total reseller product and service volume

As this is not an actual projected operating statement, no reference to physician office sales (except for online transcription services) is listed. Also no figures for sales to hospitals or institutions were listed. The range of IntelCare products and services are vast when reseller products and services are considered. Therefore, the following chart is not representative of the actual sales and marketing efforts that IntelCare expects from state and regional corporations.

Also, this is a "U.S only" template and no mention is made of International regional corporations or associated templates. IntelCare expects to begin international rollout operations in early 2002 and is in talks with Bell Canada and Pacific Bell of Germany regarding first international rollout plans.

In the template chart below, figures were listed that are all evenly divisible by twelve (12) so that it would be easy to calculate monthly/annual figures. Since the overall goal is \$100,000,000 in sales over three to five years, the spreadsheet attempts to reach half or more of that goal so that the scale of costs versus revenues can be seen after significant success.

Template Operating Statement for State Corporation
(Example Figures Only) As of December 31, 2002

<u>Category</u>	<u>Dec 2002</u>	<u>Year-To-Date</u>	<u>%</u>	<u>Comments</u>
Sales				
Recurring Monthly Membership Fees	1,800,000	21,600,000	39,130%	Family/Individual Plan 120,000 members @ \$15/Month
Products/Services (Extra purchases)	1,800,000	21,600,000	39,130%	Extended Services for personal assistants/update
Online Medical Transcription Services	100,000	1,200,000	2.174%	For Physicians, Nurses and Others (Separate Effort)
Consulting Services	100,000	1,200,000	2.174%	As requested by SBC for SBC Existing Customers
Long Distance Services (Estimate \$5/Member/Mo)	600,000	7,200,000	13.043%	Range 4.9 Cents Residential, to 12 Cents Commercial
SBC and Alliance Product/Service Sales	200,000	2,400,000	4.348%	As Agent for SBC and Subsidiaries
Gross Sales	4,600,000	55,200,000	100.000%	Template Total Sales Figure
Promotional Discounts & Allowances	-230,000	-2,760,000	-5.000%	5% of sales set aside for promotions, refunds and gifts
Net Sales	4,370,000	52,440,000	95.000%	Template Total Net Sales Figure
Cost of Sales				
Fixed Central Support Services	874,000	10,488,000	19.000%	Effect of 20% of Net Revenue
Internet Connect for Members	168,000	2,016,000	3.652%	\$2/Month/Member wanting Internet (Est: 70% of Base)
Estimated Extra Purchases By Members	900,000	10,800,000	19.565%	Estimated at 50% of Extra Purchase Sales
Cost of Transcription Services	65,000	780,000	1.413%	Estimated at 65% of Selling Price (See Notes)
Consulting Service Costs	50,000	600,000	1.087%	Estimated at 50% of Consulting Revenue
Long Distance Services	270,000	3,240,000	5.870%	Estimated at 50% of LD Sales
SBC and Alliance Resale Inventory for Orders	140,000	1,680,000	3.043%	Estimated at 70% of Resale Revenue
Total Cost of Sales	2,467,000	29,604,000	53.630%	COS Objective Range (50% to 55%)
Gross Profit	2,133,000	25,596,000	46.370%	Using Gross Sales Figure to calculate Percentages
Estimated General & Administrative Expenses				
Management & Administration				
Management Salaries	46,000	552,000	1.000%	Estimated not to Exceed 1% of Sales After Ramp Up
Receptionist/Secretary	3,000	36,000	0.075%	Estimated at Market
Administrative Assistants (2)	8,000	96,000	0.174%	Estimated at Market
Total Management & Administration	57,000	684,000	1.239%	
Sales & Marketing				
Inside Sales Force	23,000	276,000	0.500%	2 Individuals (Maintain @ 5% of Sales or Less)
Commissions and Incentives	184,000	2,208,000	2.208%	Calculated at 4% of Net Sales Overall
Sales Support Assistants	9,200	110,400	0.200%	Suggest 0.2% of Net Sales
Customer Training/Support	10,000	120,000	0.217%	Estimated at \$1/Member
Promotional Materials	10,000	120,000	0.217%	Estimated at \$1/Member
Total Sales & Marketing Expenses	236,200	2,840,400	5.135%	
Accounting & Legal				
Accounting & Legal	184,000	2,208,000	4.000%	Includes Billing, Collections and Associated Costs
Insurance	4,600	55,200	0.100%	Estimated at 0.1% of Gross Revenue
Total Accounting & Legal Expenses	188,600	2,263,200	4.100%	
General Expenses				
Rent & Facilities	9,200	110,400	0.200%	Estimated at 0.2% of Gross Revenue
Telephone & Communications	4,600	55,200	0.100%	In-House Use (Not Associated with Members)
Statewide Network Configuration Leasing (1,000,000)	25,000	300,000	0.543%	Estimated 5-year Lease using .0245 and 1,000,000
Additional Hosting/Support Services	10,000	120,000	0.217%	Estimated at \$1/Member Overhead (Optional)
Office Supplies and Miscellaneous	1,000	12,000	0.022%	
Total General Expenses	49,800	597,600	1.083%	
Total Operating Expenses	531,600	6,379,200	11.556%	Maintain at approx. 10% to 15% of Gross Revenue
Net Profits Before Taxes (Template Use Only)	1,601,400	19,216,800	34.813%	
Provision for Federal Income Taxes	-400,350	-4,804,200	-8.703%	Estimated at 25% of Gross Profits With Parent Filing Consolidated Return
Projected Net Profits After Taxes (Template Use Only)	1,201,050	14,412,600	26.110%	Estimated Net Between 20% and 30%

Notes to Template Operating Statement

General

The above template gives hypothetical effect of a statewide corporation after it has attained a volume of 120,000 members and sales in a few of the revenue categories associated with IntelCare products and services.

Figures are presented for the last month of a calendar accounting year under "Dec., 2002" in the spreadsheet; where 120,000 members are customers. Additional figures in the "Year-To-Date" column reflect a full 12-month period of having the same 120,000-member base. This does not reflect actual or anticipated operating results or pro forma. Although, IntelCare has expended considerable time and expense to ascertain the appropriate percentages used to calculate costs and allocations of expenses, each area of the U.S. will be different.

While the categories presented in the template represent some of the actual categories of revenue and expenses we expect to use, each state will provide the parent company with comprehensive projections and budgets as part of its business plan and performance criteria for review and approval by IntelCare, Inc. Considerable study has already gone into the preparation of reports for Texas, California, Florida and Ohio.

It is not recommended that the template be viewed using a percentage of the overall revenue and expenses. For example, if only 12,000 members were considered in the template resulting in total revenue of \$360,000 monthly or only \$4,320,000 annually, available profits for operating expenses would be approximately 1/10 of the original template and possibly not sufficient to sustain a viable business operation. Certainly, some of the figures will apply in all instances. Thus, if the "cost of sales" for an item or service is 50% of selling price, whether the revenues are 100,000 or 1,000,000, the figures would be correct overall. This should be taken into consideration by the potential investor as it could significantly impact operational results and anticipated profits.

IntelCare has set initial market cap estimates of \$1,500,000,000 or 1.5 billion in sales by the end of five full years of operations subsequent revenue realization. Each of our 20 major states is expected to yield revenue in excess of \$100,000,000 annually. That equates to approximately 275,000 members overall per state using the \$30 per month per member model for family and individual members. In larger states, including the rollout states, we believe that we can attain membership subscriptions in excess of 500,000 "individual and family" members per state at higher than \$30/member/month revenue yield. When considering physicians, hospitals and all the other products and services of the combined SBC/IntelCare product line, we believe that actual revenue figures will be many times the above.

Sales

Please refer to the "Sales" category in the above chart while considering the information below. Sales figures reflect 120,000 members in the "family and Individual" category. No other membership categories were listed on the template. Other member categories include:

- Physicians and Practices
- Hospitals and Institutions
- Resellers and Alliance Partners
- Machines and Equipment Interface Monthly Recurring Fees
- Miscellaneous members and Non-Member Access Fees

Thus, only one of the categories of sales was used to achieve our "template" revenue objective.

Each member can select the "basic" or "extended" membership. The basic membership sells at approximately \$15/month and includes access to and management of medical records, unlimited Internet access (family content only), 4.9 cents/minute residential long distance service, approximately \$50,000 in coupons and savings for members, and other benefits. The extended membership sells for approximately \$30/month and contains additional benefits.

“Recurring Monthly Membership Fees”

Figures are presented for basic membership sales only and are calculated at: 120,000 members x \$15 = \$1,800,000 or \$21,600,000 annually.

“Products/Services (Extra Purchases)”

Figures estimated for additional product and service purchases by the above mentioned members were calculated at our worst-case business model figure of \$15/month. This includes:

Any member desiring the “extended” plan (Approximately ½ are expected to purchase the extended \$30/month plan)

Any additional fees for family members living in the same household desiring membership

Sales associated with products available to members via WEB or private network e-business interface

Additional promotional items provided to members via our alliance partners and SBC

“Online Medical Transcription Services”

Online medical transcription revenue listed next, generated via trade-show and traditional advertising exposure, and through the SBC sales force, is significant revenue potential for IntellectCare. Such revenue is not necessarily or directly associated with members or their purchases. Members can use the online transcription service by pressing “00” on a home telephone. This can be used to facilitate medical records access and update under HIPAA rights, self care participation, and voice input to send faxes, etc. None of the revenue listed in this category is associated with member use of this service.

The selling price for this service ranges from one and one-half cents per word to two and one half cents per word, depending upon complexity, i.e., medical versus non-medical, extended service, and similar pricing strategies and incentives.

The following IntellectCare internal calculation matrix information may be helpful:

Average Words per Line	7 to 10 (Use 10 Characters in Speed Calculations)			
Average Characters per Word	7 to 10 (Use 8 Characters in Speed Calculations)			
	Low	Med	High	Exceptional
Average Keystrokes per Minute	150	200	300	400
Average Keystrokes per Second	2.500	3.333	5.000	6.667
Average Keystrokes per Hour	9,000	12,000	18,000	24,000
Average Words Per Minute	18.75	25.00	37.50	50
Average Words Per Hour	1,125	1,500	2,250	3,000
Average Lines Per Minute (80 Char/Line)	1.875	2.500	3.750	5.000
Average Minutes to Complete 1 Line	.533	.400	.267	.200
Average Minutes to Complete 1 Word	.053	.040	.027	.020
Average Minutes to Complete 1 Character	.00666	.005	.00334	.0025
Average Seconds to Complete 1 Line	31.98	24	16.02	12
Average Seconds to Complete 1 Word	3.198	2.4	1.602	1.2
Average Seconds to Complete 1 Character	.3996	.3	.2004	.15

Using various calculations, we summarize that the retail price for good transcription work equates to a range from \$20 to \$30 per hour and employees that do the work are paid approximately ½ that depending upon speed and accuracy. In some cases where outsourcing is associated, the price paid by IntelCare for transcription services ranges from \$15 to \$25 per hour.

We do not anticipate that we would pay more than \$20 per hour for any services we would resell. Our expectation, and the ideal case, is that we will yield a retail revenue stream of \$30 to \$35 per hour overall for the most involved work and pay \$15 to \$18 per hour. However, the customer is charged on a per word or per line basis and transcription operators are expected to be paid on a per keystroke basis.

From a perspective of a selling price per word at a yield of \$30 per hour, we consider the following using the medium scale:

25 words per minute x 60 = 1,500 words per hour, and $\$30/1,500 = .02$ (cents per word)

From a perspective of a selling price per line at a yield of \$30 per hour, we consider the following using the medium scale:

1,500 words per hour divided by 10 words per line = 150 lines per hour
By dividing 150 by \$30 we get .20 or twenty cents a line.

Volume discounts can be provided to large customers.

“Consulting Services”

Our relationship with SBC affords us additional revenue streams for providing expertise in the area of HIPAA compliance and readiness consulting and technology. We believe potential revenue streams in this area will be substantial. Based upon a selling price to customer of \$175 per hour, this figure represents approximately 572 hours per month to professional organizations and SBC clients.

This can also be looked at other ways including fixed price work, which ranges from \$10,000 to \$15,000 per month per individual. These services are exclusive of certain expenses that are to be paid directly by the customer. Therefore, they are not represented in the template.

“Long Distance Services”

Our selling price for long distance varies and is in line with market deep-discounted rates. Residential long distance is provided at 4.9 cents per minute. Commercial rates range from 5 cents to 8 cents per minute. Special rates for calling cards and for conferencing range from 12 cents per minute to 40 cents per minute.

Because of this variability, we used a different calculation base for this template. We believe that members will buy \$5 per month of long distance as a worst-case scenario, and \$50 per month on the high end – a ten to 1 scale. We think this is in line with industry figures. However we used the low of \$5 for the template. Thus:

120,000 members spending \$5 per month avg. each = \$600,000 per month or \$7,200,000 annually

Worst-case (cost of sales) figures charged to the state corporations from IntelCare parent for long distance reseller pricing are set at approximately ½ of selling price when the variable price range is considered. The cost of sales should be stable because the parent will buy in large volume for all in-house and customer use “enterprise-wide”. IntelCare receives the best pricing possible (by contract) from SBC and will shop for additional bulk long distance services as appropriate to keep costs contained.

Long distance services may be extended to employees and non-medical customer who are directly or indirectly related to IntelCare. Thus, we believe the template revenue listed for gross long distance volume justifies being considered a low figure.

“SBC and Alliance Product/Services Sales”

As part of our overall agreements with SBC, we have an “agent” status with the ability to resell much of their products and services. While this is not in our direct “core competent” direction, customers may desire additional telecommunications and data/voice services. IntelCare is not required to provide a direct sales effort for most of this revenue as the SBC sales force provides commissions and percentages for products/services sold to our customers. The associated profit margin for this is modest as compared to other IntelCare products and services. Considering the limited effort and the high volume possible, we decided to include this revenue stream into the product line. This agent sales revenue stream could approach 10% of overall sales if more aggressive efforts and exposure were possible by state corporations.

Additionally, IntelCare will be active in the e-business market space providing some products and services over the Internet and others over the private network. While this e-business component is not expected to exceed 5% of overall sales, the addition of this category has great benefit to IntelCare. This places IntelCare, Inc. in the position to offer customers complete end-to-end solutions while integrating our product lines with SBC, thus showing higher revenue and success overall.

With regard to other alliances, IntelCare intends to resell, rent or otherwise make available special products and services that enhance our network.

In summary, with 10% from agency streams, 5% from e-business and as much as 5% from other alliance resell products, this category could effectively yield 20% of sales. However, for purposes of the template, this category is listed at a low of 4.348% of gross sales with a cost of sales set at a higher average of 70%, resulting in a 30% gross margin overall.

“Promotional Discounts & Allowances”

An investment in market share capture and “give away” incentive programs is essential to rapid growth and acceptance. We estimate that a 5% of gross revenue set aside figure gives attention to this matter in a substantial way. This figure is considered a “Not to Exceed” budget for such promotional contribution costs. The actual cost of sales and all other critical allocations for general and administrative expense percentages are based upon Gross Revenue rather than Net giving the effect of the highest cost calculation throughout.

Cost of Sales

“Fixed Central Support Services”

The figure of 20% of net collected revenue is shared with IntelCare, Inc., by each state. This is broken down into software licensing, technology licensing, network central facilities usage, member and state archive establishment, maintenance fees and royalties paid to 3rd parties for ancillary software and technology acquisition. The following paragraph outlines the rationale for this structure.

It is the intention of the parent company to sell shares of common stock in some of the state corporations under separate memorandums to facilitate initial time to market, overall growth and funding. These shares are expected to be of a minority interest. However, IntelCare may entertain other offers, as the Board of Directors deems appropriate. Some of the states will be 100% owned by IntelCare, Inc. In the IntelCare business model, each state must operate on its own, under state medical license laws, state corporate laws, Federal laws, HIPAA regulations, and so forth. The formula for a “franchise like” implementation provides an excellent vehicle for success and for realization of the model. Also, since we are applying to become a telecommunications company, both as an Inter-Exchange Carrier (IXC) and as a Competitive Local Exchange Carrier (CLEC) we will be further regulated by the Public Utilities Commission of each state. The parent company expects to centralize and provide several central network products, services, technology and support to each state corporation, especially in the initial developmental stages to minimize its complexity of operation and market entrance timeline.

This allows the state corporation to begin producing revenue using a sophisticated infrastructure, without major capital expense and resources usually required to achieve such levels of service, and to share the burden of such costs and integration with the parent company, and all other states combined.

Fixed cost sharing also facilitates an "inter-company" transaction so that a consolidated tax return can be filed for the enterprise with attractive taxation implications, especially during the U.S. growth period. Another objective of this approach is to minimize the cost of provisioning for each state and the parent company. Also, centralized, shared cost product development/improvement, intellectual property protection and related costs can be contained in this cooperative environment. This stimulates partnering and 3rd party participation at the enterprise level. The additional services of 3rd party and in-house network software implementation, maintenance, leasing and financing options tend to create expendable lower cost figures and stabilize cash flows for the states across the enterprise. This amplifies the states scale up capability until predictable growth and stability are achieved.

Specifically, this figure includes state provisioning of all software necessary to provide all IntelCare software-based services to the state corporation and all of its members. This includes both telephone based and desktop-based software packages. All maintenance of software, intellectual property, licensing issues and so forth are handled by the parent company for the states. Certain amounts of the 20% are associated with member family account archive setup and central archive establishment/maintenance. All records of all members in each state are mirror archived with the parent central data center.

IntelCare central libraries, (IntelleLib™), publications/documentation and other central information for audio/video on demand are made available to the states through the parent company as part of the cooperative revenue sharing and support fee.

From a state operations viewpoint, the amounts necessary for each state to purchase such items separately, integrate them and support them far exceed the 20% and would require a large pool of human resources. They would not be variable based upon revenue generated. Thus, this amount is the lowest and best cost possible to achieve provisioning. Initially, the amount is set at 20% of net collected revenue; however, this amount will be reviewed annually and may be adjusted up or down depending upon overall costs to provide services enterprise-wide. The parent company expects to cover all costs and realize a modest but reasonable profit from the state corporations to facilitate its ability to improve operations, facilities, products and services and customer satisfaction.

"Internet Connect for Members"

For the "family and individual" member market target, we anticipate that highest quality (backbone level) Internet service can be provided through SBC and IntelCare, Inc. on a cooperative basis to maintain the lowest-cost possible provisioning. This would be the same Internet connectivity provided to SBC's biggest customers and far more reliable and stable than typical ISP services not located at backbone data centers. Generally speaking, the wholesale cost to provision a "dial-up" Internet account with such highest-quality connectivity ranges from \$4 to \$12 per month depending upon ISP, location and other factors. Suggested competitive retail price for such connectivity ranges from \$14.95 to \$29.95 per month.

IntelCare will provide "family content only" as a default, which is in line with our corporate goals to eliminate problematic interference with data and protect privacy. Such filtering is focused on content based upon known and trusted sites; thereby providing children and general family viewing/interface. However, the member (using telephone IVR based "00" services), can lift any and all filtering for any family members in the household.

By consolidation of costs, network resources, volume purchasing, and load balancing, IntelCare can provide the state corporations with a cost of \$2 per member per month for unlimited highest business quality access. Therefore the listed figure gives effect of applying \$2 per month to 84,000 members or \$168,000 per month overall. This figure represents a membership buy in of 70% as calculated against the overall 120,000-member objective.

“Estimated Extra Purchases by Members”

This figure establishes a direct cost against sales listed under “Sales: Products/Services (Extra Purchases)” of 50%. IntelCare will strive to, but not be obligated to, keep the cost of sales figures in this category to a not-to-exceed level of 55% of gross sales. Since services in this category are IntelCare based and not generally driven by 3rd party partnering or reseller agreements, this percentage should be attainable. Thus, the state corporations should be able to double direct cost of sales figures in order to calculate selling price before discounts. Most items in this category are services rather than products requiring no inventory for customer fulfillment. All figures are exclusive of taxes and related amounts. Examples of services in this category are “00” directory assistance and sending a fax by voice, using the IntelTalk™ service.

“Cost of Transcription Services”

Rationale for these services was treated above under “Online Medical Transcription Services”. In short, IntelCare will strive to keep direct costs in this area to approximately 65% of selling price where realized revenue is at least \$30 per hour average annual yield.

Thus, if the desired revenue goal, (as stated under sales above), is from \$30 to \$35 per hour, the following gives effect of direct costs:

$\$30 * 65\% = \20 per hour, direct cost of sales

$\$35 * 65\% = \23 per hour, direct cost of sales

This is a fully loaded figure and net to the state corporation. The state corporation can participate and provide this service under the same terms to the parent company or other state corporations within the enterprise encouraging collaboration and specialty cultivation.

The state corporation is under no obligation to use the parent company for all such services and can hire in-house personnel or partner with customers and others to achieve quality medical transcription service. However, the parent company has the first right to match costs should the state corporation find a less expensive solution of the same quality. It is the intent of IntelCare to monitor quality of service heavily, especially when multiple stockholders are associated with a state corporation.

The implementation of IntelCare's inter/intra-corporate resource and customer participation specialty sharing program is beyond the purpose of this Memorandum.

“Consulting Service Costs”

IntelCare will strive to keep direct costs for human resources provided to state corporations and associated with technology and HIPAA consulting to ½ of selling price. This is not always possible especially when sub-contractors are used or employed on a time and materials or on a per-engagement basis. IntelCare's management believes strongly that “over outsourcings” (a problem seen recently with the “dot.com” wave) is not in the best interest of our goals and core expertise building objectives. Therefore, we will move forward acquiring employees and building an in-house base of exceptional expertise to address consulting needs in a professional and highest-quality way. Based upon this goal, cost of sales at 50% should be in range.

For example, if the market rate for a management consultant is \$150,000 annually, including overhead, then the average cost to the company is \$75 per hour. If the rate to the customer for such a resource is set at \$150 or \$175 per hour plus expenses, the cost of sales goal is met and exceeded. In contrast, if the market hourly rate for such an individual on a sub-contractor basis is \$110, with selling price at \$175, the 50% model cannot be achieved. An additional disadvantage of sub-contracting is that the company has little to no management supervisory control over the individual or work quality.

IntelleCare views consulting service sales as a promising area of growth potential especially in light of new trends in technology (convergence with telephony and information technology), and HIPAA legislation.

“Long Distance Services”

An important component of IntelleCare's business model and implementation strategy, is provisioning the telephone as a workstation or terminal and integration of voice to text.

To achieve this we must be able to capture certain information such as the caller-id, “00” transactions and other information. Also, to create a complete audit and private protection solution for medical record access, management and movement, we must be in a position to achieve control over the customer telephone equipment and environment. To achieve this completely, we must also become the long distance provider for the customer.

Certain features of the IntelleCare network service line can be achieved without switching to IntelleCare for long distance but this is not as effective or desirable unless the customer is away from home, using our cellular interface, or traveling or out of the office. In these cases, the network can be accessed by dialing a toll-free or IntelleCare “1010” number for access and identify verification.

Since we are in alliance with SBC, we receive very attractive pricing for long distance service (domestic and International), thus, we can pass on substantial savings to customers while achieving attractive profits. This section also includes customer purchase/rental of toll-free numbers, conference calling, conference bridge purchase, calling card access and International services.

When analyzing costs overall, it is difficult to calculate actual direct cost of sales. So many variables are associated, including but not limited to: price per minute, minimal billing unit, use of call forwarding, conferencing and so forth. However, industry numbers have had decades to perfect models for revenue versus expenses. Setting the cost of sales based upon our model at 50% is within range. See the section on sales above under “Long Distance Services (Estimate \$5/member/Mo)” for selling and pricing strategy.

The actual selling price for long distance ranges from 4 cents per minute residential domestic to 35 cents per minute for conference call participants. Commercial rates range from 5 cents per minute to 14 cents per minute. Special situations such as monitored calling, calling card services, call recording and so forth add to the complexity for determining if 50% direct cost is too high. For this hypothetical template, we believe that family members will spend about \$5 per month each overall at 4.9 cents per minute, which is low. Therefore, sales figures are based upon 4.9 cents and \$5 per member per month.

“SBC and Alliance Resale Inventory for Orders”

Reselling the products and services of others is not the primary objective but is within our central theme of end-to-end customer solutions and presents huge opportunities for high-volume revenue streams. With Southwestern Bell and subsidiaries selling a broad range of products and services directly and nationwide, we do not want to set up a competitive atmosphere for the alliance.

However, there are cases where we will be responsible for a customer purchasing items from one of the many SBC companies, and in such cases, we will receive nominal percentages of the sale ranging from 10% to 60%. Other cases will arise where the customer will purchase items directly from IntelleCare either over the phone, in response to advertisements, over the WEB or over our private Network live e-business interface. In these cases, profits realized are somewhat higher. Finally, we intend to co-brand many of the products; it will be hard to ascertain whether the sale was actually consummated by an SBC company alliance partner or IntelleCare or both. An example of this multiple company involvement could be joint sales realized from cooperative trade show participation or where joint customer sales calls are made.

We intend to publish many thousands of products and services descriptions of the SBC companies' offerings on the private e-business sites for customer selection and purchase, including live “infomercial” like broadcasts over broadband. We intend to make products and services available over the phone where customers can listen to descriptions and make secured purchases.

This section will also include the products of 3rd parties such as medical supplies, home testing kits, and so forth. In summary, we believe that the sales generated from this segment will be very high and add to our overall annualized revenue objectives. However, we think this product category (very-high-volume and low-profit) is listed in the template as a fraction of what could be possible. The direct cost to state corporations is listed in the mean range of 70% of gross sales resulting in a 30% difference for gross profit.

“Total Cost of Sales”

“Gross Profits”

Our goal is to keep total direct costs within the range of 50% to 55% of gross sales after the state has achieved stable cash flows and substantial recurring income streams. Many promotional product discounts and give-away products are planned at the beginning (at 5% of gross sales) making the cost of sales slightly higher in this case.

The actual gross profit is listed at \$25,596,000 (twelve months inclusive). The percentage gross profit calculates to 46.370% using gross sales as a base. If we used net sales as a base then gross profits would become the following percentage of total net sales (41.370%) This reflects the 5% set aside for discounts and allowances.

“Estimated General and Administrative Expenses”

Expenses in this area are highly dependent upon the operations, economic differences and variables associated with each state. Certain percentages are industry standard and present no difficulty to calculate. Other percentages are highly speculative. This template attempts to paint a worst-case picture of expenses for a hypothetical state corporation achieving 120,000 members and some sales in various categories. IntelCare expects the management team in each state to provide pro forma as to general and administrative expense options and strong justifications for all figures for review and mutual approval.

Rather than list rationale for each line item in this section, we will discuss general comments and concepts below.

“Management & Administration”

We envision that the state offices will be moderately sized and of an executive nature, as there will be little equipment, inventory, office systems or actual fulfillment operations to be accomplished. Each state may have various branch offices to support major cities and communities. We believe that branch offices will be smaller and look to the main state office for general support. Leadership of sales and growth are the primary activities.

In the template for total management team compensation and costs, 1% of gross sales is suggested. This number results in \$46,000 per month for available budget in this template and we believe this is a worst-case figure even if membership size reaches 500,000 members resulting in \$185,000,000 annually, using \$30 per month, per member as a base. We do not believe there is a direct correlation regarding the size of the membership base and the size of the state corporation management team.

The 1% figure is not feasible if sales are very low. There is a point where a minimum support level should be maintained in each state and associated branch offices. We believe that at least two individuals should be budgeted in management for the state corporation to be viable. Therefore we would not recommend using a blanket 1% of sales to calculate this figure in real situations.

It is difficult to ascertain the appropriate number of management individuals and appropriate compensation for them since this depends largely on state geography, sales success, office location and similar factors. The template figure listed reflects employment of from four to seven senior-level individuals. The state corporation may elect to set up branch offices in selected cities resulting in additional staffing needs.

Each state office is expected to handle secretarial and receptionist duties. While not voluminous, we expect that a high quality treatment is necessary based upon the nature of IntelCare business. Administrative support and assistance should follow the same attention to quality. The figures listed, we believe, are market for such human resources.

“Sales & Marketing”

The SBC sales force in selected states will support most of IntelleCare sales efforts. IntelleCare has identified several potential customers to date. Subject to funding, we can begin to realize immediate revenue in some of our sales categories listed. From an operations perspective, IntelleCare will compliment the SBC sales force and support it.

The parent company will assist all the state corporations with multi-state potential customer, with SBC sponsored events, and as necessary to achieve necessary sales goals. We expect state personnel to work closely with SBC in regional trade shows, seminars and direct sales efforts. The state corporations are actually responsible for all sales. The parent company does not sell products and services directly but supports the states in their sales efforts.

We calculated that the cost for an in-house sales support staff should be about ½ of the cost for a management team. This equates to ½ percent of sales or less.

The same situation will be seen with these calculations regarding costs as was discussed above regarding appropriate management team size and compensation. Each state must analyze its operation and determine appropriate sales support staff needs, size and compensation levels.

With regard to commissions, we are using parts of the SBC provided sales commission plan. It works somewhat like an insurance sales program for commissions where sales individuals are paid an attractive base (to maintain a low pressure approach) and an attractive percentage of the monthly membership fee and usage. After the first year of membership, the sales individuals would receive only ½ of the first year commission and in the third year ½ of that, ending compensation on that account except for new add on business. This plan has not been implemented and may require refinement and adaptation to the IntelleCare model.

IntelleCare's continuing and total support for the SBC's vast sales force is paramount to our success. It effects time to market, market perceptions and so many aspects of the sales process that it is one of the highest priority endeavors at which we must succeed. We believe that not less than 2 full-time individuals should be assigned by each state to this effort. Figures listed are set at 0.2% of net sales rather than gross. The correlation between sales volume and sales support staff size and budget is evident. However, for the purposes of this template, we simply list the nominal cost of two senior sales support individuals.

Each state corporation should host customer training and support. However, SBC will play a large role in providing support for this important aspect of customer retention and maintenance in the form of facilities, access to literature/documentation, access to call center and training personnel and so forth. Therefore, it would not be necessary for each state to build a full-featured training compliment. Likewise, IntelleCare, Inc. will provide central support for sales training, customer training and access to online training and documentation.

It is important to note that assistance from SBC greatly reduces the state corporations support staff size and costs. There will be a cost associated with SBC support and that has been listed in the template at \$1 per member per month to cover cooperative training and \$1 per member, per month for various promotional materials and documentation. This should be adequate when considering that not all members will take advantage of full training.

“Accounting & Legal”

This is an area, which creates considerable costs for the parent company and in concert, for the state corporations. General accounting and corporate legal support are minimal expenses, and each state corporation should maintain legal support within the state. However, the template lists 4% of sales as the cost for customer billing and this is in range for such a service. This is one of the highest costs and it must be accounted for. IntelleCare uses a combination of in-house equipment, software and outside services to accomplish the task enterprise wide.

“General Expenses”

With regard to rent and facilities, we envision an executive office-like facility since little to no equipment and production is required on the part of the state corporations.

Another area of considerable expense is statewide network provisioning. The network will be hosted and supported around-the-clock in secured special facilities as delineated elsewhere in the Memorandum. The configuration for each state ranges from \$1,000,000 to \$3,000,000. It is the intention of the parent company to lease such configurations to the state corporation. However, the state corporation is free to secure funding for this and other needs via private placement offerings, traditional banking relationships or private financing. The equipment configuration consists of but is not limited to:

- Telecommunications Switch
- Routing Hardware
- Relocation and Hosting Services
- Repository Storage and Backup Hardware/Software
- State Office Support Interface Equipment and Software
- IVR System and Associated T1 to DS3 provisioning
- Telecommunications Facilities (Frame relay, DSL, ATM, etc.)

The actual network configuration and associated provisioning is considered a trade secret. It would be beyond the scope of this document to discuss detailed architecture and line item costs. The general costs depicted in the template for 120,000 members relate to a \$1,000,000 installation, financed through traditional operational lease using a high factor of .0243 to calculate a 60-month payment and timeline. The deferred payment price (total of all payments over 60 months) equates to 1,458,000 with 458,000 in financing charges over the 60 months. This configuration should handle the total goal of membership requirements for family and individual plans to 500,000 members generating \$15,000,000 per month or \$185,000,000 annually in the associated state.

In this template, it is estimated that about one gigabyte of storage would be required to hold a family set of records, including multimedia. However, this does not take into consideration provisioning for other types of customers, especially hospitals. Storage, bandwidth and processing costs may double and triple to support large practices and hospitals. Feasibility studies should be conducted on a state-by-state basis in order to ascertain: 1) actual costs versus benefits and, 2) revenue versus expense possibilities necessary to achieve objectives of maximal profits and membership mix.

Each state is expected to analyze its overall sales objectives and market space planning over a three to five year achievement window. Subsequently, SBC and the IntellectCare parent will calculate and quote the appropriate configuration and support levels needed to attain such objectives. It is possible for the state corporations to utilize the central hub residing in Dallas, Texas and delaying installation of an in-state hub until such time as the state business achievements indicate it appropriate to do so. However, utilizing the parent company hub will result in higher costs for the state corporations and may be in direct conflict with HIPAA and other regulations.

COPY

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by IntelleCare-FL, Inc. 16610 North Dallas Parkway Building 2, Suite 1000 Dallas, TX 75248. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

IntelleCare-FL, Inc.
By: Phil Matteis, President
16610 North Dallas Parkway
Building 2 Suite 1000
Dallas, TX 75248

ISSUED DATE: March 27, 2001
EFFECTIVE DATE:

CHECK SHEET

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

SHEET REVISION

- 1 Original
- 2 Original
- 3 Original
- 4 Original
- 5 Original
- 6 Original
- 7 Original
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- 12 Original
- 13 Original
- 14 Original
- 15 Original
- 16 Original

**IntelleCare-FL, Inc.
By: Phil Matteis, President
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**ISSUED DATE: March 27, 2001
EFFECTIVE DATE:**

TABLE OF CONTENTS

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Section 3 - Description of Service.....12
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Note: If you have more than 30 sheets you need to attach an index to the tariff after this page.

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SYMBOLS SHEET

NOTE: These are the only approved symbols to be used in your tariff and this list of symbols must be copied verbatim.

D - Delete Or Discontinue

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

M - Moved From Another Tariff Location

N - New

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

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

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TARIFF FORMAT SHEETS

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

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

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

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

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

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

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

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

Company or Carrier – IntelleCare-FL, Inc..

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

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

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

Holidays - The Company's recognized holidays are New Year's Day, July 4th,

Thanksgiving Day, Christmas Day.

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

YOU CAN USE THESE AND/OR ANY OTHER DEFINITIONS YOU WISH: JUST REMEMBER TO DEFINE HERE ANY UNUSUAL OR UNIQUE TERMINOLOGY USED IN THE BODY OF YOUR TARIFF.

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SECTION 2 - RULES AND REGULATIONS

NOTE: Include in this section all of the rules and regulations you want to include - limitations, liabilities, restoration of service, interruption of service, maintenance, billing periods, refunds/credits, responsibilities of the customer, frequency restrictions, cancellations, non payment, etc.

2.1 Undertaking of the Company

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff. The Company's installs operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement. The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

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

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

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SECTION 2 - RULES AND REGULATIONS continued

2.2 Limitations (Cont.)

2.2.3 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.4 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company

2.3.1 The Company's liability arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur, unless ordered by the Commission.

2.3.2 The Company shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.

(B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

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SECTION 2 - RULES AND REGULATIONS continued

2.4 Interruption of Service

2.4.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the customer, or due to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in Subsection 2.3.1. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, or equipment, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.

2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.

2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

Credit = $A/720 \times C$

"A" - outage time in hours

"B" - each month is considered to have 720 hours

"C" - total monthly charge for affected facility.

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SECTION 2 - RULES AND REGULATIONS continued

2.5 Disconnection of Service by Carrier

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

2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.

2.5.2 A violation of any regulation governing the service under this tariff.

2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.

2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2.5.5 Service may be disconnected without notice for tampering with company equipment, for interfering with the service to other customers, for fraud, or in the event of a hazardous condition.

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EFFECTIVE DATE:

SECTION 2 - RULES AND REGULATIONS continued

THE FOLLOWING SUBSECTIONS DEALING WITH DEPOSITS AND ADVANCE PAYMENTS WILL BE IN THIS SECTION. RULE 25-24.490(2) FORBIDS COLLECTION OF ANY DEPOSITS, AND ANY ADVANCE PAYMENTS IN EXCESS OF ONE MONTH'S ESTIMATED CHARGES WITHOUT POSTING AN APPROPRIATE BOND OR OBTAINING A WAIVER OF THIS RULE. IF YOU DO NOT HAVE A BOND OR WAIVER YOU MUST STATE IN THIS SECTION SOMETHING TO THE EFFECT OF THE FOLLOWING:

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

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

2.8 Taxes

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

2.9 Billing of Calls

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

Bills will be issued by the Company monthly.

2.10 Resellers and Rebillers of the Service - Not Allowed

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SECTION 3 - DESCRIPTION OF SERVICE.

THE FOLLOWING MUST BE INCLUDED IN THIS SECTION: HOW CALLS ARE TIMED, CALCULATION OF DISTANCE (INCLUDING FORMULA), MINIMUM CALL COMPLETION RATE, AND DESCRIPTIONS OF EACH SERVICE YOU ARE OFFERING. PLEASE REFER TO SECTION 25-24.485 (3) (g)(6) OF THE FPSC RULES GOVERNING INTEREXCHANGE CARRIERS FOR SPECIFIC REQUIREMENTS AND USE THE FOLLOWING FOR FORMAT REFERENCE.

3.1 Timing of Calls

3.1.1 When Billing Charges Begin and End For Phone Calls

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

3.1.2 Billing Increments

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1 minute increments.

3.1.3 Per Call Billing Charges

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

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

3.2 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call. The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

The square root of: $(V1 - V2) + (H1 - H2)$

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3.3 Minimum Call Completion Rate

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all Feature Group D services ("1+" dialing).

3.4 Service Offerings

3.4.1 IntelleCare-FL Long Distance Service

IntelleCare-FL Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

3.4.2 IntelleCare-FL 800/888 (Inbound) Long Distance Service IntelleCare-FL 800/888 (Inbound) Long Distance Service is offered to residential and business customers. The service permits inbound 800/888 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount.

3.4.3 IntelleCare-FL Calling Card Service

IntelleCare-FL Calling Card Service is a calling card service offered to residential and business customers who subscribe to the IntelleCare-FL Long Distance Service calling plan. Customers using the Carrier's calling card service access the service by dialing a 1-800 number followed by an account identification number and the number being called. This service permits subscribers utilizing the Carrier's calling card to make calls at a single per minute rate. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges.

3.4.4 Operator Services

The Company's operator services are provided to residential and business customers who "**presubscribe**" to this service for intrastate calling. Operator services include the completion of collect, station-to-station, person-to-person, third party billing and credit card calls with the assistance of a Carrier operator. Each completed operator assisted call consists of two charge elements (except as otherwise indicated herein): (i) a fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station-to-station or person-to-person); and (ii) a measured usage charge dependent upon the duration, distance and/or time of day of the call.

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3.4.4.A Operator Dialed Surcharge

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

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

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

NOTE: Operator service from payphones or all aggregator locations must comply with the rate caps in sections 25-24.630 and 25-24.516, F.A.C for nonprescribed customers..

SECTION 4 – RATES

REMEMBER TO INCLUDE INTRASTATE RATES ONLY - DO NOT INCLUDE INTERSTATE RATES UNLESS THE CUSTOMER NEEDS THEM TO CALCULATE THE INTRASTATE PORTION OF HIS/HER BILL. NOTE: IF BILLING IS IN ANYTHING OTHER THAN MINUTE INCREMENTS, ADD ANOTHER COLUMN INDICATING THESE CHARGES.

4.1 IntelleCare-FL Long Distance Service

Rate per minute - \$0.10.

Plan is billed in full minute increments.

4.2 IntelleCare-FL 800/888 (Inbound) Long Distance Service

Rate per minute - \$0.12.

Plan is billed in six second increments with a six second minimum.

4.3 IntelleCare-FL Calling Card Service

Rate per minute - \$0.20.

Plan is billed in full minute increments.

4.4 Operator Services (For presubscribed customers)

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4.4.1 Usage Rates: The appropriate rate found under 4.1 or 4.3 shall apply.

4.4.2 Operator Charges:

Collect Station-to-Station \$1.00
Collect Person-to-Person \$3.25
Person-to-Person \$3.25
Station-to-Station \$1.00
Customer Dialed Calling Card \$1.00
Operator Dialed Calling Card \$1.75
Operator Dialed Surcharge \$0.75

4.5 Determining Applicable Rate in Effect

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

4.6 Payment of Calls

4.6.1 Late Payment Charges

A late payment Charge of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

4.6.2 Return Check Charges

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

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

IF YOU WANT TO OFFER SPECIAL PROMOTIONS YOU WILL HAVE TO PUT IN A SECTION EQUIVALENT TO THE ONE BELOW. PLEASE REFER TO RULE NUMBER (25-24.485(1)(i)).

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4.8 Special Promotions

The company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates, and be made part of this tariff.

4.9 Special Rates For The Handicapped

4.9.1. Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.9.2. Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.9.3. Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

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