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July 3, 2001

BY OVERNIGHT DELIVERY

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

010792-TI

RE: Foreclosure Sale Asset Purchase Agreement between Affinity Corporation
and Network US, Inc.

Dear Sir/Madam:

On behalf of Network US, Inc. ("Network") and Affinity Corporation ("Affinity") (collectively referred to as "Applicants"), this letter is to advise the Commission of a Foreclosure Sale Asset Purchase Agreement (the "Agreement"). Under the Agreement, CAA, Inc. ("Sub"), a wholly-owned subsidiary of Network, acquired substantially all of the telecommunications assets of Affinity, including but not limited to Affinity's customer accounts, pursuant to a Uniform Commercial Code Foreclosure Sale under Wis. Stats. Section 409.504 (the "Acquisition").

Prior to consummation of the Acquisition on February 2, 2001 (the "Closing"), Affinity had been suffering financial difficulties, and its customers were on the brink of experiencing disconnection of their telecommunications service. As a result, Network, through its wholly owned subsidiary, Sub, acquired the assets of Affinity in order to ensure uninterrupted service to Affinity's customers. Simultaneous with the Closing, Sub merged with and into Network, its parent company.

Due to the exigent circumstances which existed at the time of the Closing, Network acquired Affinity's customer base even though it did not, at that time, have authority from this Commission to provide telecommunications services to Affinity's customers. However, Network is hereby informing the Commission of the Acquisition. In addition, Network had arranged for Affinity to service to the affected customers pursuant to Affinity's existing

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authority in this State¹ until such time as Network obtain the requisite authority to provide services as a reseller in this state². Moreover, the customers of Affinity have already been given the opportunity to switch their service from Affinity to a different carrier.

The proposed Agreement will be beneficial to the involved companies as well as Affinity's customers. The Acquisition will not in any way be detrimental to the public interests of this State. On the contrary, the customers of Affinity (who were on the verge of having their service disconnected due to Affinity's precarious financial situation) have nonetheless continued to receive the same high quality service previously rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party and there will not be any increase in their rates due to this transaction at this time.

Network is a privately held Illinois corporation with principal offices located at W229 N1433 Westwood Drive, Suite 205, Waukesha, Wisconsin 53186. Sub is a wholly-owned Wisconsin subsidiary corporation of Network and maintains the same address. Network has registered as a telecommunications provider in this state. In connection with the Acquisition, Network has filed applications for the transfer of Affinity's certificate to Network or has filed applications for authority to provide interexchange telecommunications services in a number of other states.

Affinity is a privately held Wisconsin corporation with principal offices located at W229 N1433 Westwood Drive, Suite 205, Waukesha, Wisconsin 53186. Affinity is authorized to provide resold interexchange services in 48 states. Affinity is a certificated carrier in this State (see Footnote 1).

Applicants submit that the Acquisition accomplished the following:

- a. Affinity sold, transferred and assigned to Sub all of Affinity's right, title and interest in and to Affinity's assets, as defined in the Foreclosure Sale Asset Purchase Agreement.
- b. In consideration for the above transfer and sale of assets, Sub paid to Affinity the purchase price set forth in the Foreclosure Sale Asset Purchase Agreement.

¹ Affinity was granted authority to provide telecommunications service in this state in Docket 900839, effective May 1, 1991.

² Network has an application for authority to provide telecommunications service in this state pending in Docket 010792-TI, which was filed on May 31, 2001.

- c. Network simultaneously merged Sub, its 100% wholly owned subsidiary, with and into Network. All of Sub's issued and outstanding common stock was canceled and extinguished, and the separate existence of Sub ceased, in connection with the Merger, with Network remaining as the surviving corporation.

Network proposes these transactions to ultimately ensure that the service to Affinity's customers continues uninterrupted.

The customers of Affinity have been given the opportunity to switch their service from Affinity to a different carrier. Those customers of Affinity who chose not to switch their service to a different carrier will continue to receive service pursuant to Network's authority.

The technical, managerial and financial personnel of Affinity will assist with the transition and integration of the acquired Assets after the transaction, and along with the technical, managerial and financial personnel of Network, will continue to serve the transferred Affinity customers with the same high level of expertise.

Critical to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by Affinity. The Acquisition will serve the public interest in that it will ensure that current Affinity customers maintain uninterrupted service, notwithstanding Affinity's financial difficulties. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Network to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this state at competitive rates.

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

Enclosed please find an original and twelve (12) copies of this letter. Please date stamp and return the additional copy in the envelope provided.

Thank you very much for your assistance with this matter.

Respectfully submitted,



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Enclosures