



O'MELVENY & MYERS LLP

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LOS ANGELES
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555 13th Street, N.W.
Washington, D.C. 20004-1109
TELEPHONE (202) 383-5300
FACSIMILE (202) 383-5414
INTERNET www.omm.com

SAN FRANCISCO
TYSONS CORNER
HONG KONG
LONDON
SHANGHAI
TOKYO

October 30, 2001

OUR FILE NUMBER
883,433-001

WRITER'S DIRECT DIAL
202-383-5130

WRITER'S E-MAIL ADDRESS
rdyer@omm.com

VIA OVERNIGHT MAIL

Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0870

011433-TI

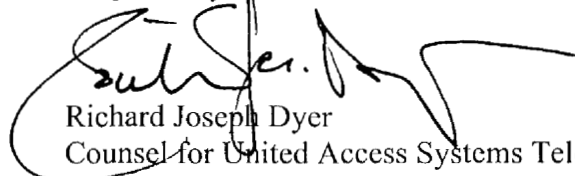
**Re: United Systems Access Telecom, Inc.
Application for Authority to Provide Telecommunications
Services in Florida**

Dear Ms. Bayo:

On behalf of United Systems Access Telecom, Inc., we hereby submit an original and six (6) copies of an application for authority to provide interexchange telecommunications service in Florida. Also enclosed, please find a check in the amount of \$250 to cover the associated filing fee.

Please date-stamp the enclosed extra copy and return it to us in the attached self-addressed, stamped envelope. Should you have any questions concerning this matter, please do not hesitate to contact the undersigned at (202) 383-5130.

Respectfully submitted,



Richard Joseph Dyer
Counsel for United Access Systems Telecom, Inc.

Enclosure(s)

RJD:ss

cc: Kathy Deschambault for Stephen J. Gilbert

DOCUMENT NUMBER-DATE

13746 OCT 31 01

FPSC-COMMISSION CLERK

**** 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

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 (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:

United Systems Access Telecom, Inc. ("USA Telecom")

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

N/A

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

5 Bragdon Lane

Suite 200

Kennebunk, Maine 04043

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

_____ 6.

Select type of business your company will be conducting (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 IXCs; 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: _____ N/A
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:**
_____ N/A

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

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

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:**
_____ N/A

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

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

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

Name: _____ N/A

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:** _____ N/A

15. Provide **F.E.I. Number** (if applicable): _____

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
(X) 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?

17. Who will receive the bills for your service?

- (X) Residential Customers (X) 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: Richard Joseph Dyer

Title: O'Melveny & Myers, LLP

Address: 555 13th Street, N.W. / Suite 500 West

City/State/Zip: Washington, D.C. 20004

Telephone No.: 202-383-5209 **Fax No.:** 202-383-5414

Internet E-Mail Address: rdyer@omm.com

Internet Website Address: www.omm.com

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

Name: Stephen J. Gilbert
Title: President / CEO
Address: 5 Bragdon Lane
City/State/Zip: Kennebunk, Maine 04043
Telephone No.: 207-467-8000 Fax No.: 207-467-8008
Internet E-Mail Address: _____
Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: Dan Kelley
Title: Customer Care Manager
Address: 5 Bragdon Lane
City/State/Zip: Kennebunk, Maine 04043
Telephone No.: 888-872-9400 Fax No.: 207-467-8008
Internet E-Mail Address: _____
Internet Website Address: _____

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.
Maine, Massachusetts, Pennsylvania (provisional),
and Rhode Island

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

Maryland, New Jersey, and New York

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

N/A

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

N/A

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

N/A

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

N/A

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.

N/A

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

N/A

21. The applicant will provide the following interexchange carrier services $\sqrt{\quad}$ (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. **MTS with route specific rates per minute**

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

c. **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:

Richard Joseph Dyer
Print Name

O'Melveny & Myers, LLP
Title

202-383-5130 202-383-5414
Telephone No. **Fax No.**

Richard Joseph Dyer /co
Signature

October 26, 2001
Date

Address: 555 13th Street, N.W.
 Suite 500 West
 Washington, D.C. 20004

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:

Richard Joseph Dyer
Print Name

O'Melveny & Myers, LLP
Title

202-383-5130
Telephone No.

Address: 555 13th Street, N.W.
Suite 500 West
Washington, D.C. 20004

Richard Joseph Dyer /co
Signature

October 26, 2001
Date

202-383-5414
Fax No.

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:

_____	See Attached.
Print Name	Signature
_____	_____
Title	Date
_____	_____
Telephone No.	Fax No.
Address:	_____

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:

Richard Joseph Dyer

Print Name

O'Melveny & Myers, LLP

Title

202-383-5130

Telephone No.

Richard Joseph Dyer / RD

Signature

October 26, 2001

Date

202-383-5414

Fax No.

Address: 555 13th Street, N.W.
Suite 500 West
Washington, D.C. 20004

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____ N/A _____,

(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:

Print Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

Exhibits

Exhibit A	Certificate of Authority to Transact Business in Florida and Articles of Incorporation
Exhibit B	Managerial Qualifications
Exhibit C	Financial Qualifications
Exhibit D	Verification

EXHIBIT A

**Certificate of Authority to Transact Business in Florida
and Articles of Incorporation**

State of Delaware
Office of the Secretary of State

PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "UNITED SYSTEMS ACCESS TELECOM, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FIFTEENTH DAY OF OCTOBER, A.D. 2001.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

3389168 8300

AUTHENTICATION: 1391458

010512815

DATE: 10-15-01



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

October 16, 2001

JEANINE REYNOLDS
CSC
TALLAHASSEE, FL

Qualification documents for UNITED SYSTEMS ACCESS TELECOM, INC. were filed on October 16, 2001 and assigned document number F01000005389. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report/uniform business report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 245-6051, the Foreign Qualification/Tax Lien Section.

Buck Kohr
Corporate Specialist
Division of Corporations

Letter Number: 601A00057283

Account number: 072100000032

Amount charged: 70.00

TRANSMITTAL LETTER

TO: Registration Section
Division of Corporations

SUBJECT: United Systems Access Telecom, Inc.
(Name of corporation - must include suffix)

01 OCT 16 PM 2:31
FILED
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Dear Sir or Madam:

The enclosed "Application by Foreign Corporation for Authorization to Transact Business in Florida", "Certificate of Existence", and check are submitted to register the above referenced foreign corporation to transact business in Florida.

Please return all correspondence concerning this matter to the following:

Edward Burke
(Name of Person)

CSC The United States Corporation Company
(Firm/Company)

(Address)

(City/State and Zip code)

For further information concerning this matter, please call:

Edward Burke at (800) 927 9800
(Name of Person) (Area Code & Daytime Telephone Number)

STREET ADDRESS:
Registration Section
Division of Corporations
409 E. Gaines St.
Tallahassee, FL 32399

MAILING ADDRESS:
Registration Section
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Enclosed is a check for the following amount:

- \$70.00 Filing Fee
- \$78.75 Filing Fee & Certificate of Status
- \$78.75 Filing Fee & Certified Copy
- \$87.50 Filing Fee, Certificate of Status & Certified Copy

APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA

FILED
OCT 16 PM 2:31
SECRETARY OF STATE
TALLHASSEE, FLORIDA

1. United Systems Access Telecom, Inc.
(Name of corporation; must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. Delaware 3. 010543862
(State or country under the law of which it is incorporated) (FEI number, if applicable)

4. May 07, 2001 5. Perpetual
(Date of incorporation) (Duration: Year corp. will cease to exist or "perpetual")

6. Upon Qualification
(Date first transacted business in Florida. If corporation has not transacted business in Florida, insert "upon qualification.")
(SEE SECTIONS 607.1501, 607.1502 and 817.155, F.S.)
c/o Stephen J. Gilbert, Suite 200, 5 Bragdon Lane

7. Kennebunk, ME 04043
(Principal office address)

same as principal office address
(Current mailing address)

8. Full service telecommunications carrier providing discounted, local intrastate (toll), and interstate (long distance) services. To engage in any act or activity for which corporations may be organized.
(Purpose(s) of corporation authorized in home state or country to be carried out in state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box NOT acceptable)

Name: Corporation Service Company

Office Address: 1201 Hays Street

Tallahassee, Florida 32301
(City) (Zip code)

10. Registered agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Corporation Service Company

By: *Louise B. Smith*
(Registered agent's signature)

Louise B. Smith, Assistant Vice President

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and business addresses of officers and/or directors:

A. DIRECTORS

Chairman: See attached officers/directors rider

Address: _____

Vice Chairman: _____

Address: _____

Director: _____

Address: _____

Director: _____

Address: _____

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OCT 16 PM 2:31
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

B. OFFICERS

President: See attached officers/directors rider

Address: _____

Vice President: _____

Address: _____

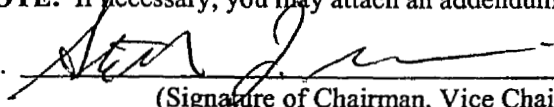
Secretary: _____

Address: _____

Treasurer: _____

Address: _____

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 

(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Stephen J. Gilbert, President

(Typed or printed name and capacity of person signing application)

OFFICERS/DIRECTORS RIDER

FL-Application by Foreign Corporation for Authorization

United Systems Access Telecom, Inc.

List of Officers

Name: Stephen J. Gilbert **Title:** President
Bus. Addr.: 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

Name: Don Hebert **Title:** CFO
Bus. Addr.: 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

List of Directors

Name: Stephen J. Gilbert **Term:**
Bus. Addr.: 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

Name: Don Hebert **Term:**
Bus. Addr.: 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

Name: Lynda Wijck **Term:**
Bus. Addr.: 5 Bragdon Lane, Suite 200 , Kennebunk, ME 04043

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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EXHIBIT B

Managerial Qualifications

MANAGERIAL QUALIFICATIONS

Stephen Gilbert possesses the managerial and technical qualifications necessary to manage the Applicant's telecommunications services. Most recently, Mr. Gilbert served as a Director and Executive Vice President of Log on America, Inc., a Competitive Local Exchange Carrier offering local dial-tone, in-state toll and long distance telephone services, as well as digital line subscriber (DSL) Internet access across the Northeast.

Mr. Gilbert received his undergraduate degree from the Massachusetts Institute of Technology in mathematics, economics and computer science. As a student at MIT's Sloan School of Management, he received a graduate degree settling into the development of an MIS Framework as his graduate thesis topic.

During that period he worked extensively in the fledging field of entrepreneurial studies and helped form the Institute for New Enterprise Development (INED).

Mr. Gilbert was instrumental in the development of the underlying structural foundation of various computer systems driving major corporations such as NCR, Iron Mountain, and Gettysburg Insurance, and his Library Archival System is still a mainstay for major research libraries such as Harvard, Cornell, Yale, and the University of South Carolina.

As a resident of Maine, Mr. Gilbert successfully built its largest and most sophisticated Internet service, and was able to provide low cost rural access in one of the most expensive Telco states in the United States.

Don Hebert is a graduate of the University of Maine in Orono with a major in Accounting and minor in Finance. He has over 20 years experience beginning with a variety of financial positions in manufacturing culminating as CFO. For the last 5 years, Mr. Hebert has moved into the telecommunications service sector. He worked closely with Mr. Gilbert as CFO of cyberTours and was pleased to have the opportunity rejoin a successful team.

EXHIBIT C

Financial Qualifications

Profit & Loss **CONFIDENTIAL**
FY 2001-2003

	FY 2001	FY 2002	FY 2003
Sales:			
UNEP	\$287,149	\$6,219,804	\$16,506,833
TSR	1,879,199	3,664,109	4,899,168
Net Sales	<u>\$2,166,348</u>	<u>\$9,883,913</u>	<u>\$21,406,001</u>
Cost of sales:			
Verizon	1,515,422	6,502,794	13,372,854
Gross margin	<u>\$650,926</u>	<u>\$3,381,119</u>	<u>\$8,033,147</u>
Operating expenses:			
Operations:			
Payroll & Vendor Billing	\$287,692	\$1,043,963	\$1,981,199
Merchant Fees	53,689	247,098	535,150
Voice Lines	10,832	49,420	107,030
Internet Site	18,000	36,000	36,000
Office Supplies	7,323	14,345	14,345
Equipment Rental	6,000	12,000	12,000
Software Purchases	6,000	12,000	12,000
Depreciation	83,333	166,667	166,667
Miscellaneous	7,000	12,000	12,000
Total Operations	<u>\$479,869</u>	<u>\$1,593,493</u>	<u>\$2,876,391</u>
Marketing:			
Salaries	\$21,475	\$53,314	\$55,158
Advertising Campaign	480,000	960,000	960,000
Miscellaneous	1,500	3,000	3,000
Total Marketing	<u>\$502,975</u>	<u>\$1,016,314</u>	<u>\$1,018,158</u>
General & Administrative:			
Salaries	\$215,501	\$414,989	\$481,809
Rent	21,000	36,000	36,000
Utilities	3,150	5,400	5,400
Insurance	17,500	30,000	30,000
Professional services	370,000	240,000	240,000
Bad debts	21,663	98,839	214,060
Travel	24,500	42,000	42,000
Meals & Enteratinment	5,250	9,000	9,000
Miscellaneous	7,000	12,000	12,000
Total General & Administrative	<u>\$685,564</u>	<u>\$888,228</u>	<u>\$1,070,269</u>
Total Operating expenses	<u>1,668,408</u>	<u>3,498,034</u>	<u>4,964,818</u>
Income from operations	(\$1,017,482)	(\$116,916)	\$3,068,329
Debt, lease, and other interest	<u>23,487</u>	<u>35,555</u>	<u>19,005</u>
Net income before taxes	<u>(\$1,040,969)</u>	<u>(\$152,471)</u>	<u>\$3,049,324</u>

**Profit & Loss
FY 2001**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001
Sales:													
UNEP	\$0	\$0	\$0	\$0	\$0	\$0	\$5,534	\$16,579	\$33,176	\$55,332	\$77,321	\$99,207	\$287,149
TSR	0	0	0	0	0	285,600	277,488	271,007	266,123	262,800	259,623	258,559	1,879,199
Net Sales	\$0	\$0	\$0	\$0	\$0	\$285,600	\$283,022	\$287,586	\$299,299	\$318,132	\$336,944	\$355,766	\$2,166,348
Cost of sales:													
Verizon	0	0	0	0	0	204,000	200,805	202,687	209,551	221,278	232,840	244,280	1,515,422
Gross margin	\$0	\$0	\$0	\$0	\$0	\$81,600	\$82,217	\$84,898	\$89,748	\$96,854	\$104,104	\$111,506	\$650,926
Operating expenses:													
Operations:													
Payroll & Vendor Billing	\$0	\$0	\$0	\$0	\$0	\$39,136	\$38,677	\$38,929	\$40,229	\$41,856	\$43,459	\$45,406	\$287,692
Merchant Fees	0	0	0	0	0	7,140	7,078	7,190	7,482	7,953	8,424	8,424	53,689
Voice Lines	0	0	0	0	0	1,428	1,415	1,438	1,498	1,591	1,685	1,779	10,832
Internet Site	0	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	18,000
Office Supplies	0	0	0	0	0	1,000	1,015	1,030	1,048	1,061	1,077	1,093	7,323
Equipment Rental	0	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Software Purchases	0	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Depreciation	0	0	0	0	0	0	13,889	13,889	13,889	13,889	13,889	13,889	63,333
Miscellaneous	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Total Operations	\$0	\$0	\$0	\$0	\$0	\$49,704	\$68,072	\$68,476	\$70,142	\$72,350	\$74,534	\$76,591	\$479,869
Marketing:													
Salaries & Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,295	\$4,295	\$4,295	\$4,295	\$4,295	\$21,475
Advertising Campaign	0	0	0	0	0	0	80,000	80,000	80,000	80,000	80,000	80,000	480,000
Miscellaneous	0	0	0	0	0	0	250	250	250	250	250	250	1,500
Total Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$80,250	\$84,545	\$84,545	\$84,545	\$84,545	\$84,545	\$502,975
General & Administrative:													
Salaries & Benefits	\$0	\$0	\$0	\$0	\$0	\$29,974	\$29,974	\$29,974	\$31,101	\$31,101	\$31,101	\$32,273	\$215,501
Rent	0	0	0	0	0	3,000	3,000	3,000	3,000	3,000	3,000	3,000	21,000
Utilities	0	0	0	0	0	450	450	450	450	450	450	450	3,150
Insurance	0	0	0	0	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	17,500
Professional services	0	0	0	0	0	250,000	20,000	20,000	20,000	20,000	20,000	20,000	370,000
Bad debts	0	0	0	0	0	2,856	2,830	2,878	2,993	3,181	3,369	3,558	21,663
Travel	0	0	0	0	0	3,500	3,500	3,500	3,500	3,500	3,500	3,500	24,500
Meals & Entertainment	0	0	0	0	0	750	750	750	750	750	750	750	5,250
Miscellaneous	0	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	7,000
Total General & Administrative	\$0	\$0	\$0	\$0	\$0	\$294,030	\$64,005	\$64,050	\$65,294	\$65,483	\$65,571	\$67,031	\$685,564
Total Operating expenses	0	0	0	0	0	343,734	212,326	217,071	219,982	222,378	224,750	228,167	1,668,408
Income from operations	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$130,109)	(\$132,173)	(\$130,234)	(\$125,525)	(\$120,646)	(\$116,662)	(\$1,017,482)
Debt, lease, and other interest	0	0	0	0	0	0	4,167	4,067	3,966	3,865	3,763	3,660	23,487
Net income before taxes	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$134,276)	(\$136,239)	(\$134,200)	(\$129,390)	(\$124,409)	(\$120,321)	(\$1,040,969)

**Profit & Loss
FY 2002**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002
Sales:													
UNEPP	\$126,714	\$177,230	\$233,260	\$288,938	\$356,096	\$434,720	\$530,795	\$626,203	\$720,944	\$815,061	\$908,520	\$1,001,325	\$6,219,804
TSR	255,045	259,296	264,922	270,450	278,746	289,788	305,006	319,858	334,335	348,504	362,317	375,843	3,664,109
Net Sales	\$381,759	\$436,526	\$498,182	\$559,388	\$634,842	\$724,508	\$835,801	\$946,061	\$1,055,279	\$1,163,565	\$1,270,837	\$1,377,168	\$9,883,913
Cost of sales:													
Verizon	260,635	296,366	336,356	375,610	423,957	481,226	552,175	621,697	689,812	756,616	822,077	886,266	6,502,794
Gross margin	\$121,124	\$140,160	\$161,825	\$183,777	\$210,885	\$243,282	\$283,626	\$324,364	\$365,467	\$406,949	\$448,759	\$490,899	\$3,381,119
Operating expenses:													
Operations:													
Payroll & Vendor Billing	\$47,650	\$52,585	\$58,480	\$63,881	\$70,531	\$78,797	\$88,545	\$98,072	\$107,792	\$116,899	\$125,800	\$134,931	\$1,043,963
Merchant Fees	9,544	10,913	12,455	13,985	15,871	18,113	20,895	23,652	26,382	29,089	31,771	34,429	247,098
Voice Lines	1,909	2,183	2,491	2,787	3,174	3,623	4,179	4,730	5,276	5,818	6,354	6,886	49,420
Internet Site	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Office Supplies	1,100	1,117	1,133	1,150	1,167	1,185	1,203	1,221	1,239	1,258	1,277	1,296	14,345
Equipment Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software Purchases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Depreciation	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total Operations	\$80,091	\$88,686	\$94,448	\$101,702	\$110,633	\$121,606	\$134,710	\$147,563	\$160,579	\$172,953	\$185,090	\$197,431	\$1,593,493
Marketing:													
Salaries & Benefits	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$4,443	\$53,314
Advertising Campaign	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Total Marketing	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$84,693	\$1,016,314
General & Administrative:													
Salaries & Benefits	\$32,273	\$32,273	\$33,492	\$33,492	\$33,492	\$34,760	\$34,760	\$34,760	\$36,078	\$36,078	\$36,078	\$37,450	\$414,989
Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Utilities	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Insurance	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional services	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Bad debts	3,818	4,365	4,982	5,594	6,348	7,245	8,358	9,481	10,563	11,636	12,708	13,772	98,839
Travel	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Meals & Entertainment	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total General & Administrative	\$67,291	\$67,839	\$69,674	\$70,286	\$71,041	\$73,205	\$74,318	\$75,421	\$77,831	\$78,914	\$79,987	\$82,421	\$888,228
Total Operating expenses	232,075	239,217	248,615	256,681	266,366	279,504	293,721	307,677	323,103	336,560	349,770	364,545	3,498,034
Income from operations	(\$110,951)	(\$99,057)	(\$86,990)	(\$72,903)	(\$55,481)	(\$36,222)	(\$10,095)	\$16,687	\$42,364	\$70,390	\$98,989	\$126,354	(\$116,916)
Debt, lease, and other interest	3,556	3,451	3,345	3,239	3,131	3,023	2,914	2,803	2,692	2,580	2,467	2,353	35,555
Net income before taxes	(\$114,507)	(\$102,508)	(\$90,335)	(\$76,142)	(\$58,612)	(\$39,245)	(\$13,009)	\$13,883	\$39,672	\$67,809	\$96,522	\$124,001	(\$152,471)

**Profit & Loss
FY 2003**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2003
Sales:													
UNEP	\$1,018,873	\$1,061,040	\$1,109,411	\$1,157,490	\$1,218,018	\$1,290,967	\$1,382,824	\$1,473,997	\$1,564,498	\$1,654,338	\$1,743,531	\$1,832,048	\$16,506,833
TSR	370,709	371,860	374,788	377,582	383,498	392,452	405,983	418,192	432,113	444,738	457,061	469,115	4,899,168
Net Sales	\$1,389,582	\$1,433,000	\$1,484,179	\$1,535,072	\$1,601,516	\$1,683,419	\$1,788,806	\$1,893,189	\$1,996,610	\$2,099,076	\$2,200,591	\$2,301,163	\$21,406,001
Cost of sales:													
Verizon	890,253	914,254	942,888	971,075	1,008,857	1,056,037	1,117,516	1,177,883	1,237,181	1,295,430	1,352,847	1,408,653	13,372,854
Gross margin	\$499,129	\$518,746	\$541,310	\$563,997	\$592,659	\$627,382	\$671,290	\$715,306	\$759,429	\$803,646	\$847,744	\$892,310	\$8,033,147
Operating expenses:													
Operations:													
Payroll & Vendor Billing	\$135,239	\$138,291	\$142,407	\$146,009	\$150,902	\$157,517	\$165,588	\$173,477	\$181,671	\$189,213	\$196,588	\$204,298	\$1,981,199
Merchant Fees	34,735	35,825	37,104	38,377	40,038	42,085	44,720	47,330	49,915	52,477	55,015	57,529	535,150
Voice Lines	6,947	7,185	7,421	7,675	8,008	8,417	8,944	9,486	9,983	10,495	11,003	11,506	107,030
Internet Site	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Office Supplies	1,100	1,117	1,133	1,150	1,167	1,185	1,203	1,221	1,239	1,258	1,277	1,296	14,345
Equipment Rental	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Software Purchases	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Depreciation	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total Operations	\$197,910	\$202,287	\$207,955	\$213,100	\$220,003	\$229,093	\$240,343	\$251,382	\$262,697	\$273,332	\$283,771	\$294,517	\$2,876,391
Marketing:													
Salaries & Benefits	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$4,597	\$55,158
Advertising Campaign	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000
Miscellaneous	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Total Marketing	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$84,847	\$1,018,158
General & Administrative:													
Salaries & Benefits	\$37,450	\$37,450	\$38,876	\$38,876	\$38,876	\$40,359	\$40,359	\$40,359	\$41,901	\$41,901	\$41,901	\$43,505	\$481,809
Rent	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Utilities	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Insurance	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
Professional services	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	240,000
Bad debts	13,894	14,330	14,842	15,351	16,015	16,834	17,888	18,932	19,968	20,991	22,008	23,012	214,060
Travel	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Meals & Entertainment	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Miscellaneous	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Total General & Administrative	\$82,543	\$82,980	\$84,917	\$85,426	\$86,091	\$88,393	\$89,447	\$90,490	\$93,067	\$94,092	\$95,107	\$97,717	\$1,070,269
Total Operating expenses	365,300	370,113	377,718	383,373	390,941	402,332	414,637	426,719	440,611	452,271	463,725	477,080	4,964,818
Income from operations	\$133,829	\$148,633	\$163,592	\$160,624	\$201,718	\$225,049	\$256,654	\$288,587	\$318,818	\$351,376	\$384,219	\$415,229	\$3,068,329
Debt, lease, and other interest	2,239	2,123	2,006	1,888	1,770	1,650	1,529	1,408	1,285	1,161	1,036	911	19,005
Net income before taxes	\$131,590	\$146,510	\$161,586	\$178,738	\$199,949	\$223,399	\$255,124	\$287,179	\$317,534	\$350,215	\$383,183	\$414,319	\$3,049,324

**Balance Sheet
FY 2001-2003**

	FY 2001	FY 2002	FY 2003
ASSETS			
Current assets:			
Cash and equivalents	\$234,340	\$603,914	\$3,813,461
Accounts receivable	177,883	688,584	1,150,581
Total Current assets	<u>\$412,223</u>	<u>\$1,292,498</u>	<u>\$4,964,043</u>
Property, plant, and equipment:			
Office equipment	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	83,333	250,000	416,667
Net Property, plant, and equipment	<u>\$416,667</u>	<u>\$250,000</u>	<u>\$83,333</u>
Other assets:			
Total Other assets	<u>0</u>	<u>0</u>	<u>0</u>
Total assets	<u><u>\$828,889</u></u>	<u><u>\$1,542,498</u></u>	<u><u>\$5,047,376</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$435,859	\$1,208,921	\$1,837,832
Accrued payroll	7,314	8,378	9,620
Current portion of long-term debt	158,048	174,598	94,040
Total Current liabilities	<u>\$601,221</u>	<u>\$1,391,897</u>	<u>\$1,941,492</u>
Non-current liabilities:			
Long-term debt:			
Lease debt	\$268,638	\$94,040	\$0
Shareholder loans	0	0	0
Total Long-term debt	<u>\$268,638</u>	<u>\$94,040</u>	<u>\$0</u>
Total liabilities	<u>\$869,858</u>	<u>\$1,485,937</u>	<u>\$1,941,492</u>
EQUITY			
Owners' equity:			
Capital Stock	\$1,000,000	\$1,250,000	\$1,250,000
Retained earnings	(1,040,969)	(1,193,440)	1,855,884
Total liabilities and equity	<u><u>\$828,889</u></u>	<u><u>\$1,542,498</u></u>	<u><u>\$5,047,376</u></u>

**Balance Sheet
FY 2001**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ASSETS												
Current assets:												
Cash and equivalents	\$0	\$0	\$0	\$0	\$0	\$368,821	\$103,153	\$219,645	\$90,182	\$217,121	\$98,757	\$234,340
Accounts receivable	0	0	0	0	0	142,800	141,511	143,793	149,650	159,066	168,472	177,883
Total Current assets	\$0	\$0	\$0	\$0	\$0	\$511,621	\$244,664	\$363,437	\$239,832	\$376,187	\$267,229	\$412,223
Property, plant, and equipment:												
Office equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	0	0	0	0	0	0	13,889	27,778	41,667	55,556	69,444	83,333
Net Property, plant, and equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$486,111	\$472,222	\$458,333	\$444,444	\$430,556	\$416,667
Other assets:												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Total assets	\$0	\$0	\$0	\$0	\$0	\$511,621	\$730,775	\$835,660	\$698,165	\$820,631	\$697,785	\$828,889
LIABILITIES												
Current liabilities:												
Accounts payable	\$0	\$0	\$0	\$0	\$0	\$517,760	\$383,157	\$385,489	\$394,136	\$408,260	\$422,193	\$435,859
Accrued payroll	0	0	0	0	0	5,995	5,995	6,854	7,079	7,079	7,079	7,314
Current portion of long-term debt	0	0	0	0	0	0	151,824	152,888	154,162	155,447	156,742	158,048
Total Current liabilities	\$0	\$0	\$0	\$0	\$0	\$523,755	\$540,776	\$545,230	\$555,377	\$570,786	\$586,014	\$601,221
Non-current liabilities:												
Long-term debt:												
Lease debt	\$0	\$0	\$0	\$0	\$0	\$0	\$338,409	\$323,079	\$309,637	\$296,084	\$282,418	\$268,638
Shareholder loans	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term debt	\$0	\$0	\$0	\$0	\$0	\$0	\$336,409	\$323,079	\$309,637	\$296,084	\$282,418	\$268,638
Total liabilities	\$0	\$0	\$0	\$0	\$0	\$523,755	\$877,185	\$868,309	\$865,015	\$866,870	\$868,432	\$869,858
EQUITY												
Owners' equity:												
Capital Stock	\$0	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$500,000	\$500,000	\$750,000	\$750,000	\$1,000,000
Retained earnings	0	0	0	0	0	(262,134)	(396,410)	(532,649)	(666,850)	(796,239)	(920,648)	(1,040,969)
Total liabilities and equity	\$0	\$0	\$0	\$0	\$0	\$511,621	\$730,775	\$835,660	\$698,165	\$820,631	\$697,785	\$828,889

**Balance Sheet
FY 2002**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ASSETS												
Current assets:												
Cash and equivalents	\$128,312	\$42,500	\$221,050	\$162,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$603,914
Accounts receivable	190,880	218,263	249,091	279,694	317,421	362,254	417,900	473,030	527,639	581,783	635,418	688,584
Total Current assets	\$319,191	\$260,763	\$470,141	\$442,113	\$442,419	\$473,346	\$546,172	\$644,091	\$766,697	\$915,103	\$1,090,519	\$1,292,498
Property, plant, and equipment:												
Office equipment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	97,222	111,111	125,000	138,889	152,778	166,667	180,556	194,444	208,333	222,222	236,111	250,000
Net Property, plant, and equipment	\$402,778	\$388,889	\$375,000	\$361,111	\$347,222	\$333,333	\$319,444	\$305,556	\$291,667	\$277,778	\$263,889	\$250,000
Other assets:												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Total assets	\$721,969	\$649,652	\$845,141	\$803,224	\$789,642	\$806,679	\$865,616	\$949,647	\$1,058,364	\$1,192,881	\$1,354,408	\$1,542,498
LIABILITIES												
Current liabilities:												
Accounts payable	\$455,994	\$498,887	\$547,236	\$594,356	\$652,388	\$721,527	\$806,693	\$890,171	\$972,393	\$1,052,654	\$1,131,328	\$1,208,921
Accrued payroll	7,343	7,343	7,587	7,587	7,587	7,841	7,841	7,841	8,104	8,104	8,104	8,378
Current portion of long-term debt	159,385	180,693	182,032	163,383	164,744	186,117	167,501	188,897	170,305	171,724	173,155	174,596
Total Current liabilities	\$622,702	\$666,903	\$716,855	\$765,325	\$824,719	\$895,485	\$982,035	\$1,066,909	\$1,150,802	\$1,232,482	\$1,312,585	\$1,391,897
Non-current liabilities:												
Long-term debt:												
Lease debt	\$254,743	\$240,732	\$228,605	\$212,359	\$197,995	\$183,512	\$168,907	\$154,181	\$139,333	\$124,360	\$109,263	\$94,040
Shareholder loans	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term debt	\$254,743	\$240,732	\$228,605	\$212,359	\$197,995	\$183,512	\$168,907	\$154,181	\$139,333	\$124,360	\$109,263	\$94,040
Total liabilities	\$877,445	\$907,635	\$943,460	\$977,685	\$1,022,714	\$1,078,997	\$1,150,943	\$1,221,090	\$1,290,135	\$1,356,843	\$1,421,848	\$1,485,937
EQUITY												
Owners' equity:												
Capital Stock	\$1,000,000	\$1,000,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Retained earnings	(1,155,476)	(1,257,984)	(1,348,319)	(1,424,460)	(1,483,073)	(1,522,318)	(1,535,326)	(1,521,443)	(1,481,771)	(1,413,962)	(1,317,440)	(1,193,440)
Total liabilities and equity	\$721,969	\$649,652	\$845,141	\$803,224	\$789,642	\$806,679	\$865,616	\$949,647	\$1,058,364	\$1,192,881	\$1,354,408	\$1,542,498

**Balance Sheet
FY 2003**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ASSETS												
Current assets:												
Cash and equivalents	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,458,633	\$1,731,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$3,813,461
Accounts receivable	694,691	716,500	742,069	767,536	800,758	841,710	894,403	946,594	998,305	1,049,538	1,100,296	1,150,581
Total Current assets	\$1,428,698	\$1,603,901	\$1,800,327	\$2,012,567	\$2,257,391	\$2,573,581	\$2,865,773	\$3,224,564	\$3,613,094	\$4,032,134	\$4,482,780	\$4,964,043
Property, plant, and equipment:												
Office equipment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Less Accumulated depreciation	263,889	277,778	291,667	305,556	319,444	333,333	347,222	361,111	375,000	388,889	402,778	416,667
Net Property, plant, and equipment	\$236,111	\$222,222	\$208,333	\$194,444	\$180,556	\$166,667	\$152,778	\$138,889	\$125,000	\$111,111	\$97,222	\$83,333
Other assets:												
Total Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Total assets	\$1,664,809	\$1,826,123	\$2,008,660	\$2,207,012	\$2,437,946	\$2,740,248	\$3,018,551	\$3,363,453	\$3,738,094	\$4,143,245	\$4,580,002	\$5,047,376
LIABILITIES												
Current liabilities:												
Accounts payable	\$1,213,507	\$1,242,321	\$1,277,115	\$1,310,975	\$1,358,325	\$1,413,415	\$1,487,198	\$1,559,646	\$1,631,294	\$1,701,203	\$1,769,875	\$1,837,832
Accrued payroll	8,409	8,409	8,694	8,694	8,694	8,991	8,991	8,991	9,299	9,299	9,299	9,620
Current portion of long-term debt	176,053	177,520	178,999	180,491	181,995	219,512	168,907	154,181	139,333	124,360	109,263	94,040
Total Current liabilities	\$1,397,969	\$1,428,250	\$1,464,808	\$1,500,161	\$1,547,015	\$1,641,917	\$1,665,096	\$1,722,819	\$1,779,926	\$1,834,862	\$1,888,437	\$1,941,492
Non-current liabilities:												
Long-term debt:												
Lease debt	\$78,690	\$63,212	\$47,605	\$31,868	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shareholder loans	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term debt	\$78,690	\$63,212	\$47,605	\$31,868	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total liabilities	\$1,476,659	\$1,491,462	\$1,512,414	\$1,532,029	\$1,563,015	\$1,641,917	\$1,665,096	\$1,722,819	\$1,779,927	\$1,834,863	\$1,888,437	\$1,941,492
EQUITY												
Owners' equity:												
Capital Stock	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000
Retained earnings	(1,081,849)	(915,339)	(753,753)	(575,018)	(375,069)	(151,670)	103,455	390,634	708,168	1,058,382	1,441,565	1,855,884
Total liabilities and equity	\$1,664,809	\$1,826,123	\$2,008,660	\$2,207,012	\$2,437,946	\$2,740,248	\$3,018,551	\$3,363,453	\$3,738,094	\$4,143,245	\$4,580,002	\$5,047,376

**Cash Flow
FY 2001-2003**

	FY 2001	FY 2002	FY 2003
Cash flows from operating activities:			
Net income	(\$1,040,969)	(\$152,471)	\$3,049,324
Adjustments to net income:			
Depreciation and amortization	83,333	166,667	166,667
Changes in operating assets and liabilities:			
Accounts receivable	(\$177,883)	(\$510,701)	(\$461,998)
Accounts payable	(64,141)	773,062	628,911
Accrued payroll, taxes, and benefits	7,314	1,065	1,242
Total Changes in operating assets and liabilities	(\$234,710)	\$263,426	\$168,155
Net cash provided (used) by operations	(\$1,192,346)	\$277,622	\$3,384,145
Cash flows from investing activities:			
	\$1,000,000	\$250,000	\$0
Cash flows from financing activities:			
	426,686	(158,048)	(174,598)
Total Cash flows from financing activities	\$1,426,686	\$91,952	(\$174,598)
Net increase (decrease) in cash and equivalents	\$234,340	\$369,574	\$3,209,547
Cash and equivalents, beginning	\$0	\$234,340	\$603,914
Cash and equivalents, ending	\$234,340	\$603,914	\$3,813,461

**Cash Flow
FY 2001**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2001
Cash flows from operating activities:													
Net income	\$0	\$0	\$0	\$0	\$0	(\$262,134)	(\$134,276)	(\$136,239)	(\$134,200)	(\$129,390)	(\$124,409)	(\$120,321)	(\$1,040,969)
Adjustments to net income:													
Depreciation and amortization	0	0	0	0	0	0	13,889	13,889	13,889	13,889	13,889	13,889	83,333
Changes in operating assets and liabilities:													
Accounts receivable	\$0	\$0	\$0	\$0	\$0	(\$142,800)	\$1,289	(\$2,282)	(\$5,857)	(\$9,417)	(\$9,406)	(\$9,411)	(\$177,883)
Accounts payable	0	0	0	0	0	517,760	(634,602)	2,331	8,648	14,124	13,933	13,666	(64,141)
Accrued payroll, taxes, and benefits	0	0	0	0	0	5,995	0	859	225	0	0	234	7,314
Total Changes in operating assets and liabilities	\$0	\$0	\$0	\$0	\$0	\$380,955	(\$633,314)	\$909	\$3,018	\$4,707	\$4,527	\$4,489	(\$234,710)
Net cash provided (used) by operations	\$0	\$0	\$0	\$0	\$0	\$118,821	(\$753,701)	(\$121,442)	(\$117,295)	(\$110,793)	(\$105,993)	(\$101,943)	(\$1,192,346)
Cash flows from investing activities:	\$0	\$0	\$0	\$0	\$0	\$0	\$864,000	(\$36,000)	(\$36,000)	(\$36,000)	(\$36,000)	(\$36,000)	\$684,000
Cash flows from financing activities:	0	0	0	0	0	0	468,033	(12,067)	(12,167)	(12,269)	(12,371)	(12,474)	426,686
Total Cash flows from financing activities	\$0	\$0	\$0	\$0	\$0	\$0	\$1,352,033	(\$48,067)	(\$48,167)	(\$48,269)	(\$48,371)	(\$48,474)	\$1,110,686
Net increase (decrease) in cash and equivalents	\$0	\$0	\$0	\$0	\$0	\$118,821	\$598,332	(\$169,508)	(\$165,462)	(\$159,062)	(\$154,363)	(\$150,417)	(\$81,660)
Cash and equivalents, beginning	\$0	\$0	\$0	\$0	\$0	\$0	\$118,821	\$717,153	\$547,645	\$382,182	\$223,121	\$68,757	\$0
Cash and equivalents, ending	\$0	\$0	\$0	\$0	\$0	\$118,821	\$717,153	\$547,645	\$382,182	\$223,121	\$68,757	(\$81,660)	(\$81,660)

**Cash Flow
FY 2002**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2002
Cash flows from operating activities:													
Net income	(\$114,507)	(\$102,508)	(\$90,335)	(\$76,142)	(\$58,612)	(\$39,245)	(\$13,009)	\$13,883	\$39,672	\$67,809	\$96,522	\$124,001	(\$152,471)
Adjustments to net income:													
Depreciation and amortization	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Changes in operating assets and liabilities:													
Accounts receivable	(\$12,997)	(\$27,384)	(\$30,828)	(\$30,603)	(\$37,727)	(\$44,833)	(\$55,646)	(\$55,130)	(\$54,609)	(\$54,143)	(\$53,636)	(\$53,166)	(\$510,701)
Accounts payable	20,135	42,873	48,369	47,120	58,032	69,140	85,166	83,478	82,223	80,261	78,672	77,595	773,062
Accrued payroll, taxes, and benefits	30	0	244	0	0	254	0	0	264	0	0	274	1,065
Total Changes in operating assets and liabilities	\$7,168	\$15,490	\$17,785	\$16,517	\$20,305	\$24,560	\$29,520	\$28,348	\$27,877	\$26,118	\$25,036	\$24,704	\$263,426
Net cash provided (used) by operations	(\$93,450)	(\$73,130)	(\$58,661)	(\$45,736)	(\$24,418)	(\$796)	\$30,400	\$56,120	\$81,438	\$107,816	\$135,447	\$162,593	\$277,622
Cash flows from investing activities:	\$0	\$0	\$250,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$250,000
Cash flows from financing activities:	(12,578)	(12,683)	(12,788)	(12,895)	(13,002)	(13,111)	(13,220)	(13,330)	(13,441)	(13,553)	(13,666)	(13,780)	(158,048)
Total Cash flows from financing activities	(\$12,578)	(\$12,683)	\$237,212	(\$12,895)	(\$13,002)	(\$13,111)	(\$13,220)	(\$13,330)	(\$13,441)	(\$13,553)	(\$13,666)	(\$13,780)	\$91,952
Net increase (decrease) in cash and equivalents	(\$108,028)	(\$85,812)	\$178,551	(\$58,631)	(\$37,421)	(\$13,907)	\$17,180	\$42,790	\$67,997	\$94,262	\$121,781	\$148,813	\$369,574
Cash and equivalents, beginning	\$234,340	\$128,312	\$42,500	\$221,050	\$162,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$234,340
Cash and equivalents, ending	\$128,312	\$42,500	\$221,050	\$162,419	\$124,998	\$111,092	\$128,271	\$171,061	\$239,058	\$333,320	\$455,101	\$603,914	\$603,914

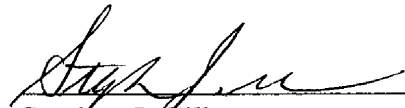
	Cash Flow												
	FY 2003												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2003
Cash flows from operating activities:													
Net income	\$131,590	\$146,510	\$181,588	\$178,738	\$199,949	\$223,399	\$255,124	\$287,179	\$317,534	\$350,215	\$383,183	\$414,319	\$3,049,324
Adjustments to net income:													
Depreciation and amortization	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	13,889	166,667
Changes in operating assets and liabilities:													
Accounts receivable	(\$6,107)	(\$21,809)	(\$25,589)	(\$25,447)	(\$33,222)	(\$40,952)	(\$52,694)	(\$52,191)	(\$51,711)	(\$51,233)	(\$50,758)	(\$50,286)	(\$481,998)
Accounts payable	4,585	28,814	34,784	33,881	45,350	57,089	73,783	72,449	71,848	69,508	68,672	67,957	828,911
Accrued payroll, taxes, and benefits	31	0	285	0	0	297	0	0	308	0	0	321	1,242
Total Changes in operating assets and liabilities	(\$1,491)	\$7,005	\$9,480	\$8,414	\$12,128	\$16,434	\$21,089	\$20,258	\$20,246	\$18,676	\$17,914	\$17,992	\$168,155
Net cash provided (used) by operations	\$143,988	\$167,404	\$184,984	\$201,039	\$225,965	\$253,723	\$290,102	\$321,326	\$351,888	\$382,779	\$414,988	\$446,200	\$3,384,145
Cash flows from investing activities:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash flows from financing activities:	(13,895)	(14,011)	(14,127)	(14,245)	(14,364)	(14,484)	(14,604)	(14,726)	(14,849)	(14,972)	(15,097)	(15,223)	(174,598)
Total Cash flows from financing activities	(\$13,895)	(\$14,011)	(\$14,127)	(\$14,245)	(\$14,364)	(\$14,484)	(\$14,604)	(\$14,726)	(\$14,849)	(\$14,972)	(\$15,097)	(\$15,223)	(\$174,598)
Net increase (decrease) in cash and equivalents	\$130,093	\$153,394	\$170,837	\$186,794	\$211,601	\$239,239	\$275,498	\$306,600	\$336,819	\$367,807	\$399,889	\$430,977	\$3,209,547
Cash and equivalents, beginning	\$803,914	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,456,633	\$1,695,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$603,914
Cash and equivalents, ending	\$734,007	\$887,401	\$1,058,238	\$1,245,031	\$1,456,633	\$1,695,872	\$1,971,370	\$2,277,970	\$2,614,789	\$2,982,596	\$3,382,484	\$3,813,461	\$3,813,461

EXHIBIT D

Verification

VERIFICATION

I Stephen J. Gilbert, being duly sworn, depose and state that I am an authorized representative of United Systems Access Telecom, Inc. ("USA Telecom, Inc."), the Applicant in the subject proceeding; that I am authorized to make this Verification on behalf of USA Telecom, Inc.; that I have read the foregoing application and exhibits and know the content thereof; that the same are true and correct to the best of my knowledge, information and belief.



Stephen J. Gilbert
President
United Systems Access Telecom, Inc.

State of Maine
County of York

Subscribed and sworn to before me this 11th day of October, 2001.

Kathleen A. Deschenault
Notary Public

My Commission Expires: 2/9/2008

COPY

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In the Matter of the Application of

**UNITED SYSTEMS ACCESS
TELECOM, INC.**

)
)
) Case No. _____
)
)
)
)
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Notice of Transfer of Customer Base
Of Essential.com

NOTICE OF TRANSFER OF CUSTOMER BASE OF ESSENTIAL.COM

Christine Davenport
O'MELVENY & MYERS LLP
1650 Tysons Blvd., Suite 1150
McLean, Virginia 22102
Tel: (703) 287-2439
Fax: (703) 383-2404

Its Attorney

October 26, 2001

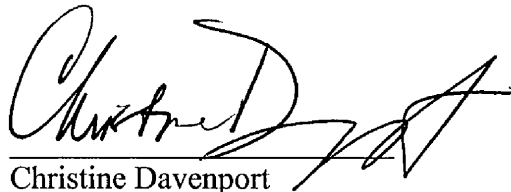
including its customer base, to USA Telecom. A copy of the Order is attached hereto as Annex 1.

3. Pursuant to the terms of the Order, USA Telecom and Essential.com have entered into a management agreement whereby USA Telecom will manage the business operations of Essential.com until such time as USA Telecom obtains all necessary regulatory approvals from the appropriate state commissions to provide telecommunications services.

4. USA Telecom hereby notifies the Commission of the transfer of the customer base from Essential.com to USA Telecom.

5. In order to comply with Federal Communication Commission and applicable state regulations, USA Telecom plans to distribute to its customers within Florida the customer change notification attached hereto as Annex 2. This notice provides customers with information regarding the change of carrier, and allows them to make an informed decision regarding their ability to retain USA Telecom as their primary carrier.

Respectfully submitted,



Christine Davenport
O'MELVENY & MYERS LLP
1650 Tysons Blvd., Suite 1150
McLean, Virginia 22102
Tel: (703) 287-2439
Fax: (703) 383-2404

Dated: October 26, 2001

EXHIBIT LIST

Annex 1 Bankruptcy Court Order Authorizing Sale of Customer Base

Annex 2 Customer Change Notification

Annex 1
Bankruptcy Court Order

It is hereby found, concluded, and determined that:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any finding of fact shall later be determined to be a conclusion of law it shall be so deemed and vice versa.

B. This Court has jurisdiction to hear and determine the Private Sale Motions pursuant to 28 U.S.C. §§ 157 and 1134.

C. Venue of this case in this district is proper pursuant to 28 U.S.C. § 1408(a) and § 1409(a).

D. Determination of the Private Sale Motions is a core proceeding under 28 U.S.C. §§ 157(b) (2)(A) and (N). The statutory predicates for the relief requested herein are §§ 105 and 363 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the "Bankruptcy Code"), Bankruptcy Rules 2002, and 6004, and MLBR 2002-1 and 6004-1.

E. On June 29, 2001 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code") with the Bankruptcy Court. Since the Petition Date, the Debtor has continued to operate its business and manage its affairs as a debtor and debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On July 18, 2001, the United States Trustee appointed a creditors' committee, pursuant to Section 1102 of the Bankruptcy Code. No trustee or examiner has been appointed.

F. The Debtor provides telecommunication services to certain individuals and small businesses ("Customer Base").

G. The Debtor entered into, subject in all respects to approval of this Court, to the certain agreements (collectively, the "Agreements") for the sale of the Customer Base and certain of the Debtor's trademarks and URL, as follows:

- (i) Asset Purchase dated July 26, 2001 (the "Zone Agreement") with Zone Telecom, Inc. ("Zone"), for the purchase and sale of certain parts of the Customer Base for \$325,000;
- (ii) Asset Purchase dated July 26, 2001 (the "Broadview Agreement") with Broadview Networks, Inc. ("Broadview"), for the purchase and sale of certain parts of the Customer Base and certain of the Debtor's tradenames, and URLs for \$475,000; and
- (iii) Asset Purchase dated July 26, 2001 (the "Essex Agreement") with Essex Communications, Inc. ("Essex"), for the purchase and sale of certain parts of the Customer Base for \$125,000;

H. On August 1, 2001, this Court entered an Order ("Sales Procedure Order") with respect to the Private Sale Motions.

I. The Private Sale Motions are for a sound business purpose, are in the best interest of the Debtor's estate, and are authorized outside the ordinary course of business, pursuant to section 363(b) of the Bankruptcy Code.

J. The Debtor provided fair and reasonable notice of the Private Sale Motions and the Sales Hearing to all creditors and other parties in interest and such other notice as is appropriate under the circumstances. The Notice of the Private Sale Motions provided interested bidders with notice of the Private Sale Motions and Sales Hearing and an opportunity to bid for the Customer Base.

K. An objection to the Private Sale Motions was timely filed by the Office of the Attorney General of Commonwealth of Massachusetts ("Mass. AG Objection").

L. The Debtor received qualifying counter-offers from:

- (i) United Systems Access, Inc. ("USA") submitted a counteroffer for the entire Customer Base and the other assets ^{specified in USA's bid} subject to the Broadview Agreement (the "USA Entirety Bid") for \$1,100,000; and
- (ii) Eastern Telephone, Inc. ("Eastern") for a certain part of the Customer base described in the Broadview Agreement for \$535,000.

M. Based upon the foregoing, and for reasons stated on the record at the Sales Hearing, this Court has determined that the best offer to purchase the Customer Base has been submitted by:

United Systems Access Inc. for \$1,300,000

N. Based upon the foregoing, and for reasons stated on the record at the Sales Hearing, this Court has determined that the second best offer to purchase the Customer Base has been submitted by:

ZONE for \$375,000
ESSEX for \$125,000
Broadview for \$735,000

O. The Private Sale Motions request that the Customer Base be sold free and clear of all liens, claims, interests and encumbrances whatsoever ("Liens"), known and unknown, including without limitation, those liens asserted against the Customer Base and noted in the Private Sale Motions, and any liens, claims, interests and encumbrances held by any of the

creditors of the within bankruptcy estate of the Debtor. A sale of the Customer Base other than free and clear of liens, claims and encumbrances would be of substantially less benefit to the bankruptcy estate.

P. At the Sales Hearing, the Debtor and the Official Committee of Unsecured Creditors recommended that the Court approve the sale of the Customer Base. All secured parties with liens on the Customer Base have either consented to or have received notice and not objected to the sale of the Customer Base, with such liens to attach to the proceeds of sale, or such parties could be compelled to accept monetary satisfaction of such lien.

Q. It is therefore in the best interests of the bankruptcy estate herein, that the Court enter this order (the "Sale Order") (i) pursuant to §§ 105(a) and 363 of the Bankruptcy Code, authorizing and directing the Debtor to sell the Customer Base to the successful bidders ("Successful Bidders"): USA

USA ed. ret. B.A.

subject to such additional terms and provisions as may be set forth in the ~~Agreements including~~ ~~adjustments to the Purchase Price.~~

R. The approval of the sale of the Customer Base to the Successful Bidders, and consummation of the transactions contemplated thereby are in the best interests of the Debtor, its creditors, and the bankruptcy estate. The Debtor has presented good and sufficient business justification for the sale of the Customer Base pursuant to § 363 of the Bankruptcy Code.

S. The parties represented to the Court that the offers to purchase the Customer Base by the Successful Bidders have been proposed by the Successful Bidders in good faith in

accordance with the standards of applicable law; that the Successful Bidders are not currently affiliated with either Debtor; and that the Successful Bidders are good faith Successful Bidders under § 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby. The Court has heard no argument or allegation to controvert those representations. No party has alleged that any party has engaged in any conduct that would cause or permit the sale to the Successful Bidders to be avoided under § 363(n) of the Bankruptcy Code.

T. The Debtor has requested that the Court make this Order effective immediately irrespective of Bankruptcy Rule 6004(g), and good cause appears for such an action.

U. The sale and transfer of the Customer Base (1) will be a legal, valid and effective transfer of Customer Base of the bankruptcy estate of the Debtor, and (2) will vest the Successful Bidders with all right, title and interest of the bankruptcy estate in and to the Customer Base free and clear of all liens, claims, encumbrances and interests thereon.

NOW THEREFORE, it is HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

1. The Private Sale Motions shall be, and hereby are, granted and the Agreements incorporated therein approved as being in the best interest of the Debtor's estate.

2. The Mass. AG Objection is ~~overruled in its entirety.~~ *resolved with authority by a stipulation.*

3. The Debtor is authorized and directed to consummate the transactions contemplated hereby and to sell, transfer, deliver, convey and assign the Customer Base to the Successful Bidders.

a.s.B.A. The Successful Bidders ~~are~~ ^{is} authorized to send any required notices to the Debtor's customers.

~~once before the 15th business day~~
~~after the date the bid is required under the~~
~~applicable Agreement~~

4. It is hereby further ordered that in the event that the Successful Bidder~~s~~ fail to tender the Purchase Price to the Debtor ~~on or before five (5) business days after the date of the entry of this Order,~~ ^{within the time period} the Debtor is hereby authorized to sell the Customer Base, without further order of the Court, to the second highest bidder~~s~~:

- ZONE for \$375,000
- ESSEX for \$125,000
- Broadview for \$735,000

5. - ~~intentionally omitted~~

6. In the event of the failure of any of the Successful Bidder~~s~~ to close on the Agreements, the Debtor is authorized to retain any deposits provided by such Successful Bidders as liquidated damages for such failure.

7. The Debtor is authorized to pay such break up fees, as may be applicable, pursuant to the Sale Procedure Order.

8. Effective upon the Closing, title in and to the Customer Base shall automatically vest in the Successful Bidder~~s~~ free and clear of all liens, including without limitation all liens, encumbrances, claims and interests, and any liabilities including, but not limited to: (a) amounts owing with respect to the Customer Base which accrued prior to the Closing, (b) those based on theories of successor liability, de facto merger or substantial continuity, and (c) employee benefit obligations (collectively, the "Liens").

9. USA is a good faith purchaser pursuant to § 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby.

10. This Order is deemed to operate as a release of all Liens on the Customer Base as of the Closing. All holders of Liens on any of the Customer Base are hereby directed to prepare, and file promptly after the Closing, if such Liens are recorded, releases of such Liens reasonably satisfactory to the Successful Bidders.

11. This Order is deemed to be in recordable form sufficient to be placed in the filing or recording system maintained by any Recording Officer.

12. The Debtor is hereby authorized to execute and deliver such closing and other confirmatory documents and to do such things as are necessary and appropriate and as are reasonably requested by the Successful Bidder to implement and effectuate the provisions of this Order and the transactions approved hereby,

13. No bulk sales law, or similar law of any state or other jurisdiction shall apply in any way to the transaction contemplated by this Order. *including without limitation entering into management services agreement whereby Bidder shall manage the telecommunications business of Debtor*

14. For good cause as established by the record in this Case, and irrespective of *Such time as Federal and State Telecommunications Regulatory approvals have been obtained.* Bankruptcy Rule 6004(g), this Order shall be effective immediately upon entry pursuant to Bankruptcy Rule 9014 and 7062. No automatic stay of execution applies with respect to this Order.

15. This Court retains jurisdiction to:


- a. Interpret, implement and enforce the terms and provisions of this Order, any subsequent amendments to, modifications of, consents relating to, or waivers thereof or any related documents, including any escrow provisions and agreements established in connection with the transactions contemplated thereby;
- b. Protect the Successful Bidder, and the Customer Base, against any Lien;
- c. Resolve any disputes arising under or relating to the Customer Base, the Private Sale Motions and this Order; and
- d. Adjudicate all issues concerning (alleged) pre-Closing Liens on, and the proceeds of the sale of the Customer Base.

16. The provisions of the Private Sale Motions, together with the provisions of this Order, are binding on, and inure to the benefit of, the successors and assigns of the Debtor, its estate, creditors and shareholders, any trustee whether in chapter 11 or chapter 7 and any examiner with expanded powers, and receiver for the Debtor or assignee for the benefit of its

creditors, and are binding on and inure to the benefit of the successors and assigns of the Successful Bidders.

17. Any provision of this Order which is determined, construed or deemed to be a finding of fact or a conclusion of law, respectively, or a mixed finding of fact and conclusion of law, shall be as so determined, construed or deemed notwithstanding the labeling placed on such provision in this Order.

DATED THIS 9th DAY OF May, 2001.


HONORABLE WILLIAM C. HILLMAN
UNITED STATES BANKRUPTCY JUDGE

::ODMA\PCDOCS\DOCS\311268\1

Annex 2
Customer Change Notification

THIS MESSAGE IS IMPORTANT TRANSLATE IMMEDIATELY

IMPORTANT NOTICE TO RESIDENTIAL TELEPHONE CUSTOMERS

¡EL REVERSO DE ESTE AVISO ES EN ESPAÑOL!

ESTA AVISO ES IMPORTANTE! TRADUZCA INMEDIATAMENTE

Dear USA Telecom Customer,

We would like to again welcome you to USA Telecom and answer some of the questions we have received about the transition between Essential.com and USA Telecom.

Who is USA Telecom?

USA Telecom is a nation-wide local phone competitor that serves residential customers.

Why has my telephone service been switched to USA Telecom?

USA Telecom has purchased the customer base of Essential.com's residential telephony business, and your account was included in that purchase.

Why should I stay with USA Telecom?

As a USA Telecom customer, we will be offering you many new ways to save against the standard monopoly rates including discounts for on-time payments, usage volume and loyalty. In addition, you will have the opportunity to enjoy many customer friendly services such as account prepay, pay-by-credit card options and other free or nominally priced telecommunications services while continuing to receive the lowest possible rates and the best possible customer service.

Why does my new bill still say Essential.com on it?

USA Telecom is currently awaiting federal and local regulatory approval for the transition from Essential.com to USA Telecom. Until this process is complete, Essential.com will continue to be your service provider while USA Telecom will provide the support and care necessary for you to receive quality service.

When should the transition be complete?

As soon as federal and local regulators approve the USA Telecom's regulatory filings.

Will my local service rates increase?

No. Customers will receive the same rates as they currently do for Essential.com.

How do I get a copy of USA Telecom's rates?

After we receive regulatory approval, you may visit your state's Public Utility Commission's offices, visit our website at www.usacsp.com or request a copy in writing from the address below. We will also be providing inserts with our bills that will keep you up-to-date and suggest the least expensive options for a variety of circumstances.

Will I have to pay a fee to transfer from Essential.com to USA Telecom?

No. There are no fees associated with the switch of your phone service to our company.

Can I select a different local phone provider?

Although we hope you enjoy our services, you may now or at any future time choose to switch to another provider with no penalty from USA Telecom.

I have frozen my local carrier will this be a problem?

Even if you have chosen to freeze Essential.com as your local provider your account will be transferred in the acquisition, unless you choose another local provider prior to the final transition. If you wish to freeze your account to USA Telecom please contact our Customer Care Department.

What if I have a billing dispute and complaint in progress with Essential.com?

Any complaint or billing dispute filed prior to September 1, 2001, will still be settled by Essential.com, and is separate from the sale of its customer base.

How can I reach USA Telecom?

Please feel free to contact us at any time at 1-888-872-9400, or by e-mail at customer care@usacsp.com

We hope this has answered some of your questions. If you have others please contact us. We look forward to continuing to serve as your local telephone provider.

Dan Kelley, Customer Care Manager
USA Telecom
5 Bragdon Lane, Suite 200
Kennebunk, Maine 04043