

STATEMENT OF FINANCIAL CAPABILITY

FoxTel, Inc. has sufficient financial capability to provide the requested telecommunication services, the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations. Attached are the unaudited Balance Sheet and Income Statement of FoxTel, Inc. as of December 31, 2000 and for the Five (5) Months Ended May 31, 2001.

Some of FoxTel's highlights are:

- * The Company has worked diligently in analyzing the business to reduce overhead and inefficiencies in the past 12 months. Historically, [REDACTED]. In the fourth quarter of 2000, the Company started to reduce overhead and discovered efficiencies related to cost of sales (providing service more efficiently) and general & administrative expenses. The result is that the [REDACTED] ended May 31, 2001. The general & administrative expenses are expected to reach a ceiling [REDACTED]. The trends of reduction of these two expense categories is expected to continue combined with the growth percentage in revenue will result in the Company making a projected profit [REDACTED].
- * Cash & cash equivalents [REDACTED]
- * Property, plant & equipment balance [REDACTED]
- * The Company has access to additional debt funding through FoxTel's parent Company and through other sources.

Summary

As noted in the analysis documented above, the Company is preparing properly for its venture into the telecommunications business. The Company is positioned to add significant revenue growth while having a majority of its expenses fixed in nature. The Company has sufficient financial capability to provide the requested telecommunication services, sufficient financial capability to meet all lease and ownership obligations, and sufficient financial capability to maintain a large Customer base.

DOCUMENT NUMBER-DATE

15584 DEC 14 01

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FOXTEL, INC.

Balance Sheet
As of May 31, 2001 and December 31, 2000

	2001 (Unaudited)	2000 (Audited)
Assets		
Current assets:		
Cash	██████████	██████████
Accounts receivable	██████████	██████████
Prepaid expenses	██████████	██████████
Total current assets	██████████	██████████
Equipment, net	██████████	██████████
Total assets	██████████	██████████
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	██████████	██████████
Current maturities of long-term debt	██████████	██████████
Intercompany payable	██████████	██████████
Total current liabilities	██████████	██████████
Long-term debt, net of current portion	██████████	██████████
Total liabilities	██████████	██████████
Shareholders' deficit		
Common stock	██████████	██████████
Additional paid-in capital	██████████	██████████
Retained deficit	██████████	██████████
Total shareholders' deficit	██████████	██████████
Total liabilities and shareholders' equity	██████████	██████████

Internal management reports for discussion purposes only.

FOXTEL, INC.

Statement of Income
For the Five Months Ended May 31, 2001 and
For the Year Ended December 31, 2000

	2001 (Unaudited)	2000 (Audited)
Revenue	[REDACTED]	[REDACTED]
Cost of revenue	[REDACTED]	[REDACTED]
Gross Profit	[REDACTED]	[REDACTED]
General and administrative expenses	[REDACTED]	[REDACTED]
Operating loss	[REDACTED]	[REDACTED]
Interest expense, net	[REDACTED]	[REDACTED]
Loss before income taxes	[REDACTED]	[REDACTED]
Income taxes	[REDACTED]	[REDACTED]
Net Loss	[REDACTED]	[REDACTED]

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