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BUDGET PHONE, INC.
UNAUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

RACHEL & KOSTELKA, LLC
Certified Public Accountants

SHREVEPORT, LOUISIANA

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INDEPENDENT ACCOUNTANTS' REPORT


Budget Phone, Inc.
Shreveport, Louisiana

We have compiled the accompanying balance sheets of Budget Phone, Inc. (an S Corporation) as of December 31, 2000 and 1999, and the related statements of income, retained earnings and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of the departures from generally accepted accounting principles that are described in the following paragraph.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Corporation's financial position, results of operation and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Corporation, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the corporation's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.


Shreveport, Louisiana
June 14, 2001

BUDGET PHONE, INC.
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

ASSETS	2000	1999
Current Assets:		
Cash	\$ [REDACTED]	\$ [REDACTED]
Accounts Receivable	[REDACTED]	[REDACTED]
Inventories	[REDACTED]	[REDACTED]
Prepaid Insurance	[REDACTED]	[REDACTED]
Total Current Assets	[REDACTED]	[REDACTED]
Fixed Assets:		
Software and Equipment	[REDACTED]	[REDACTED]
Furniture and Equipment	[REDACTED]	[REDACTED]
Leasehold Improvements	[REDACTED]	[REDACTED]
Less: Accumulated Depreciation	[REDACTED])	[REDACTED]
Net Fixed Assets	[REDACTED]	[REDACTED]
Other Assets:		
Deposits	[REDACTED]	[REDACTED]
Organization Costs, Net	[REDACTED]	[REDACTED]
Total Other Assets	[REDACTED]	[REDACTED]
TOTAL ASSETS	[REDACTED]	[REDACTED]

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

LIABILITIES AND STOCKHOLDERS' EQUITY

	2000	1999
Current Liabilities:		
Accounts Payable	\$ [REDACTED]	\$ [REDACTED]
Sales and Excise Taxes Payable	[REDACTED]	[REDACTED]
Payroll Taxes Payable	[REDACTED]	[REDACTED]
Total Current Liabilities	[REDACTED]	[REDACTED]
Long Term Liabilities:		
Loans from Stockholders	[REDACTED]	[REDACTED]
Total Long Term Liabilities	[REDACTED]	[REDACTED]
Total Liabilities	[REDACTED]	[REDACTED]
Stockholders' Equity:		
Stock	[REDACTED]	[REDACTED]
Retained Earnings	[REDACTED]	[REDACTED]
Total Stockholders' Equity	[REDACTED]	[REDACTED]
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	[REDACTED]	[REDACTED]

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
 STATEMENTS OF INCOME
 YEAR ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
Sales	██████████	██████████
Cost of Sales	██████████	██████████
Gross Profit on Sales	██████████	██████████
Operating Expenses:		
Salaries	██████████	██████████
Commissions	██████████	██████████
Contract Labor	██████████	██████████
Advertising	██████████	██████████
Bank Charges	██████████	██████████
Repairs and Maintenance	██████████	██████████
Office Expense	██████████	██████████
Computer Expense	██████████	██████████
Equipment Rental	██████████	██████████
Freight	██████████	██████████
Insurance	██████████	██████████
Dues and Subscriptions	██████████	██████████
Interest Expense	██████████	██████████
Meals/Entertainment	██████████	██████████
Postage/Mailing	██████████	██████████
Professional Fees	██████████	██████████
Telephone	██████████	██████████
Auto Expense	██████████	██████████
Utilities	██████████	██████████
Supplies	██████████	██████████
Depreciation and Amortization	██████████	██████████
Rent	██████████	██████████
Administrative Fees	██████████	██████████
Taxes	██████████	██████████
Payroll Taxes	██████████	██████████
Travel	██████████	██████████
Expense Allocations	██████████	██████████
Total Expense	██████████	██████████
Income (Loss) from Operations	██████████	██████████
Other Income (Expense):		
Vendor's Compensation	██████████	██████████
Interest Income	██████████	██████████
Gain (Loss) on Disposition of Asset	██████████	██████████
Total Other Income (Expense)	██████████	██████████
Net Income	\$ ██████████	\$ ██████████

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
STATEMENTS OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
Beginning Retained Earnings	\$ [REDACTED]	\$ [REDACTED]
Net Income	[REDACTED]	[REDACTED]
Stockholder Distributions	[REDACTED]	[REDACTED]
Ending Retained Earnings	<u>\$ [REDACTED]</u>	<u>[REDACTED]</u>

SEE ACCOUNTANTS' COMPILATION REPORT

BUDGET PHONE, INC.
 STATEMENTS OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2000 AND 1999

Cash Flows from Operating Activities:	2000	1999
Net income	\$ [REDACTED]	[REDACTED]
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]
(Increase) Decrease in:		
Accounts receivable	[REDACTED]	[REDACTED]
Inventory	[REDACTED]	[REDACTED]
Prepaid Insurance	[REDACTED]	[REDACTED]
Prepaid Interest	[REDACTED]	[REDACTED]
Increase (Decrease) in:		
Accounts Payable	[REDACTED]	[REDACTED]
Sales Tax Payable	[REDACTED]	[REDACTED]
Payroll Taxes Payable	[REDACTED]	[REDACTED]
Lease Payable	[REDACTED]	[REDACTED]
Net Cash Provided (Used) by Operating Activities	[REDACTED]	[REDACTED]
Cash Flows from Investing Activities:		
Acquisition of fixed assets	[REDACTED]	[REDACTED]
Sale or disposal of fixed assets	[REDACTED]	[REDACTED]
Net Cash Provided (Used) by Investing Activities	[REDACTED]	[REDACTED]
Cash Flows from Financing Activities:		
Stockholder Loan Proceeds	[REDACTED]	[REDACTED]
Stockholder Loan Repayment	[REDACTED]	[REDACTED]
Stockholder Distributions	[REDACTED]	[REDACTED]
Net Cash Provided (Used) by Financing Activities	[REDACTED]	[REDACTED]
Net Decrease in Cash	[REDACTED]	[REDACTED]
Beginning Cash	[REDACTED]	[REDACTED]
Ending Cash	\$ [REDACTED]	[REDACTED]

SEE ACCOUNTANTS' COMPILATION REPORT

ASSETS

CURRENT ASSETS

PETTY CASH
MERCHANTS AND FARMERS BANK
FIRST LOUISIANA - GENERAL
1ST LA. ESCROW FOR GEORGIA PSC
HIBERNIA NATIONAL BANK
BB&T BANK AND TRUST
BANK OF OKLAHOMA
CROSS COUNTY BANK
AMERICAN CITY BANK
BANCORP SOUTH
BANK ONE
FIFTH 3RD BANK
FIRST TENNESSEE BANK
FIRSTSTAR BANK
FIRST NATIONAL BANK
FIRST CITIZENS BANK
INT'L BANK OF COMMERCE (IBC)
JACKSONVILLE SAVINGS
FIRST UNION BANK
AMSOUTH PAYROLL ACCOUNT
AmSOUTH BANK
NORWEST BANK
NATIONS BANK (BANK OF AMERICA)
REGIONS BANK
SUPERIOR FEDERAL BANK
TRUSTMARK BANK
UNION PLANTERS
UMB (MISSOURI BANK)
WHITNEY BANK
WACHOVIA BANK
AMERICAN EXPRESS CERTIFICATE
ACCOUNTS RECEIVABLE
ACCOUNTS REC. - OFFICERS
ACCOUNTS REC. - OTHER
EMP. DEDUCTS DUE OTHERS
INVENTORY - PAGERS
INVENTORY/ACCESSORIES

[REDACTED]

TOTAL CURRENT ASSETS

[REDACTED]

FIXED ASSETS

MACHINERY & EQUIPMENT
SWITCH LEASE TO ROCKFORD
OFFICE FURNITURE & FIXTURES

[REDACTED]

THIS STATEMENT IS PREPARED FOR MANAGEMENT AND IS
UNAUDITED, COMPILED BY BUDGET PHONE INC.

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Budget Phone Inc.
BUDGET PHONE, INC.
STM OF ASSETS, LIAB./EQUITY 12/31/2001

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ACCUM. DEPREC.- MACH. & EQUIP.	[REDACTED]	
LEASEHOLD IMPROVEMENTS	[REDACTED]	
ACCUMULATED AMORTIZATION	[REDACTED]	

TOTAL FIXED ASSETS		[REDACTED]
OTHER ASSETS		
PREPAID INSURANCE/GENERAL	[REDACTED]	
DEPOSITS	[REDACTED]	
ORGANIZATION COSTS	[REDACTED]	
DEALER ACCOUNTS IN COLLECTION	[REDACTED]	

TOTAL OTHER ASSETS		[REDACTED]

TOTAL ASSETS		[REDACTED]
		=====

THIS STATEMENT IS PREPARED FOR MANAGEMENT AND IS
UNAUDITED, COMPILED BY BUDGET PHONE INC.

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE
TAX PARTNER TAX LIABILITY
ALABAMA WITHHOLDING TAX PAYABL
FUTA TAX PAYABLE
SUTA TAX PAYABLE
NORTH CAROLINA STATE WITHHOLDI
KANSAS STATE WITHHOLDING PAYAB

[REDACTED]

TOTAL CURRENT LIABILITIES

[REDACTED]

LONG TERM LIABILITIES

TOTAL LONG TERM LIABILITIES

[REDACTED]

STOCKHOLDER'S EQUITY

RETAINED EARNINGS, ACCUM. ADJ. AC
COMMON STOCK
Current Period Profit (Loss)
SMOKEY HYDE, DISTRIBUTION
DANNY HYDE, DISTRIBUTION
STEPHEN HYDE, DISTRIBUTION
TONY CASON, DISTRIBUTION

[REDACTED]

TOTAL STOCKHOLDER'S EQUITY

[REDACTED]

TOTAL LIABILITIES & STOCKHOLDER'S EQUITY

[REDACTED]

Year-to-Date %

REVENUES

PAGER AIRTIME - LONGVIEW
PAGER AIRTIME - TYLER
CELLULAR TIME - DEALERS
CELLULAR TIME - LONGVIEW
CELLULAR TIME - TYLER
CELLULAR PHONE SALES-LONGVIEW
CELLULAR PHONE SALES- TYLER
PAGER SALES - LONGVIEW
PAGER SALES - TYLER
PAGER ACCESSORIES - LONGVIEW
PAGER ACCESSORIES - TYLER
CELLULAR ACCESSORIES-LONGVIEW
CELLULAR ACCESSORIES - TYLER
HOME PHONE RECURRING -LOUISIAN
HOME PHONE COMMISSIONS - LONGV
HOME PHONE COMMISSIONS - TYLER
HOME PHONE - NORTH CAROLINA
HOME PHONE INCOME-MISSISSIPPI
HOME PHONE - FLORIDA
HOME PHONE INCOME - TENN.
HOME PHONE - GEORGIA
HOME PHONE - SOUTH CAROLINA
HOME PHONE - KENTUCKY
HOME PHONE - ALABAMA
HOME PHONE - TEXAS
HOME PHONE - ARKANSAS
HOME PHONE - MISSOURI
HOME PHONE - KANSAS
HOME PHONE - OKLAHOMA
HOME PHONE - WISCONSIN
LONG DISTANCE SALES
RETURN AND REFUNDS, HOME PHONE
RETURNS AND ALLOWANCES-LONGVW
RETURNS AND ALLOWANCES-TYLER

TOTAL REVENUES

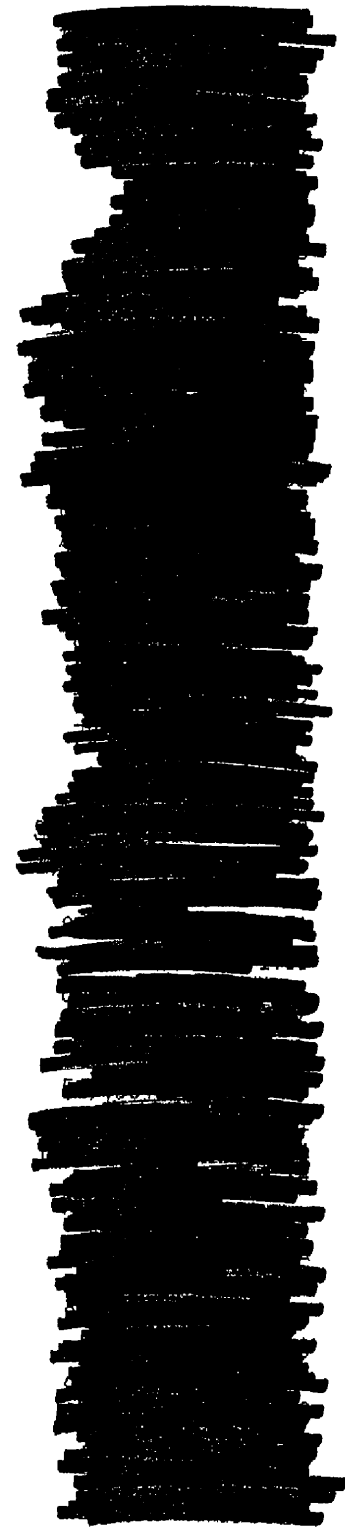
COST OF SALES

COS - PAGERS - LONGVIEW
COS- PAGERS - TYLER
COS - PAGING ACCESSORIES-LONGV
COS - PAGING ACCESSORIES-TYLER
COS - CELLULAR ACCESSORIES
COS - CELLULAR ACCESSORIES

Budget Phone Inc.
BUDGET PHONE STM OF REVENUE AND EXPENSES
FOR PERIOD ENDED 12/31/2001

Year-to-Date %

COS - CELLULAR TIME /DEALERS
COS- CELLULAR TIME - LONGVIEW
COS - CELLULAR TIME - TYLER
COS - PAGER AIRTIME SERVICES
COS - PAGER AIRTIME SERVICES
COS - PAGER REPAIRS
COS - PAGER REPAIRS
COS - PHONES - LONGVIEW
COS - PHONES - TYLER
COS-SERVICE - LOUISIANA
COS-SERVICE - NORTH CAROLINA
COS-SERVICE - MISSISSIPPI
COS-SERVICE - FLORIDA
COS-SERVICE - TENNESSEE
COS-SERVICE - GEORGIA
COS-SERVICE - SOUTH CAROLINA
COS-SERVICE - KENTUCKY
COS-SERVICE - ALABAMA
COS-SERVICE - TEXAS
COS-SERVICE - ARKANSAS
COS-SERVICE - MISSOURI
COS-SERVICE - KANSAS
COS-SERVICE - OKLAHOMA
COS-SERVICE - WISCONSIN
COS-PREPAID LONG DISTANCE SVC
COS - HOME PHONES/ LOUISIANA
COS-HOME PHONE, NORTH CAROLINA
COS-HOME PHONE/ MISSISSIPPI
COS - HOME PHONE / FLORIDA
COS - HOME PHONE - TENN.
COS - HOME PHONE GEORGIA
COS - HOME PHONE SO. CAROLINA
C O S - HOME PHONE KENTUCKY
COS - HOME PHONE ALABAMA
COMMISSION PAID TO LOUISIANA
COMMISSION PAID TO N/C DEALERS
COMMISSIONS PD TO MISSISSIPPI
COMMISSIONS PAID TO FL DEALERS
COMMISSION - TENN
COMMISSIONS FOR GEORGIA
COMMISSIONS FOR SOUTH CAROLINA
COMMISSIONS FOR KENTUCKY
COMMISSIONS FOR ALABAMA
COMMISSION - TEXAS
COMMISSION - ARKANSAS
COMMISSION - MISSOURI
COMMISSION - KANSAS



Budget Phone Inc.
BUDGET PHONE STM OF REVENUE AND EXPENSES
FOR PERIOD ENDED 12/31/2001

Year-to-Date %

COMMISSION - OKLAHOMA
COMMISSION - WISCONSIN

[REDACTED]

TOTAL COST OF SALES

[REDACTED]

GROSS PROFIT

[REDACTED]

OPERATING EXPENSES

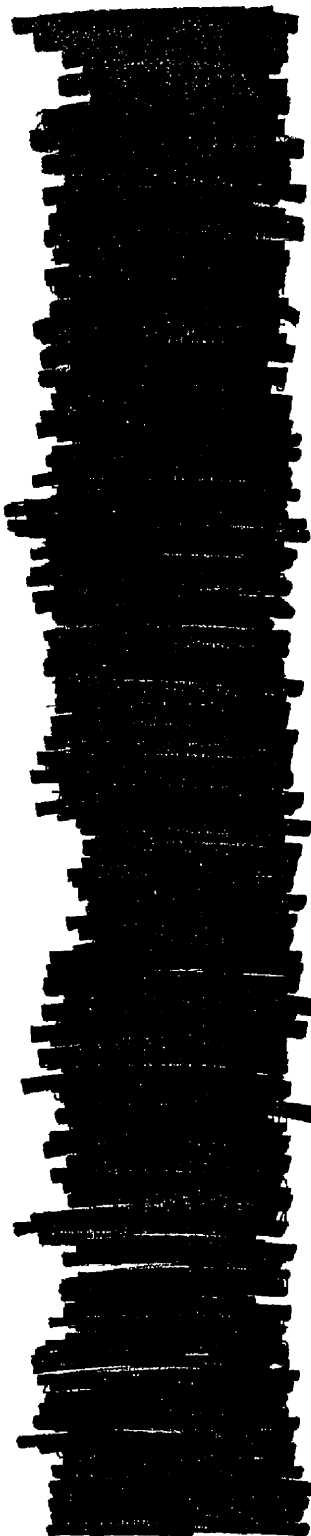
PHONE LINES FOR DATA & ACCESS
ADVERTISING-GENERAL
ADVERTISING - SOUTHEAST REGION
ADVERTISING - SOUTHWEST REGION
ADVERTISING - LONGVIEW
ADVERTISING - TYLER
AUTOMOBILE EXP./NATIONAL ACCTS
AUTO EXP. /SALES DEPARTMENT
AUTO EXPENSE, ADMINISTRATIVE
AUTO EXPENSES - LONGVIEW
AUTO EXPENSE - TYLER
BANK SERVICE CHARGE
COLLECTION EXPENSE
COMMISSION/BONUSES - LONGVIEW
COMMISSION/BONUSES - TYLER
COMPUTER EXPENSE
COMPUTER EXPENSE - OPERATIONS
CONTRACT LABOR - MAIN OFFICE
CONTRACT LABOR-OPERATIONS
CONTINUING EDUCATION
MEALS/TRAVEL - HOME OFFICE
MEALS/ TRAVEL - TYLER
FREIGHT - BUDGET DIRECT
FREIGHT - GENERAL/ ALLOCATING
FREIGHT- SNAPPY DIRECT
EQUIPMENT RENTAL
COMPANY SPONSORED FUNCTIONS
INSURANCE GENERAL
INSURANCE GROUP/ GENERAL
GROUP INSURANCE /SOUTHEAST REG
GROUP INSURANCE-SOUTHWEST REGI
GROUP INSURANCE - CELLULAR
INTEREST EXPENSE
REPAIRS AND MAINTENANCE-GENERA
MAINTENANCE/REPAIRS - LONGVIEW
MAINTENANCE/REPAIRS - TYLER

[REDACTED]

Budget Phone Inc.
BUDGET PHONE STM OF REVENUE AND EXPENSES
FOR PERIOD ENDED 12/31/2001

Year-to-Date %

OFFICE EXPENSE - HOME OFFICE
OFFICE EXPENSE - LONGVIEW
OFFICE EXPENSE - TYLER
POSTAGE/MAILING - GENERAL
POSTAGE/MAILING - LONGVIEW
POSTAGE/MAILING - TYLER
PROFESSIONAL FEES
PROFESSIONAL FEES-BUDGET DIREC
PROFESSIONAL & CONSULTING FEES
LEGAL EXPENSE/DELTA PHONE
RENT
RENT -CELLULAR
RENT - LONGVIEW
RENT - TYLER
ADMINISTRATIVE FEES
SALARIES - GENERAL/OPERATING
SALARIES - SOUTHEAST REGION
SALARIES - SOUTHWEST REGION
SALARIES - CELLULAR
SALARIES - LONGVIEW
SALARIES - TYLER
SECURITY - LONGVIEW
SUPPLIES - GENERAL
SUPPLIES/BUDGET DIRECT
SUPPLIES - GENERAL ALLOCATING
SUPPLIES - SNAPPY DIRECT
SUPPLIES - CELLULAR
SUPPLIES - LONGVIEW
SUPPLIES - TYLER
TAXES AND LICENSES
- TAXES AND LICENSES
PAYROLL TAXES/SOUTHEAST REGION
PAYROLL TAXES /GENERAL
PAYROLL TAXES/SOUTHWEST REGION
PAYROLL TAXES - CELLULAR
TAXES, PAYROLL - LONGVIEW
TAXES, PAYROLL - TYLER
TELEPHONE - HOME OFFICE
TELEPHONE EXPENSES ALLOCATED
TELEPHONE - LONGVIEW
TELEPHONE - TYLER
TRAVEL - GENERAL/OPERATING
TRAVEL - BUDGET SOUTHEAST REG.
TRAVEL EXPENSE - SOUTHWEST REG
UTILITIES - GENERAL FACILITY
UTILITIES - LONGVIEW
UTILITIES - TYLER



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Budget Phone Inc.
BUDGET PHONE STM OF REVENUE AND EXPENSES
FOR PERIOD ENDED 12/31/2001

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	Year-to-Date	%
REPORTING TO TYLER STATEMENT	[REDACTED]	[REDACTED]
TOTAL OPERATING EXPENSES	[REDACTED]	[REDACTED]
-		
NET INCOME (LOSS) FROM OPERATIONS	[REDACTED]	[REDACTED]
OTHER REVENUES AND (EXPENSES)		
CELLULAR DEALER REVENUE	[REDACTED]	[REDACTED]
CELLULAR COST OF SALES	[REDACTED]	[REDACTED]
CELLULAR OPERATING EXPENSE	[REDACTED]	[REDACTED]
VENDOR COMPENSATIONS	[REDACTED]	[REDACTED]
INTEREST INCOME	[REDACTED]	[REDACTED]
DEPOSITS FROM BELL SOUTH/GA	[REDACTED]	[REDACTED]
BELL SOUTH DISCOUNTS EARNED	[REDACTED]	[REDACTED]
GAIN OR (LOSS) ON DISPOSITIONS	[REDACTED]	[REDACTED]
TOTAL OTHER REVENUE AND (EXPENSES)	[REDACTED]	[REDACTED]
NET INCOME (LOSS)	[REDACTED]	[REDACTED]

THIS STATEMENT PREPARED FOR MANAGEMENT USE AND IS
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