

**REDACTED**

*Redacted*

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**Consolidated Financial Statements and Report  
of Independent Certified Public Accountants**

**American Communications Network, Inc.  
and Subsidiaries**

**December 31, 2000 and 1999**

**CONFIDENTIAL**

DOCUMENT NUMBER-DATE

13273 DEC-58

FPSC-COMMUNICATIONS DIVISION

## Report of Independent Certified Public Accountants

Board of Directors  
American Communications Network, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of American Communications Network, Inc. (a Michigan corporation) and Subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Communications Network, Inc. and Subsidiaries as of December 31, 2000 and 1999, and the consolidated results of its operations and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

**CONFIDENTIAL**

Southfield, Michigan  
June 28, 2001 (except for Note E, as  
to which the date is July 1, 2001)

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**Financial Statements**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

2000

1999

**Current Liabilities**

[REDACTED]

[REDACTED]

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Total Current Liabilities

Long-Term Debt, less current maturities

Notes Payable – stockholders

Deferred Income Taxes

Commitments and Contingencies (Notes H, K and M)

**Stockholders' Equity**

[REDACTED]

Total Stockholders' Equity

Total Liabilities and Stockholders' Equity

The accompanying notes are an integral part of these financial statements.

**American Communications Network, Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
**For the Years Ended December 31,**

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	<u>2000</u>	<u>1999</u>
<b>Revenue</b>		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
<b>Cost of Sales</b>		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
<b>General and Administrative Expenses</b>		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
<b>Other Income (Expense)</b>		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

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The accompanying notes are an integral part of these financial statements.

American Communications Network, Inc. and Subsidiaries

Consolidated Statement of Stockholders' Equity

For the Years Ended December 31, 2000 and 1999

	<u>Convertible Preferred Stock</u>	<u>Class A Common Stock</u>	<u>Class B Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
Balance at January 1, 1999	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance at December 31, 1999	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Balance at December 31, 2000	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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The accompanying notes are an integral part of these financial statements.

American Communications Network, Inc. and Subsidiaries  
Consolidated Statements of Cash Flows  
December 31,

**CONFIDENTIAL**

	2000	1999
<b>Cash Flows From Operating Activities</b>		
Net income	[REDACTED]	[REDACTED]
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	[REDACTED]	[REDACTED]
Decrease in accounts receivable and other assets	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
<b>Cash Flows From Investing Activities</b>		
Payments for acquisition of property and equipment	[REDACTED]	[REDACTED]
Proceeds from sale of property and equipment	[REDACTED]	[REDACTED]
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of common stock	[REDACTED]	[REDACTED]
Proceeds from issuance of debt	[REDACTED]	[REDACTED]
Payments for debt	[REDACTED]	[REDACTED]
Payments for dividends	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
<b>Cash and Cash Equivalents at December 31,</b>		
Beginning	[REDACTED]	[REDACTED]
Ending	[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.











American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2000 and 1999

**CONFIDENTIAL**

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2000 and 1999

**CONFIDENTIAL**

The Company's operations by business segment for the year ended December 31, 2000 follows:

	Total
Revenue from customers	
- International	
- Domestic	
- Other	
Operating expenses	
- International	
- Domestic	
- Other	
Depreciation and amortization	
- International	
- Domestic	
- Other	
Goodwill impairment	
Other income (expense)	
Income tax expense	
Net income	

The Company's operations by business segment for the year ended December 31, 1999 follows:

	Total
Revenue from customers	
- International	
- Domestic	
- Other	
Operating expenses	
- International	
- Domestic	
- Other	
Depreciation and amortization	
- International	
- Domestic	
- Other	
Goodwill impairment	
Other income (expense)	
Income tax expense	
Net income	

American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2000 and 1999

**CONFIDENTIAL**

[REDACTED] stock

In connection with [REDACTED]

[REDACTED] ats

[REDACTED] e

American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2000 and 1999

**CONFIDENTIAL**

No

[REDACTED]

[REDACTED] ent

[REDACTED]

**Consolidated Financial Statements and Report  
of Independent Certified Public Accountants**

**American Communications Network, Inc.  
and Subsidiaries**

**December 31, 2001 and 2000**

**REDACTED**  
**CONFIDENTIAL**



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**Report of Independent Certified Public Accountants**

Board of Directors  
American Communications Network, Inc. and Subsidiaries

CONFIDENTIAL

We have audited the accompanying consolidated balance sheets of American Communications Network, Inc. (a Michigan corporation) and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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*Grant Thornton LLP*

Southfield, Michigan  
April 30, 2002 (except for Note E,  
as to which the date is October 1, 2002)

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**Financial Statements**

**American Communications Network, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31,**

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	<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
<b>Current Assets</b>			
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]	[REDACTED]
Total Current Assets		[REDACTED]	[REDACTED]
<b>Property and Equipment, Net</b>		[REDACTED]	[REDACTED]
<b>Other Assets</b>		[REDACTED]	[REDACTED]
<b>Total Assets</b>		[REDACTED]	[REDACTED]

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LIABILITIES AND STOCKHOLDERS' DEFICIT

2001

2000

Current Liabilities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Total Current Liabilities

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

000

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The accompanying notes are an integral part of these financial statements.

American Communications Network, Inc. and Subsidiaries

Consolidated Statements of Operations

For the Years Ended December 31,

~~CONFIDENTIAL~~

	2001	2000
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

The accompanying notes are an integral part of these financial statements.

**American Communications Network, Inc. and Subsidiaries**  
**Consolidated Statement of Stockholders' Deficit**  
**For the Years Ended December 31, 2001 and 2000**

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Balance as of January 1, 2000

[REDACTED]

[REDACTED]

Balance at December 31, 2001

The accompanying notes are an integral part of these financial statements.

*CC*

American Communications Network, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31,

**CONFIDENTIAL**

2001

2000

Cash Flows From Operating Activities

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Cash Flows From Investing Activities

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Cash Flows From Financing Activities

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The accompanying notes are an integral part of these financial statements.



**American Communications Network, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

CONFIDENTIAL

**Note A – Summary of Significant Accounting Policies**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2001 and 2000

CONFIDENTIAL

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Note A - Summary of Significant Accounting Policies (Continued)

[REDACTED]

A [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2001 and 2000

**CONFIDENTIAL**

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Note A - Summary of Significant Accounting Policies (Continued)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2001 and 2000

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	2001	2000
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2001 and 2000

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[REDACTED]

[REDACTED]

(c) [REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries

Notes to Consolidated Financial Statements - Continued

December 31, 2001 and 2000

CONFIDENTIAL

[REDACTED]	2001	2000
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2001 and 2000

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[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]

[Redacted text]





American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2001 and 2000

CONFIDENTIAL

[REDACTED]

2001

2000

[REDACTED]

[REDACTED]

[REDACTED]

2001

2000

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

American Communications Network, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements - Continued  
December 31, 2001 and 2000

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[REDACTED]