

ORIGINAL  
Blonde Tongue Telephone, LLC

1809 N. Black Horse Pike, Bldg B-3, Sewell, NJ 08094

727-394-7096 ~ Fax 727-399-0978

030440-TX

May 9, 2003

FL Public Service Commission  
Division of Competitive Markets and  
Enforcement Certification  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Gentlemen:

Enclosed find an original and six copies of our application for Authority to Provide Alternative Local Exchange Service within the State of Florida. Also, a check in the amount of \$250 for the application fee is enclosed.

Sincerely,

*LaVera Blanco*

LaVera Blanco  
Paralegal Manager

Check received with filing and forwarded  
to Fiscal for deposit. Fiscal to forward  
deposit information to Records.

Initials of person who forwarded check:

*SLM*

Encl.

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FPSC-COMMISSION CLERK

APPLICATION

ORIGINAL

1. This is an application for  $\sqrt{\quad}$  (check one):

- ( X ) 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:

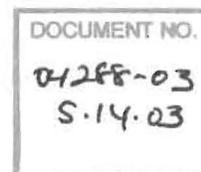
Blonder Tongue Telephone LLC

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

Same

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

1809 W. Black Horse Pike  
Williamstown N.J. 08094



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

13400 Periwinkle Av  
Seminole FL 33776

6. Structure of organization:

- ( ) Individual ( ) Corporation  
( ) Foreign Corporation ( ) Foreign Partnership  
( ) General Partnership ( ) Limited Partnership  
( x ) Other Foreign Limited Liability  
Company

7. If individual, provide:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

8. If incorporated in Florida, provide proof of authority to operate in Florida:

- (a) The Florida Secretary of State corporate registration number:

\_\_\_\_\_

LLC

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

(a) The Florida Secretary of State <sup>LLC</sup> ~~corporate~~ registration number:

11 03 0000 01 469

10. **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:

\_\_\_\_\_

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

(a) The Florida Secretary of State registration number:

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: \_\_\_\_\_

Internet Website Address: \_\_\_\_\_

13. **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: \_\_\_\_\_

14. **Provide F.E.I. Number(if applicable):** 81-0592036

15. 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. Provide explanation.

None have been so adjudged.

(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.

H. Tyler Bell - CFO - Travelers Cable TV Inc  
Russell Bell Pres - Travelers Telecom Corp (inactive)

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: L. Vera Blanco  
Title: Paralegal Manager  
Address: 13400 Periwinkle Av  
City/State/Zip: Seminole FL 33774  
Telephone No.: 727-394-7096 Fax No.: 727-394-0978  
Internet E-Mail Address: lblanco@Broadstar.com  
Internet Website Address: \_\_\_\_\_

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

Name: Greg Fath  
Title: General Manager  
Address: 1809 N. Black Horse Pike  
City/State/Zip: Williamstown NJ 08094  
Telephone No.: 856-286-5000 Fax No.: 856-429-1761

Internet E-Mail Address: greg@Broadstar.com  
Internet Website Address: \_\_\_\_\_

(c) Complaints/Inquiries from customers:

Name: Greg Fath  
Title: General Manager  
Address: See above

City/State/Zip: \_\_\_\_\_  
Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_

Internet E-Mail Address: greg@broadstar.com  
Internet Website Address: \_\_\_\_\_

**17. List the states in which the applicant:**

(a) has operated as an alternative local exchange company.

None

(b) has applications pending to be certificated as an alternative local exchange company.

NY PA

(c) is certificated to operate as an alternative local exchange company.

none

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(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

*None*

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

*None*

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

*None*

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**18. 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.**

## **18. A. Managerial Capability**

### **H. Tyler Bell**

Tyler began his career by founding Global Satellite in 1983. As a result of his capable leadership, the company grew from a single storefront selling home satellite systems to the largest residential satellite dealer in Florida within one year. In 1985, the industry underwent a dramatic transformation with the advent of signal scrambling and Tyler took full advantage of this by launching Travelers Cable. His newly formed company focused on providing cable services to residential customers and he channeled his efforts on the RV parks and resort communities. As the company continued to grow, Tyler saw another opportunity to provide services to the industry he was in and formed the Travelers Utility Supply in 1991. This new entity sold the utility products necessary to wire the various campgrounds and other communities he currently maintained and serviced. By 1995, Tyler's companies had grown to become the largest provider of cable television to the RV and resort communities and won national awards for service excellence. The Telecommunications Act of 1996 enabled companies to provide an alternative to the local monopolies currently in existence and Tyler immediately entered this market with the formation of Travelers Telecom. He realized that utilizing existing relationships with cable customers was an excellent way to transition into providing bundled services. Tyler's vision for providing broadband services has continued into the formation of Broadstar Communications in 2001, which now provides cable, telephone, and internet services to Multi Dwelling Units. Early in 2003, Tyler parlayed this success by partnering with Blonder Tongue Laboratories to deploy telephony services to other private cable operators throughout the country. In addition to the above companies, Tyler has diversified his businesses by founding the Atlas Investment Group in 2000 with its primary focus on leasing real estate to small business owners.

### **Greg Fath**

Greg has held a number of positions in his 15 year telecom career while working at Verizon Communications and ATX Telecommunications. After graduating from Seton Hall University in 1987 as a Summa Cum Laude with a degree in Finance, he joined Verizon (New Jersey Bell at that time) as an assistant manager in the company's executive development program. Greg performed many functions ranging from project management to team building within various operational departments. After spending four years in Human Resources and completing his MBA, his career focused on Network Operations and Customer Operations where he was responsible for field organizations (directing the efforts of over 150 employees located at 26 separate garage locations) and customer service departments (managing 1.3 million access lines for residential and business customers). In 1999, Greg was recruited by ATX to build their local services group, including the company's entry into UNE (unbundled network elements) services. Within a year, he was named the company's Director of Customer Operations, at which time he was responsible for Field Services, Customer Service, and Provisioning of the company's entire customer base, while closely managing a \$7 million budget. In 2002, Greg joined Broadstar as their CFO and is currently overseeing all operational and Human Resources functions.

## **19. B. Technical Capability**

### **Dr. Yo-Sung Cho**

Dr. Cho is Director of Technology. He also is CEO of NetLinc Technologies (NLT), Dr. Cho founded Integrated Network Corporation (INC) in 1985. During his tenure as CEO (1985 – 1998) of INC, the company introduced the first DSL product in 1987 with several hundred thousands of lines shipped to LECs, introduced one of the first DSLAM products in 1994 and sold the technology to Cisco Systems in 1997, and introduced one of the first VDSL products in 1996.

Prior to 1985, Dr. Cho was a department head and technical supervisor at Bell Laboratories and invented SLC-96, the first commercially successful digital loop carrier product in early 1980s, creating multi billion dollar businesses. He was also a General Manager at AT&T International where he ran a \$300 million switching and transmission businesses between 1981 and 1985. He founded two other telecom companies in Korea and is currently serving three telecom companies as board members. He received an MS and Ph.D. from Yale and a BSEE from Seoul National University. He has published numerous papers in the field of telecommunications and chaired many telecom-related sessions.

### **Jim Zalinski**

Jim is in charge of field construction. He joined NetLinc Technologies in April 2001 and manages the company's general administration, contract manufacturing, quality and distribution functions. Prior to joining NetLinc Technologies he was the Vice President of Operations for Integrated Network Corporation where he was responsible for establishing and managing all aspects of the company's international supply chain. Previously, Mr. Zalinski held several management positions with the Digital Telecommunications segment of California Microwave, Inc. He has more than twenty years of business management experience involving start-up and fast growth companies. Mr. Zalinski holds an MBA from Rutgers University and BS in Business Management from Fairleigh Dickinson University.

### **Bruce McGrath**

Bruce is responsible for product development. His career includes 8 years at Integrated Network Corporation, where he served in technical consulting and senior engineering management positions in the development of remote access products including DSLAM, advanced D4, and Copper-Linc product family. Prior to this he was President of a small consulting company whose clients included Telcordia (Bellcore) and Intel. He also was Director of Engineering for all packet oriented remote access products at Infotron Systems Corporation. He has over 25 years experience in network management, remote access transmission systems development and engineering. Mr. McGrath holds BS in Physics from Rutgers University.

## **19. B. Technical Capability (cont.)**

### **Russell Bell**

Russell is Director of Field Operations. Since Global Satellite's inception, Russell has been primarily responsible for installations and maintenance of equipment in the field for the Travelers companies. Russell has an extensive working knowledge of system design, C-Band, Ku-Band, DBS, Microwave, and Fiber. His 17 years of experience managing field and service crews for Travelers have given him a thorough understanding of service process and management techniques. Russell's teams currently service and maintain over 75 separate cable TV systems from Maine to Florida.

### **Douglas Bell**

Douglas currently serves as the President and owner of Broadstar Communications, LLC. He received degrees in architectural engineering and civil engineering from Northeastern University and has continuing educational credits from the Hartford Graduate Center in project management and marketing. Mr. Bell started in the satellite TV industry nearly twenty-five years ago. Together with his two brothers, the family business opened up ten stores across Florida and grew to be one of the largest retailers to residential subscribers of satellite television. Douglas' attentions became focused on the commercial arena of Multi Dwelling Units (MDUs) as the residential market diminished due to the evolution of scrambling technology. Eventually, their entire focus was on commercial users and MDU's. Douglas discovered a particular niche in the Resort RV parks across the country. Within a few years, they were servicing over one hundred properties and had more than twenty thousand subscribers. They received numerous awards and accolades such as the coveted National Campground Association's "Supplier of The Year Award." Recognizing yet another opportunity, Douglas started Broadstar to directly compete with incumbents in MDU's and he has developed a business model that includes in-house installers and technicians as well as a customer service center answered by trained staff and not by answering systems. Broadstar now services properties from New York to Florida including numerous prime properties in the Philadelphia region, Comcast's corporate headquarters.

**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 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. APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

Greg Fath  
Print Name

Greg Fath  
Signature

CFO  
Title

5/6/03  
Date

856 629 4138  
Telephone No.

856 256 9009  
Fax No.

Address: P.O. Box 830  
Williamstown, NJ 08094  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**

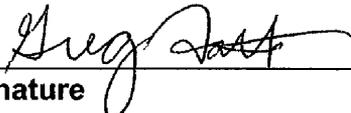
**AFFIDAVIT**

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 alternative local exchange company 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:**

Greg Fath  
Print Name

  
Signature

CFO  
Title

5/16/03  
Date

856-629-4138  
Telephone No.

856 256 9009  
Fax No.

Address: P.O. Box 830  
Williamstown, NJ 08094  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**19. C. Financial Capability**

Blonder Tongue Telephone, LLC is a new entity and does not have audited financial statements.

The attached in-house statements are true and correct and include Balance Sheet, Income Statement, and a copy of the Capital Contribution Agreement with Blonder Tongue Laboratories including Income Projections and Budget.



H. Tyler Bell, CEO

Blonder Tongue Telephone, LLC. has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

Blonder Tongue Telephone, LLC has sufficient financial capability to maintain the requested service.

Blonder Tongue Telephone, LLC . has sufficient financial capability to meet its ownership obligations. It has no lease obligations.

05/06/03

**Blonder Tongue Telephone**  
**Profit & Loss**  
January through April 2003

	<u>Jan - Apr '03</u>
Ordinary Income/Expense	
Income	
Sales	124,800.00
<b>Total Income</b>	<u>124,800.00</u>
Cost of Goods Sold	
Cost of Goods Sold	111,172.00
<b>Total COGS</b>	<u>111,172.00</u>
<b>Gross Profit</b>	13,628.00
Expense	
Dues and Subscriptions	695.00
Office Expense	
Supplies	188.42
<b>Total Office Expense</b>	188.42
Payroll Expenses	40,420.35
Rent	1,500.00
Marketing Expense	860.47
Telephone	1,250.00
<b>Total Expense</b>	<u>44,914.24</u>
<b>Net Ordinary Income</b>	<u>-31,286.24</u>
<b>Net Income</b>	<u><u>-31,286.24</u></u>

05/06/03

**Blonder Tongue Telephone**  
**Balance Sheet**  
As of April 30, 2003

	<u>Apr 30, '03</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
Columbia Bank	166.58
<b>Total Checking/Savings</b>	<u>166.58</u>
<b>Accounts Receivable</b>	
Accounts Receivable	124,800.00
<b>Total Accounts Receivable</b>	<u>124,800.00</u>
<b>Other Current Assets</b>	
Loan to Member	109,669.18
Prepaid Billing Fees	15,000.00
<b>Total Other Current Assets</b>	<u>124,669.18</u>
<b>Total Current Assets</b>	249,635.76
<b>Fixed Assets</b>	
Netlinc	150,000.00
<b>Total Fixed Assets</b>	<u>150,000.00</u>
<b>TOTAL ASSETS</b>	<u><u>399,635.76</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	80,922.00
<b>Total Accounts Payable</b>	<u>80,922.00</u>
<b>Total Current Liabilities</b>	<u>80,922.00</u>
<b>Total Liabilities</b>	80,922.00
<b>Equity</b>	
Capital	350,000.00
Net Income	<u>-31,286.24</u>
<b>Total Equity</b>	<u>318,713.76</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>399,635.76</u></u>

## CAPITAL CONTRIBUTION AGREEMENT

This Capital Contribution Agreement is made as of this 26th day of March, 2003 by and between Blonder Tongue Telephone, LLC, a New Jersey limited liability company (the "Company"), Resource Investment Group, LLC, a New Jersey limited liability company ("RIG"), H. Tyler Bell, NetLine Communications, LLC, a New Jersey limited liability company ("NetLine"), and Blonder Tongue Laboratories, Inc., a Delaware corporation ("Blonder Tongue").

### Background

The Company is a start-up enterprise that will (i) sell certain telecommunications equipment, subject to certain limited exceptions, exclusively to Blonder Tongue for resale by Blonder Tongue, all as more fully set forth in a certain Distributorship Agreement between the Company and Blonder Tongue, dated on or about the date hereof, (ii) act as a reseller of telecommunications services to the end users of the equipment sold by the Company and Blonder Tongue, and (iii) act as an operator of telephone, cable and high speed internet systems.

Blonder Tongue has agreed to become a member of the Company pursuant to the Company's Operating Agreement of even date herewith (the "Operating Agreement") and in return for its Membership Rights, agrees to make capital contributions to the Company in the form of cash in an aggregate amount of up to \$3,500,000, plus 500,000 shares of Blonder Tongue common stock, pursuant to the terms and conditions of this Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Operating Agreement.

NOW THEREFORE, for good and valuable consideration, the parties, intending to be legally bound, agree as follows:

1. Contributions. Blonder Tongue agrees to make the following capital contributions to the Company each of which shall be credited, when made, to the Capital Account of Blonder Tongue maintained by the Company pursuant to the Operating Agreement:

(a) Upon the execution of this Agreement, Blonder Tongue shall make an initial cash contribution to the Company of \$125,000 (the "Initial Payment") and three (3) subsequent cash contributions of \$125,000 on the first day of each week thereafter.

(b) Upon the execution of this Agreement, Blonder Tongue shall make a capital contribution to the Company of 500,000 shares of Blonder Tongue common stock, par value \$0.001 (the "Stock").

(c) On the first day of the first calendar month following the month in which the final payment contemplated by section 1(a) is scheduled to be paid, Blonder Tongue shall make a cash contribution to the Company of \$83,333.33 and shall make five subsequent cash contributions of \$83,333.33 on the first day of each calendar month thereafter.

(d) (i) In addition to the capital contributions contemplated by sections 1(a) and 1(c) above, Blonder Tongue shall make additional cash

contributions to the Company in the maximum amount of up to \$2,500,000, payable in twenty-four (24) equal payments of \$104,166.67 (each a "Monthly Capital Payment"), with the first Monthly Capital Payment due upon the execution of this Agreement, and with each additional Monthly Capital Payment due on the 15<sup>th</sup> day of each succeeding calendar month, until paid in full; provided, however, that, as more fully described in section 1(d)(ii) below, Blonder Tongue's obligation to contribute the additional capital contributions contemplated by this section 1(d)(i) is subject to and contingent upon the Company meeting certain projections budgeted for the Company pursuant to the budget attached hereto as Exhibit A (the "Budget").

- (ii) Commencing with the fourth (4<sup>th</sup>) full month of operation of the Company, if the Company's EBITDA (defined below) for a calendar month does not meet or exceed eighty percent (80%) of the Targeted EBITDA (defined below) for such month (if the Targeted EBITDA set forth in the Budget is negative, the Company's actual negative EBITDA as of such date shall not be worse than 120% of the negative Targeted EBITDA for such date set forth in the Budget), then Blonder Tongue's obligation to make Monthly Capital Payments to the Company as of the fifteenth day of the following month (and all subsequent months) shall be deferred for such month(s) and shall commence again on the fifteenth day of the next succeeding calendar month, subject to the Company meeting the Targeted EBITDA applicable to such succeeding month. Commencing with the fifth (5<sup>th</sup>) full month of operation of the Company, on the fifteenth day of each calendar month, Blonder Tongue shall test the Company's EBITDA for the prior month against the related Targeted EBITDA to determine whether to pay or defer a Monthly Capital Payment for such month.
- (iii) Notwithstanding any provision of this Agreement to the contrary, Blonder Tongue shall not be required to pay more than the amount of one Monthly Capital Payment per calendar month, other than under circumstances where Blonder Tongue failed to make a Monthly Capital Payment in a prior month that was required to be made (i.e., such Monthly Capital Payment was not deferred pursuant to subsection 1(d)(ii) hereof).
- (iv) Notwithstanding any provision of this Agreement to the contrary, at no time shall the BT Net Cash Contribution exceed \$1,244,075.
- (v) For purposes of this Agreement, "EBITDA" shall mean, for any calendar month, the net income (loss) of the Company and its subsidiaries on a consolidated basis for such calendar month, plus

interest expense, income tax expense, amortization expense, depreciation expense and extraordinary losses and minus extraordinary gains, in each case, of the Company and its subsidiaries on a consolidated basis for such calendar month determined in accordance with generally accepted accounting principles, to the extent included in the determination of such net income (loss).

- (vi) For purposes of this Agreement, "Targeted EBITDA" shall mean, for any calendar month, the projected EBITDA for such calendar month as set forth in the Budget.
- (vii) For purposes of this Agreement, the "BT Net Cash Contribution" shall mean, as of any date of determination, the amount by which (A) the aggregate amount of cash capital contributions that Blonder Tongue has made to the Company as of such date exceeds (B) the aggregate amount of cash distributions that have been made to Blonder Tongue pursuant to Sections 4.1 and 4.2 of the Operating Agreement as of such date.

2. Valuation of Blonder Tongue Stock. For the purposes of this Agreement and the Operating Agreement, the parties agree that the value of a share of the Stock shall be the greater of the average of the high and low sale price thereof as reported by the American Stock Exchange on the date hereof, or \$2.00 per share. The Company shall have the right to register the Stock at its sole expense. In addition, the Company may, at no cost to the Company, co-register with Blonder Tongue in the event that Blonder Tongue is also registering shares of its common stock pursuant to a registration statement on Form S-2 or S-3; provided, however, that the Company's co-registration shall be on such terms and conditions as are acceptable to Blonder Tongue and the underwriter of Blonder Tongue's registration, if any. The Company shall, at its sole expense, promptly comply with all applicable federal and state securities laws applicable to its receipt and ownership of the Stock, including, without limitation, making an initial filing of a Schedule 13(d) or 13(g) as applicable.

3. Membership Interests. Upon the execution of this Agreement and Blonder Tongue's payment of the Initial Payment and issuance of the Stock to the Company, the Company shall issue to Blonder Tongue and Blonder Tongue shall hold a 35% Percentage Interest and 17.5 Membership Shares.

4. Consent and Acknowledgement. Blonder Tongue hereby acknowledges and agrees that from time to time the Company may make loans to RIG and NetLinc, subject to the following terms and conditions:

(a) Loans to RIG. The aggregate amount of loans outstanding from the Company to RIG at any time shall not exceed \$2,000,000. Loans from the Company to RIG may be funded by a combination of Cash Flow and cash capital contributions; provided, however, that (i) such loans may not be funded with Cash Flow unless and until the BT Cash

Priority Return has been paid in full and (ii) only up to 50% of cash capital contributions received by the Company may be used to fund loans to RIG.

(b) Loans to NetLinc. The aggregate amount of loans outstanding from the Company to NetLinc at any time shall not exceed \$300,000. Loans from the Company to NetLinc may be funded only from cash capital contributions received by the Company.

(c) General Terms and Conditions of Loans. All such loans shall bear interest at the lowest applicable federal rate of interest necessary to avoid the imputation of interest under applicable federal tax law and shall have such other terms and conditions, including repayment terms, as are acceptable to Blonder Tongue in its sole discretion.

5. Contributions Independent from Distributions. The obligations of Blonder Tongue to contribute to the capital of the Company as contemplated by the Operating Agreement and as set forth herein, shall be and remain separate and independent from the obligations of the Company to make distributions to the Members and to allocate profits and losses, as contemplated by the Operating Agreement.

6. Representations, Warranties and Covenants of Company and NetLinc. Company and NetLinc, jointly and severally, hereby represent, warrant and covenant to Blonder Tongue as of the date of this Agreement as follows:

(a) Organization, Good Standing and Qualification. Each of Company and NetLinc is a limited liability company duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each of Company and NetLinc has all requisite power and authority to own and operate its properties and assets, to execute and deliver this Agreement, that certain Distributorship Agreement dated on or about the date hereof by and between Company and Blonder Tongue ("Distributorship Agreement"), that certain Distributorship Agreement dated on or about the date hereof by and between NetLinc and Company, that certain Affiliated Party Transactions Agreement dated on or about the date hereof by and among NetLinc, Company, Blonder Tongue and the other signatories thereto, that certain Intellectual Property License Agreement dated on or about the date hereof by and between Company and Blonder Tongue (the "IP License Agreement") and any other agreements, instruments or documents to be delivered by Company or NetLinc in connection with the transactions contemplated hereby (collectively, the "Agreements"), and, to the extent applicable, to carry out the provisions of the Agreements and to carry on its business as presently conducted and as presently proposed to be conducted. Each of Company and NetLinc is duly qualified and is authorized to do business and is in good standing as a foreign limited liability company in all jurisdictions in which it is required to be so qualified.

(b) Capitalization; Equity Interests. Upon consummation of the transactions contemplated by the Agreements, the capitalization of each of NetLinc and Company will be as set forth on Exhibit B attached hereto and all membership interests in each of Company and NetLinc have been or will be issued in compliance with all applicable state and federal laws concerning the issuance of securities. Except as may be granted pursuant to the Agreements, there are no outstanding options, rights or agreements of any kind for the purchase or acquisition from either NetLinc or Company of any of their securities. When issued in compliance with the provisions of this Agreements all membership interests in Company and NetLinc will be free of any liens or encumbrances other than restrictions on transfer under the Agreements or state and/or federal securities laws.

(c) Authorization. All action on the part of each of Company and NetLinc, and their respective officers, managers and members, as applicable, necessary for the authorization of the Agreements and the performance of all obligations of Company and NetLinc under the Agreements has been taken.

(d) Budget. The financial projections contained in the Budget attached hereto as Exhibit A are based on and reflect assumptions for which Company has a reasonable basis, and reflect conditions generally expected to exist and the course of action that Company expects to take, as of the date of this Agreement.

(e) Liabilities. Except as set forth in the Agreements, neither Company nor NetLinc has any liabilities and, to the best of its knowledge, does not know of any contingent liabilities not previously disclosed to Blonder Tongue. Neither NetLinc nor Company is a guarantor of any indebtedness or indemnitor of any liability or loss of any other person or entity.

(f) Agreements: Action.

(i) Except as set forth in the Agreements, there are no agreements, understandings or proposed transactions between either of NetLinc or Company, on the one hand, and any of such company's officers, managers, members, affiliates or, to the best knowledge of NetLinc and Company, any affiliate thereof, on the other hand.

(ii) Except as set forth in the Agreements, there are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which either of NetLinc or Company is a party or by which it is bound that may involve (A) obligations (contingent or otherwise) of, or payments to, such company in excess of \$10,000, (B) the license of any patent, copyright, trade secret or other proprietary right to or from NetLinc or Company, (C) provisions materially affecting or restricting the development, presentation or delivery of NetLinc's or Company's products or services, or (D) indemnification by either of NetLinc or Company with respect to infringements of proprietary rights.

(iii) Except as set forth in the Agreements, neither of NetLinc or Company has (A) made any distribution upon or with respect to any class of equity interest, (B) incurred any indebtedness for money borrowed or any other liabilities, (C) made any loans or advances to any person, or (D) sold, exchanged or otherwise disposed of any of its assets or rights, other than in the ordinary course of business.

(g) Obligations to Related Parties. Except as set forth in the Agreements, there are no obligations of NetLinc or Company to any of their respective officers, managers, members, or employees.

(h) Title to Assets; Liens, etc. Each of NetLinc and Company has good and marketable title to its assets, subject to no liens except for liens for current taxes not yet due and payable. Each of NetLinc and Company is in material compliance with all terms of each lease to which it is a party or is otherwise bound.

(i) Intellectual Property.

(i) Each of Company and NetLinc owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses,

information and other proprietary rights and processes (collectively "IP") necessary for its business as presently conducted and contemplated to be conducted, free and clear of all liens and without any known infringement of the rights of others. There are no outstanding options, licenses or agreements of any kind relating to the foregoing, nor is NetLinc or Company bound by or a party to any options, licenses or agreements of any kind with respect to the IP of any other person or entity (except as set forth in the IP License Agreement). Neither NetLinc nor Company has received any written or oral communications alleging that it has violated or, by conducting its business as presently conducted or contemplated to be conducted would violate, any of the IP of any other person or entity.

(ii) NetLinc is the sole owner of all IP relating to the design, development, manufacture, sale, use, support or service of the Products (as defined in the Distributorship Agreement) (collectively, "Product IP") free and clear of all liens and without any known infringement of the rights of others. There are no outstanding options, licenses or agreements of any kind relating to the Product IP. NetLinc has not received any written or oral communications alleging that the Product IP violates any of the IP of any other person or entity. For so long as any of the Agreements remains in effect, NetLinc will take all steps necessary to maintain and preserve the Product IP and protect the confidentiality of the Product IP.

(iii) None of the key employees of NetLinc or Company is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would materially interfere with his duties to such company or that would materially conflict with such company's business as presently conducted or as contemplated to be conducted. Neither the execution nor delivery of the Agreements, nor the carrying on of business by the key employees of NetLinc and Company, nor the conduct of NetLinc's or Company's business as presently conducted or as contemplated to be conducted, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any key employee of NetLinc or Company is now obligated. NetLinc and Company do not believe it is or will be necessary to utilize any IP of any of its present or past employees or consultants made prior to their employment or engagement, as the case may be, by NetLinc or Company, except for IP that has been validly assigned outright to and is currently owned in full by NetLinc or Company, as applicable.

(j) Compliance with Other Instruments. Neither NetLinc nor Company is in violation of or default under any term of its certificate of formation or operating agreement, any provision of any agreement or contract to which it is party or by which it is bound or any judgment, decree, order or writ by which it is bound. The execution, delivery, and performance of and compliance with the Agreements will not, with or without the passage of time or giving of notice, result in any such violation or default, or result in the creation of any lien upon any of the assets of such company or the suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval material to the business or assets of NetLinc or Company.

(k) Litigation. There is no action, suit, proceeding or known investigation currently pending or, to the best of its knowledge, threatened against either NetLinc or Company, nor, to the best of their knowledge, are NetLinc and Company aware that there is any basis for the foregoing. Neither NetLinc nor Company is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by NetLinc or Company currently pending or which NetLinc or Company intends to initiate.

(l) Tax Returns and Payments. Each of NetLinc and Company has timely filed all tax returns (federal, state and local) required to be filed by it. All taxes, and any assessments, due

and payable by NetLinc or Company on or prior to the date hereof have been paid or will be paid prior to the time they become delinquent.

(m) Employees. No employee of NetLinc or Company has any agreement or contract, written or verbal, regarding his employment. No employee of NetLinc or Company, nor any consultant with whom NetLinc or Company has contracted, is in violation of any term of any employment contract, proprietary information agreement or any other agreement relating to the right of any such individual to be employed by, or to contract with, NetLinc or Company and the continued employment by NetLinc or Company of its present employees, and the performance of NetLinc's or Company's contracts with its independent contractors, will not result in any such violation. Neither NetLinc nor Company has received any notice alleging that any such violation has occurred. No employee of NetLinc or Company has been granted the right to continued employment by NetLinc or Company or to any compensation following termination of employment with NetLinc or Company.

(n) Permits. Each of NetLinc and Company has all franchises, permits, licenses, consents, authorizations and any similar authority necessary for the conduct of its business as now being conducted by it and believes it can obtain, without undue burden or expense, all franchises, permits, licenses, consents, authorizations and any similar authority for the conduct of its business as planned to be conducted.

(o) Insurance. Each of NetLinc and Company has property, fire, liability, workmen's compensation and casualty insurance policies with coverage customary for companies similarly situated to NetLinc and Company, each of which is in full force and effect and all premiums due thereon have been paid.

(p) Full Disclosure. The Agreements and all other documents delivered by NetLinc and Company, or their affiliates, to Blonder Tongue or its attorneys or agents in connection with the transactions contemplated by the Agreements, do not contain any untrue statement of a material fact nor, to the best of NetLinc's and Company's knowledge, omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. To the best of NetLinc's and Company's knowledge, there are no facts which (individually or in the aggregate) materially adversely affect the business, assets, liabilities, financial condition, prospects and operations of each of NetLinc and Company, taken as a whole, that have not been set forth in the Agreements or in other documents delivered to Blonder Tongue or its attorneys or agents in connection with the transactions contemplated by the Agreements.

7. Representations and Warranties of Blonder Tongue. Blonder Tongue hereby represents and warrants to the Company and NetLinc as of the date of this Agreement as follows:

(a) Organization, Good Standing and Qualification. Blonder Tongue is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Blonder Tongue has all requisite corporate power and authority to execute and deliver the Agreements to which it is a party.

(b) Authorization. All corporate action on the part of Blonder Tongue necessary for the authorization of the Agreements to which it is a party and the performance of all obligations of Blonder Tongue under such Agreements has been taken.

8. **Survival.** The representations, warranties, covenants and agreements made herein shall survive until the expiration of all applicable statutes of limitation (including all periods of extension, whether automatic or permissive).

9. **Remedies.**

(a) Company and NetLinc shall, jointly and severally, indemnify, defend and hold Blonder Tongue harmless from and against any and all loss, liability, damage, deficiency or expense to Blonder Tongue relating to or arising out of any misrepresentation, breach of any representation or warranty, or nonfulfillment of any covenant on the part of Company or NetLinc contained in this Agreement.

(b) In addition to the other remedies available to Blonder Tongue under this Agreement or at law, all of which are cumulative and may be pursued singly or concurrently, upon the breach of any of the representations, warranties or covenants set forth herein, except the representation and warranty set forth in Section 6(d) hereof, which breach is not cured (or with respect to the representations and warranties set forth in Sections 6(n) and 6(o) only, a cure is not being diligently pursued) to Blonder Tongue's reasonable satisfaction within thirty (30) days after the occurrence of such breach, (i) Blonder Tongue's obligations under this Agreement shall terminate in their entirety, including, without limitation, Blonder Tongue's obligations to make capital contributions of any nature to Company, and (ii) notwithstanding any provisions of the Agreements to the contrary, all of the restrictive covenants applicable to Blonder Tongue contained in the Agreements, including without limitation, the non-competition covenants set forth in Section 29.1 of the Distributorship Agreement, Section 5.9.1 of the Operating Agreement of Blonder Tongue Telephone, LLC and Section 5.7.1 of the Operating Agreement of NetLinc Communications, LLC, shall terminate in their entirety and be of no further force and effect.

10. **Miscellaneous.** Captions and paragraph headings used herein are used for convenience only and are not a part of this Agreement and shall not be used in construing it. In the event of litigation necessary to enforce this Agreement or the terms and conditions thereof each party shall be responsible for its own attorney's fees associated with that litigation. This Agreement sets forth the entire understanding between the parties hereto and supersedes all prior understanding in connection thereof. No waiver of any provision of this Agreement shall be deemed or constitute a waiver of any other provision herein nor shall a waiver be construed as a continuing waiver. This Agreement shall be governed and construed in accordance with the laws of the State of New Jersey. Any suit involving any dispute or matter arising under this Agreement may only be brought in the United States District Court for the District of New Jersey or any New Jersey State Court having jurisdiction over the subject matter of the dispute or matter. All parties hereby consent to the exercise of personal jurisdiction by any such court with respect to any such proceeding. No supplement, modification, or amendment of this Agreement will be binding unless executed by all parties. This Agreement shall be binding upon the successors and assigns of each party hereto. If any provision in this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect.

**Exhibit A- The Budget**

**Bionde Telephone Income Projections - 2003 (based on 92,000 new ports)**

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Sales Projections:</b>												
Customer Additions:		0		2,000	3,000	4,000	4,000	8,000	10,000	12,500	17,500	61,000
Broadstar Comm.			1,000	1,000	2,000	1,000	1,000	2,000	2,000	2,000	2,000	14,000
Digital Comm				1,000	1,000	2,000	2,000	2,000	3,000	3,000	3,000	17,000
Total Residual Customers:		0	1,000	4,000	9,000	14,000	19,000	29,000	41,000	55,500	75,000	75,000

<b>Income:</b>												
Equipment Margin:		\$0	\$20,000	\$80,000	\$120,000	\$140,000	\$140,000	\$240,000	\$300,000	\$350,000	\$450,000	1,840,000
Residual Revenue:		\$0	\$0	\$11,534	\$46,138	\$103,810	\$161,482	\$219,154	\$334,498	\$472,910	\$640,159	1,999,684
Total Revenue:		\$0	\$20,000	\$91,534	\$166,138	\$243,810	\$301,482	\$459,154	\$634,498	\$822,910	\$1,090,159	3,829,684

<b>Expense:</b>												
Corp Overhead:			\$55,763	\$75,887	\$79,717	\$95,525	\$102,325	\$114,875	\$132,221	\$149,196	\$175,067	980,554
Targeted Monthly EBITDA:		0	(35,763)	15,668	86,421	148,285	199,157	344,279	502,277	673,715	915,093	2,849,130

**Assumptions:**

- Equipment Margin per port will be: \$20.00
- Residual Revenue per port will be: \$11.53
- Note: Residual Revenue includes:
  - \$3 per customer per month for billing and collections services
  - \$2 per customer per month for customer service support

**Blonder Tongue Telephone Income Projections - 2004 (based on 260,000 new ports)**

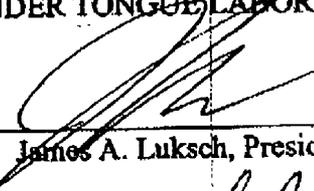
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<i>Sales Projections:</i>													
Customer Additions:	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	25,000	25,000	25,000	25,000	260,000
Total Customers:	95,000	115,000	135,000	155,000	175,000	195,000	215,000	235,000	260,000	285,000	310,000	335,000	335,000
<i>Income:</i>													
Equipment Margin:	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$500,000	\$500,000	\$500,000	\$500,000	5,200,000
Residual Revenue:	\$865,080	\$1,095,768	\$1,326,456	\$1,557,144	\$1,787,832	\$2,018,520	\$2,249,208	\$2,479,896	\$2,710,584	\$2,998,944	\$3,287,304	\$3,575,664	25,952,400
Total Revenue:	\$1,265,080	\$1,495,768	\$1,726,456	\$1,957,144	\$2,187,832	\$2,418,520	\$2,648,208	\$2,879,896	\$3,210,584	\$3,498,944	\$3,787,304	\$4,075,664	31,152,400
<i>Expense:</i>													
Corp Overhead:	\$203,313	\$230,933	\$257,554	\$281,779	\$316,066	\$342,229	\$365,554	\$393,587	\$427,112	\$459,529	\$492,022	\$528,303	4,297,980
Targeted Monthly EBITDA:	1,061,768	1,264,835	1,468,902	1,675,365	1,871,766	2,076,291	2,283,654	2,486,309	2,783,472	3,039,415	3,295,282	3,547,361	26,854,420

Blonder Tongue Laboratories, Inc.  
Cash Flow Projections For Telephony  
For the year ending December 31, 2003

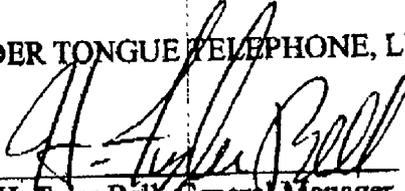
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
EBITDA from BTT	-	-	(35,763)	15,868	86,421	148,285	199,157	344,279	502,277	673,715	915,093	2,849,130
Cash Downpayment		500,000										500,000
Cash payments			83,333	83,333	83,333	83,333	83,333	83,333				500,000
Note payments		105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	1,050,000
CASH OUTLAY (INFLOW)		605,000	188,333	172,866	101,912	40,049	(10,823)	(156,946)	(397,277)	(543,914)		-
CUMULATIVE		605,000	793,333	965,899	1,067,911	1,107,960	1,097,137	941,191	543,914			

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the day and year first above written.

BLONDER TONGUE LABORATORIES, INC.

By:   
James A. Luksch, President

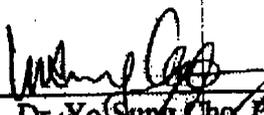
BLONDER TONGUE TELEPHONE, LLC

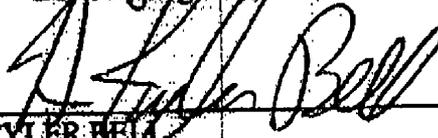
By:   
H. Tyler Bell, General Manager

RESOURCE INVESTMENT GROUP, LLC

By:   
Douglas Bell, Manager

NETLINC COMMUNICATIONS, LLC

By:   
Dr. Yo Sung Cho, President

  
H. TYLER BELL

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Blonder Tongue Telephone, LLC, with principal offices at 1809 N. Black Horse Pike, Williamstown, NJ 08094. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

TABLE OF CONTENTS

Title Sheet.....1  
Check Sheet.....2  
Table of Contents.....3  
Symbols Sheet.....4  
Tariff Format Sheets.....5  
Section 1 - Technical Terms and Abbreviations.....6  
Section 2 - Rules and Regulations.....7  
Section 3 - Description of Service.....11  
Section 4 - Rates.....13

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SYMBOLS SHEET

The following are the only symbols used for the purposes indicated below:

D - Delete Or Discontinue

I - Change Resulting In An Increase To A Customer's Bill

M - Moved From Another Tariff Location

N - New

R - Change Resulting In A Reduction To A Customer's Bill

T - Change in Text Or Regulation But No Change In Rate Or Charge

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

TARIFF FORMAT SHEETS

**A. Sheet Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

**B. Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc, the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.

**C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).I.
- 2.1.1.A.1.(a).I.(i).
- 2.1.1.A.1.(a).I.(i).(1).

**D. Check Sheets** - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - Blonder Tongue Telephone, LLC

Customer - the person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Day - From 7:00 AM up to but not including 7:00 PM local time.

Evening - From 7:00 PM up to but not including 7:00 AM local time.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company.

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff.

The Company's installs operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations.

2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.

The Company's reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control: or when the customer is using service in violation of the law or the provisions of this tariff.

2.2.2 All facilities provided under this tariff are directly controlled by the Company and the customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.3 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.4 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier by the Florida Public Service Commission.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 2 - RULES AND REGULATIONS continued

2.3 Liabilities of the Company.

2.3.1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.

2.3.2 The Company shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.

(B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

2.4 Interruption of Service.

2.4.1 Credit allowance for the interruption of service which is not due to The Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does

2.4.2 not provide access to the Company for such restoration work.

2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than seventy-two hours after the subscriber notifies the Company.

2.4.3 The customer shall be credited for an interruption of more than seventy-two hours as follows:

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 2 - RULES AND REGULATIONS continued

2.4 Interruptions of Services continued

Credit Formula:

Credit = A/B x C

"A" - outage time in hours

"B" - total hours in month

"C" - total monthly charge for affected facility

2.5 Disconnection of Service by Carrier.

The company (carrier), upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.

2.5.2 A violation of any regulation governing the service under this tariff.

2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.

2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 2 - RULES AND REGULATIONS continued

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Timing of Calls

3.1.1 When Billing Charges Begin and End For Phone Calls

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 120 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 2 minutes for a connected call and calls beyond 2 minutes are billed in 1 minute increments.

3.1.3 Per Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

3.2 Calculation of Distance

The Company does not calculate calls based on mileage.

3.3 Minimum Call Completion Rate

A customer can expect a call completion rate of not less than 90% during peak use periods for all FG D services ("1+" dialing).

By: H. Tyler Bell, CEO  
1809 N. Black Horse Pike  
Williamstown, NJ 08094

Effective:  
August 10, 2003

SECTION 3 - DESCRIPTION OF SERVICE continued

3.4 Service Offerings

3.4.1 Long Distance Service

Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one minute increments. No monthly recurring charges or minimum monthly billing requirements apply.

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SECTION 4 - RATES

4.1 **Blonder Tongue Telephone Long Distance Service**

Rate per minute - \$0.05 to \$0.09 (depending on contract with MDU).  
Plan is billed in full minute increments.

4.2 **Miscellaneous Charges**

4.2.1 Reconnect Fee - \$8.00

4.3 **Payment of Calls**

4.3.1 **Late Payment Charges**

Interest charges of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

4.3.2 **Return Check Charges**

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, which ever is greater.

4.4 **Restoration of Service**

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

4.5 **Special Rate for the Handicapped**

4.5.1 **Directory Assistance**

There shall be no charge for up fifty (50) calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of fifty (50) within a billing cycle.

4.5.2 **Hearing and Speech Impaired Persons**

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

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**SECTION 4 - RATES, Continued**

**4.5 Special Rate for the Handicapped (cont)**

**4.5.3 Telecommunications Relay Service**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice non-relay call, except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted to 60 percent off of the otherwise applicable rate for a voice non-relay call.

The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

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