



**MOTION  
TELECOM**

ORIGINAL

COMMISSION  
CLERK

JUL - 8 AM 9:39

RECEIVED

030592-1

July 3, 2003

Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida  
Motion Telecom, Inc.

To Whom It May Concern:

Motion Telecom, Inc. is applying for a new Certificate of Authority.

We request that this application be expedited that on April 4, 2003, Motion Telecom, Inc. (Motion) acquired substantially of the assets of Univance Telecommunications, Inc. (Univance) in a Section 363(b) Bankruptcy sale. Motion Telecom, Inc. entered into a Management Agreement with Univance, which provides that Motion is the manager of Univance's business until receiving the necessary regulatory approvals. This Management Agreement expires on September 1, 2003.

The attached enclosures contain an original plus 6 copies of the application and tariff as required by the Commission. Also enclosed are an additional copy and a self-addressed stamped envelope for the return of a stamped copy to our office.

If you need additional information, or have any questions, please contact me at (303) 784-5329. Thank you for your assistance in this matter.

Sincerely,

Barbara H. Vonderheid  
Chief Legal Officer /General Counsel  
Motion Telecom, Inc.

Enclosures

BHV/dlc

RECEIVED & FILED

*mm*  
FPSC-BUREAU OF RECORDS

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

Initials of person who forwarded check

03 JUL - 8 AM 9:27

DISTRIBUTION CENTER

7101 South Fulton Street, Suite 200  
Englewood, CO 80112  
303-784-5300  
www.motiontelecom.com

DOCUMENT NUMBER DATE

06008 JUL - 8 8

FPSC-COMMISSION CLERK

1. This is an application for  (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:

Motion Telecom, Inc.

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

Motion Telecom, Inc.

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

7101 South Fulton Street Suite 200

Englewood, CO 80112

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

Registered Agent Legal Services, Inc.

1333 North Duval Street

Tallahassee, FL 32302

6. Select type of business your company will be conducting  $\sqrt$  (check all that apply):
- Facilities-based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
  - Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
  - Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
  - Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
  - Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers, then offers resold service by enrolling unaffiliated customers.
  - Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. Structure of organization;

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                     | <input type="checkbox"/> Corporation         |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership            | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other _____                    |  |

8. **If individual**, provide:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
City/State/Zip: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No.: \_\_\_\_\_  
Internet E-Mail Address: \_\_\_\_\_  
Internet Website Address: \_\_\_\_\_

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

(a) **The Florida Secretary of State Corporate Registration number:**  
\_\_\_\_\_ F03000002142 \_\_\_\_\_

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

(a) **The Florida Secretary of State Corporate Registration number:**  
\_\_\_\_\_

11. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) **The Florida Secretary of State fictitious name registration number:**  
\_\_\_\_\_

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

(a) **The Florida Secretary of State registration number:** \_\_\_\_\_

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

14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) **The Florida registration number:** \_\_\_\_\_

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

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?  
( ) Yes ( ) No

(b) If not, who will bill for your services?

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

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

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

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

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

(c) How is this information provided?

\_\_\_\_\_  
\_\_\_\_\_

17. Who will receive the bills for your service?

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Residential Customers | <input checked="" type="checkbox"/> Business Customers    |
| <input type="checkbox"/> PATs providers                   | <input type="checkbox"/> PATs station end-users           |
| <input type="checkbox"/> Hotels & motels                  | <input type="checkbox"/> Hotel & motel guests             |
| <input type="checkbox"/> Universities                     | <input type="checkbox"/> Universities dormitory residents |
| <input type="checkbox"/> Other: (specify) _____           |   |

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

(a) The application:

**Name:** Barbara H. Vonderheid

**Title:** Chief Legal Officer/General Counsel

**Address:** 7101 South Fulton Street Suite 200

**City/State/Zip:** Englewood, CO 80112

**Telephone No.:** 303-784-5329 **Fax No.:** 303-784-5367

**Internet E-Mail Address:** bvonderheid@awipcs.com

**Internet Website Address:** www.motiontelecom.com

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

Name: Barbara H. Vonderheid

Title: Chief Legal Officer/General Counsel

Address: same as above

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

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

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

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

(c) Complaints/Inquiries from customers:

Name: Shirlene Anaya

Title: Customer Care Manager

Address: 7101 South Fulton Street Suite 200

City/State/Zip: Englewood, CO 80112

Telephone No.: 800-864-4306 x6631 Fax No.: 303-784-5324

Internet E-Mail Address: sanaya@awipcs.com

Internet Website Address: www.motiontelecom.com

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company.

See Exhibit 19

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

See Exhibit 19

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

See Exhibit 19

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

NA

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

NA

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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.

NA

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20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

Not Applicable  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(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.

No  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

21. The applicant will provide the following interexchange carrier services  $\checkmark$  (check all that apply):

a. \_\_\_\_\_ **MTS with distance sensitive per minute rates**

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

b. \_\_\_\_\_ **MTS with route specific rates per minute**

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

c. \_\_\_\_\_ MTS with statewide flat rates per minute (not distance sensitive)

\_\_\_\_\_ Method of access is FGA

\_\_\_\_\_ Method of access is FGB

\_\_\_\_\_ Method of access is FGD

\_\_\_\_\_ Method of access is 800

d. \_\_\_\_\_ MTS for pay telephone service providers

e. \_\_\_\_\_ Block-of-time calling plan (Reach Out Florida, Ring America, etc.).

f.  800 service (toll free)

g. \_\_\_\_\_ WATS type service (bulk or volume discount)

\_\_\_\_\_ Method of access is via dedicated facilities

\_\_\_\_\_ Method of access is via switched facilities

h.  Private line services (Channel Services)  
(For ex. 1.544 mbs., DS-3, etc.)

i. \_\_\_\_\_ Travel service

\_\_\_\_\_ Method of access is 950

\_\_\_\_\_ Method of access is 800

j. \_\_\_\_\_ 900 service

k. \_\_\_\_\_ Operator services

\_\_\_\_\_ Available to presubscribed customers

\_\_\_\_\_ Available to non presubscribed customers (for example, to patrons of hotels, students in universities, patients in hospitals).

\_\_\_\_\_ Available to inmates

1. **Services included are:**

- \_\_\_\_\_ Station assistance
- \_\_\_\_\_ Person-to-person assistance
- \_\_\_\_\_ Directory assistance
- \_\_\_\_\_ Operator verify and interrupt
- \_\_\_\_\_ Conference calling

22. Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

See Exhibit 22

23. Submit the following:

**A. Managerial capability;** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

See Exhibit 23

**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.

See Exhibit 23

**C. Financial capability.**

See Exhibit 23

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

**NOTE:** *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

The applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served. The applicant also has sufficient financial capability to maintain the requested services. The applicant also has the financial capability to meet its lease and ownership obligations which are minimal. Attached are the audited financials (2002) for the parent company, Advantage Advisory Service, Inc. The parent company would be able to provide any additional financing above and beyond collected revenue.

See Exhibit 24.

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**APPLICANT ACKNOWLEDGMENT STATEMENT**

- 1. REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of 15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
  
- 2. APPLICATION FEE:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

**UTILITY OFFICIAL:**

Barbara H. Vonderheid  
**Print Name**

  
**Signature**

Chief Legal Officer/General Counsel      6/30/03  
**Title**      **Date**

303-784-5329      303-784-5367  
**Telephone No.**      **Fax No.**

**Address:**      7101 South Fulton Street Suite 200  
Englewood, CO 80112  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

THIS PAGE MUST BE COMPLETED AND SIGNED


**CUSTOMER DEPOSITS AND ADVANCE PAYMENTS**

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please  check one):

- ( ) The applicant will **not** collect deposits nor will it collect payments for service more than one month in advance.
- (  ) The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payments in excess of one month.  
(The bond must accompany the application.)

**UTILITY OFFICIAL:**

Barbara H. Vonderheid  
**Print Name**

  
**Signature**

Chief Legal Officer/General Counsel 6/30/03  
**Title** **Date**

303-784-5329  
**Telephone No.**

303-784-5367  
**Fax No.**

**Address:** 7101 South Fulton Street Suite 200  
Englewood, CO 80112  
\_\_\_\_\_  
\_\_\_\_\_

**THIS PAGE MUST BE COMPLETED AND SIGNED**

**AFFIDAVIT**

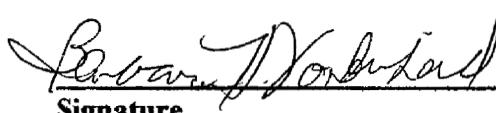
By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide interexchange telecommunications service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

**Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."**

**UTILITY OFFICIAL:**

Barbara H. Vonderheid

**Print Name**



**Signature**

Chief Legal Officer/General Counsel      6/30/03

**Title**

**Date**

303-784-5329

303-784-5367

**Telephone No.**

**Fax No.**

**Address:**      7101 South Fulton Street Suite 200

Englewood, CO 80112

**CURRENT FLORIDA INTRASTATE SERVICES**

Applicant **has** ( ) or **has not** ( X ) previously provided intrastate telecommunications in Florida.

If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

---

---

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b) If the services are not currently offered, when were they discontinued?

---

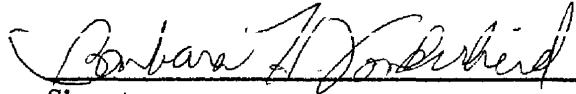
---

---

**UTILITY OFFICIAL:**

Barbara H. Vonderheid

**Print Name**



**Signature**

Chief Legal Officer/General Counsel 6/30/03

**Title**

**Date**

303-784-5329

**Telephone No.**

303-784-5367

**Fax No.**

**Address:** 7101 South Fulton Street Suite 200

Englewood, CO 80112



# State of Florida



## Department of State

I certify the attached is a true and correct copy of the Amendment to the Application of a Foreign Corporation, filed on May 28, 2003, for ADVANTAGE TELECOM doing business in Florida as ADV TELECOM, INC. which changed its name to MOTION TELECOM, INC., a Colorado corporation authorized to transact business in Florida, as shown by the records of this office.

The document number of this corporation is F03000002142.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Third day of June, 2003



CR2EO22 (2-03)

*Glenda E. Hood*  
Glenda E. Hood  
Secretary of State



Operations in Other States

Applicant is filing the necessary documents to operate in most of the United States and Internationally.

Approved authority to provide telecommunications service:

Colorado  
District of Columbia  
Indiana  
Pennsylvania  
Texas  
Utah  
Virginia  
Washington

Pending Applications:

Alabama- filed 6-25-03  
Arizona – filed 6-12-03  
Connecticut- filed 6-24-03  
Delaware- filed 6-24-03  
Georgia- filed 6-25-03  
Idaho- filed 6-30-03  
Iowa- filed 6-30-03  
Kentucky- filed 6-30-03  
New Hampshire- filed 6-30-03  
New Mexico – filed 6-18-03  
New York- filed 7-1-03  
North Carolina- filed 6-27-03  
Vermont- filed 6-20-03  
Wisconsin – filed 6-27-03  
Wyoming – filed 6-27-03

7101 South Fulton Street, Suite 200  
Englewood, CO 80112  
303-784-5300  
[www.motiontelecom.com](http://www.motiontelecom.com)

TARIFF FLORIDA NO. 1  
Original Title Page

**MOTION TELECOM, INC.  
LONG DISTANCE AND PREPAID CALLING CARD SERVICE**

This tariff applies to Motion Telecom, Inc. (the "Company") Long Distance services and Prepaid Calling Card services (the "Services") furnished for intrastate telecommunications in accordance with the Florida Public Utilities Commission and the laws of the State of Florida. Service is provided between points within the State of Florida.

---

Issued: July 3, 2003

Effective:

Issued by:  
Victor Mitchell, CEO  
Motion Telecom, Inc.  
7101 South Fulton Street #200  
Englewood, CO 80112  
(303) 784-5300

MOTION TELECOM, INC.

CHECK SHEET

Pages 1 through 34, inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s).

Page	Revision
1	Original
2	Original
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**MOTION TELECOM, INC.**

CHECK SHEET (Cont'd)

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**MOTION TELECOM, INC.**

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**MOTION TELECOM, INC.**

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**MOTION TELECOM, INC.**

CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

EXPLANATION OF SYMBOLS

- C - to signify a changed regulation
- D - to signify a discontinued rate or regulation
- I - to signify a rate increase
- M - to signify a matter moved or relocated without change
- N - to signify a new rate or regulation
- R - to signify a reduction
- S - to signify a reissued matter
- T - to signify a change in text but no change in rate or regulation
- Z - to signify a correction

---

Issued: July 3, 2003

Effective:

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(303) 784-5300



## AGENT/DEALER INFORMATION

Date: \_\_\_\_\_ Agent/Dealer ID: \_\_\_\_\_

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

DBA: \_\_\_\_\_

Checks made out to:      Legal Name \_\_\_\_\_      DBA \_\_\_\_\_

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

Phone Number \_\_\_\_\_ Fax Number: \_\_\_\_\_

L/D Agent \_\_\_\_\_ L/D Dealer \_\_\_\_\_

Product information.....

**Rate Plans:**

Business Cents	
Pennv Plan	

(If agent has been approved to sell a new product, please attach documentation of rates)

Commissions:

Standard Schedule \_\_\_\_\_ Product Exceptions \_\_\_\_\_

POP:

Shipped \_\_\_\_\_ Invoice Amount \$ \_\_\_\_\_ Spanish \_\_\_\_\_

Additional Information \_\_\_\_\_

Commission: \_\_\_\_\_ IS: \_\_\_\_\_ Billing: \_\_\_\_\_ Inventory: \_\_\_\_\_

BOSS Password: \_\_\_\_\_

Email address: \_\_\_\_\_

**CUSTOMER PAYMENT BY CREDIT CARD**

OR CHANGES TO CREDIT CARD

Rep : MATTB

Ext : 6513

Date : 07/01/03

Time : 11:28 AM

**REDACTED**

UNI Account # : 187164 BILLING CYCLE : 26

Account Name: VIC RIDGE Contact: 916-444-1332

Card Holder Name: VIC RIDGE

Card Holder Address: PO BOX 162512

City, State Zip: SACRAMENTO CA 95816

Credit Card # : \_\_\_\_\_ Exp. Date: 06/08

AmEx: \_\_\_\_\_ Discover: \_\_\_\_\_ Visa : x Mastercard: \_\_\_\_\_

Bill Amount : \$ 11.88 Deposit: \_\_\_\_\_

**TOTAL CHARGE:\$ 11.88**

	YES	NO
Reconnect :		x
Due to be Disco'ed:		x
Mail Mo CC Billing Info:		x
Credit Check:		x
ANIS/TOLL FREE/CALLING CARDS		
TO BE RECONNECTED		

**IF CUSTOMER IS ALREADY ON MONTHLY OR ONLINE BILLING, DO NOT ACCEPT A CREDIT CARD PAYMENT.**

Approval # :  
Batch # :

## AGENT/DEALER INFORMATION

Date: \_\_\_\_\_ Agent/Dealer ID: \_\_\_\_\_

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

DBA: \_\_\_\_\_

Checks made out to:      DBA \_\_\_\_\_      Legal Name \_\_\_\_\_

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

Phone Number \_\_\_\_\_ Fax Number: \_\_\_\_\_

L/D Agent \_\_\_\_\_ L/D Dealer \_\_\_\_\_

Product information.....

**Rate Plans:**

Business Cents	
Penny Plan	

(If agent has been approved to sell a new product, please attach documentation of rates)

Commissions:

Standard Schedule \_\_\_\_\_ Product Exceptions \_\_\_\_\_

POP:

Shipped \_\_\_\_\_ Invoice Amount \$ \_\_\_\_\_ Spanish \_\_\_\_\_

Additional Information \_\_\_\_\_

Commission: \_\_\_\_\_ IS: \_\_\_\_\_ Billing: \_\_\_\_\_ Inventory: \_\_\_\_\_

BOSS Password: \_\_\_\_\_

Email address: \_\_\_\_\_

MOTION TELECOM, INC.

EXPLANATION OF ABBREVIATIONS

- Company - Motion Telecom, Inc.
- STD. - Standard
- DIS. - Discount
- ECO. - Economy

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Victor Mitchell, CEO  
Motion Telecom, Inc.  
7101 South Fulton Street #200  
Englewood, CO 80112  
(303) 784-5300

**MOTION TELECOM, INC.**

1. APPLICATION OF TARIFF

This tariff contains the regulations and rates applicable to the provision of Long Distance Telecommunications service and Prepaid Calling Card service (the "Services") by Motion Telecom, Inc. (hereinafter referred to as the Company), in the State of Florida. Services are furnished subject to transmission, atmospheric and like conditions.

2. REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to provide the Services in accordance with the terms and conditions set forth in this tariff.

2.1.2 Shortage of Facilities

All Services are subject to availability of suitable facilities. The Company reserves the right to limit the length of communications or to discontinue Services when necessary because of the lack of local facilities or other transmission medium capacity or because of any causes beyond its control.

2.1.3 Limitations of Liability of the Company

Except as stated in Section 2.1.3, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this tariff.

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**MOTION TELECOM, INC.**

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

- (A) The Company shall not be liable for any failure of performance hereunder for any claim or loss, expense of damages (including indirect, special or consequential damages) for any interruption, delay, error, mistake, omission, or other defect or misrepresentation in any service, facility (including services and facilities involved in emergency calling activity) or transmission provided under this tariff, if caused by any person or entity other than the Company by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, explosion, vandalism, cable cut, storm, riot, civil disturbance, or act of government, or by any other similar occurrence or cause beyond the Company's direct control.
- (B) The Company shall not be liable for, and shall be fully indemnified and held harmless by customer against:
  - (1) Any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement or copyright or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted by, or used by the Company under this tariff.

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2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

- (2) Any claim or loss, expense, or damage (including indirect, special or consequential damage) for any act or omission of the Customer or for any claim or loss, expense or damage due to the failure of Customer-provided equipment, facilities, or Services.
  
- (C) The Company shall not be liable for any defacement of or damages to the premises of a customer, resulting from the furnishing of service, which is not the result of the Company's negligence.
  
- (D) The Company is not liable for any act or omission of any other company or companies furnishing a portion of the Services.
  
- (E) All or a portion of the Services may be provided over facilities of third parties, and the Company shall not be liable to Customer or any other person, firm or entity in any respect whatsoever arising out of defects caused by such third parties.

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2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.13 Limitations of Liability of the Company (Cont'd)

(F) IN NO EVENT SHALL THE COMPANY BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL SPECIAL, ACTUAL, OR PUNITIVE DAMAGES, OR FOR ANY DEFECTS IN SERVICES OR EQUIPMENT PROVIDED OR ANY OTHER CAUSE. THE WARRANTY AND REMEDIES SET FORTH IN THIS TARIFF ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANT ABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(G) Prepaid Calling Card Services

The Company makes no express or implied representations or warranties about its services and disclaims any implied warranties. The liability of the Company is limited to the face value of each card and will not include any indirect, special, incidental, consequential, exemplary, or punitive losses or damages. The Company nor any of its authorized agents or contractors shall be liable or responsible for theft, loss or unauthorized use of any prepaid cards or card numbers. The Company will not refund or issue credit for unused units (minutes) on any prepaid card.

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**MOTION TELECOM, INC.**

2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.1.4 Claims

The Company shall be indemnified and hold harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to claims for libel, slander, or infringement of copyright in connection with the material transmitted over the Company's facilities; and any claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's facilities.

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2. REGULATIONS (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.1.5 Provision of Equipment and Facilities

The Company shall not be responsible for the installation, operation or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the Services furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of Services under this tariff and to the maintenance and operation of such Services in the proper manner. Subject to this responsibility, the Company shall not be responsible for:

- (1) the through transmission of signals generated by Customer-provided equipment or for the quality of, or defects in, such transmission; or
- (2) the reception of signals by Customer-provided equipment; or
- (3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

2.2 Prohibited Uses

The Services shall not be used for any unlawful purposes.

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2. REGULATIONS (Cont'd)

2.3 Obligations of the Customer

2.3.2 Customer Premises Provisions

- (A) The Customer shall provide the personnel, power and space required to operate all facilities and associated equipment installed on the premises of the Customer.
- (B) The Customer shall be responsible for providing Company personnel access to premises of the Customer at any reasonable hour for the purpose of testing the facilities or equipment of the Company.

2.3.3 Liability of the Customer

The Customer will be liable for damages to facilities of the Company caused by negligence or willful acts of its officers, employees, agents or contractors of the Customer.

The Customer shall indemnify, defend and hold harmless the Company (including the costs of reasonable attorney's fees) against:

Claims for libel, slander infringement of copyright or unauthorized use of any trademark, trade name or service mark arising out of the material, data, information, or other content transmitted over the Company's facilities or equipment; and

Claims for patent infringement arising from combining or connecting the Company's facilities or equipment with facilities, equipment, apparatus or systems of the Company; and

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2. REGULATIONS (Cont'd)

2.3.2 Liability of the Customer(Cont'd)

All other claims (including, without limitations, claims for damage to any business or property, or injury to, or death of, any person) arising out of any act or omission of the Customer, or the Customer's agents, Customers, in connection with any service or facilities or equipment provided by the Company.

The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invitees, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.

2.3.3 Credit Requirements and Deposit Information for Long Distance Services

Any Customer determined to be "high risk" for poor credit history requires a minimum deposit, which varies.

If the Company has disconnected a Customer's Services, the Company may request that Customer to pay in advance for any of the Services based on a good faith estimate of traffic volumes. At the Company's discretion, a deposit of three (3) month's average estimated call volume may be required and may be reimbursed upon establishing prompt payment history.

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3. REGULATIONS (Cont'd)

2.3 Obligations of the Customer (Cont'd)

2.3.3 Credit Requirements and Deposit Information for Long Distance Service  
(Cont'd)

The Company handles complaints regarding transmission or network problems immediately via "trouble tickets" issued to the underlying Local Exchange Carriers and InterExchange Carriers. The Company follows up with Customers to insure the problems have been corrected. Problems stemming from charges or credits owed are also handled during regular business hours. All Customers may reach The Company through our toll free line 1-800-864-4306. Should Customers feel they have been overcharged or misrepresented and have documented proof of rates offered, the Company will credit all overcharges. The Company will make reasonable efforts to honor all rates. If it is determined the rates offered are unreasonable and / or unprofitable, The Company may pay the charges to convert the Customer to their previous carrier.

The Company practices "standard" rate programs for all customers. In the event the Company was to provide a "non-standard" rate program, the Company would file an additional tariff in the appropriate state in which the Customer does business or resides and any other applicable states.

2.4 Use of Service

Long Distance Telecommunications Service may be used to transmit communication of the Customer in a manner consistent with the terms of this tariff and the policies and regulations of the Federal Communications Commission and state public utilities commissions, as applicable.

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2. REGULATIONS (Cont'd)

2.4 Use of Service (Cont'd)

Use of Long Distance Telecommunications Service is considered an order for such Services.

The Customer shall be solely responsible, at its own expense, for Customer-provided equipment and services. The Customer shall be solely responsible for the overall design of its services and for any redesigning or rearrangement of its equipment or services that may be required because of changes in Company Services, operations or procedure, or changes in the minimum protection criteria or operating or maintenance characteristics of the Customer's equipment or services. The Company will provide reasonable notification to the Customer of any Company-initiated change that may require a change in Customer-provided equipment and services.

The Customer, authorized user, or joint user is responsible for ensuring that Customer-provided equipment connected to network equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltage and currents impressed on Customer-provided equipment and wiring by the connection, operation or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or the Customer-provided equipment and wiring, or injury to the Company employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense. The Customer shall provide the personnel, power and space required to operate all facilities and associated equipment installed on the premises of the Customer.

The Customer shall be responsible for providing Company personnel access to premises of the Customer at any reasonable hour for the purpose of testing the facilities or equipment of the Company.

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2. REGULATIONS (Cont'd)

2.4 Use of Service (Cont'd)

The signing of a service order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth in this tariff. Should a customer use the Company's Services without a service order, the Company may require that the Customer execute a written service order within a reasonable time from the inception of service. Customers using the Company's Services without an executed service order agree to comply with the general regulations and other provisions contained in this tariff.

2.5 Customer Equipment and Channels for Long Distance Services

2.5.1 Interconnection of Facilities

- (A) Interconnection between Customer-provided and Company-provided service must be made by the Customer by leased channel or dial-up service. Where interconnection between Customer-provided and Company-provided service is not made by lease of Company facilities, interconnection must be made by the Customer at the Company's operating offices. Leased channels from the Company for Long Distance Telecommunications Services are not covered by this tariff.
- (B) In order to protect the Company's facilities and personnel and the Services furnished to other customers by the Company from potentially harmful effects, the signals applied to the Company's Services shall be such as not to cause damage to the facilities of the Company. Any special interface equipment necessary to achieve the compatibility between facilities of the Company and the channels or facilities of others shall be provided at the Customer's expense.

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**MOTION TELECOM, INC.**

2. REGULATIONS (Cont'd)

2.5 Customer Equipment and Channels for Long Distance Services (Cont'd)

2.5.2 Inspections

- (A) The Company may, upon notification of the Customer, at a reasonable time, make such tests and inspections as may be necessary to determine that the requirements regarding the equipment and interconnections are being complied with in the installation, operation and maintenance of Customer-provided equipment and in the wiring of the connection of Customer channels to Company-owned facilities.
  
- (B) If the protective requirements in connection with Customer-provided equipment are not being complied with, the Company may take such action as necessary to protect its facilities and personnel and will notify the Customer by registered mail in writing of the need for protective action. In the event that the Customer fails to advise the Company within ten (10) days after such notice is received, or within the time specified in the notice, that corrective action has been taken, the Company may take whatever additional action is deemed necessary, including the suspension of Services, to protect its facilities and personnel from harm. The Company will, upon request 24 hours in advance, provide Customer with a statement of parameters that the Customer's equipment must meet.

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2. REGULATIONS (Cont'd)

2.6 Payment Arrangements

2.6.1 Payment for Services

The Customer is responsible for payment of all charges for facilities and Services furnished by the Company. Federal, state and local sales, use and excise taxes, where applicable, shall be added to the charges contained herein. It shall be the responsibility of the Customer to pay these taxes and to accept the liability of any such unpaid taxes that may subsequently become applicable retroactively.

Long Distance Services

- (A) Most Customers are billed monthly on a net 15 or net 30-day cycle. If the Customer's net bill is not paid (payment received by the Company) within thirty (30) days after the invoice date listed on the bill, it shall become a delinquent bill and interest at the highest rate allowed by law per month shall accrue upon any unpaid amount. In some cases, including Dedicated Long Distance Services, Customers may be required to pay for these Services in advance. If the Company initiates legal proceedings to collect any amount due hereunder, and the Company substantially prevails in such proceedings, then the defendant Customer shall pay the reasonable attorneys' fees and costs of the Company in prosecuting such proceedings and appeal therefrom.
- (B) Online billing is available for all rate plans. There is no monthly service fee assessed to customer accounts utilizing online billing.
- (C) The Customer will be assessed a charge of twenty-five dollars (\$25.00) for each check submitted by the Customer to the Company which a financial institution refuses to honor for insufficient funds or non-existent account.

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3. REGULATIONS (Cont'd)

2.6 Payment Arrangements (Cont'd)

2.6.1 Long Distance Services (Cont'd)

(D) Customers are responsible for any previously unbilled charges for Services furnished prior to three months immediately preceding the date of the bill, except for collect calls, credit card calls, third party calls and "Error File" calls (those which cannot be billed due to the unavailability of complete billing information to the Company) which shall have a six-month back billing period. In case of fraud, a back billing period of no more than three years will apply.

(E) Customers may be required to sign agreements for a minimum twelve-month term agreement for certain Long Distance rate plans. Penalties and cancellation fees will be assessed if Services are terminated prior to the term expiration dates agreed upon.

2.6.2 Discontinuance of Service for Cause

Upon non-payment of any sum owing to the Company for more than 30 days beyond the date of rendition of the bill for service or upon violation of any of the terms or conditions governing the furnishing of service under this tariff, the Company may, after 24 hours advance notice in writing to the Customer, without incurring any liability, discontinue the furnishing of Services under this tariff.

These restrictions on Long Distance Telecommunications Services may include, but are not limited to, the following: The Company may withhold the use of a specific 800 number or deny its transfer to another carrier for nonpayment of charges due as specified in 2.6.1 "Payment for Services" preceding. Such action may be taken without written notice being sent to the Customer. Upon payment of charges in full by the Customer, this restriction on the use of a specific 800 number will be removed.

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**MOTION TELECOM, INC.**

2. REGULATIONS (Cont'd)

2.6 Payment Arrangements (Cont'd)

2.6.3 Prepaid Calling Card Services

A Prepaid Calling Card Service account is decreased only for a completed call. Station busy signals and unanswered calls shall not be considered completed calls and shall not be charged against the account.

A surcharge will not be levied more than once on a given call.

Domestic rates and surcharges will be disclosed at the time of purchase.

Upon verbal or written request, the Company will provide the following call detail data information at no charge:

- a) Dialing and signaling information that identifies the inbound access telephone number called;
- b) The number of originating telephone;
- c) The date and time the call originated;
- d) The date and time the call terminated;
- e) The called telephone number;
- f) The PIN and/or account number associated with the call.

The Company will maintain call detail data records for at least two years.

2.7 Definitions

Access Line: A transmission path that connects a Customer premise to a Local Exchange Carrier's Central Office.

Call: A completed connection established between a calling station and one or more called stations.

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2. REGULATIONS (Cont'd)

2.7 Definitions (Cont'd)

Called Station: The station (i.e. telephone number) called, or the terminating point of call.

Calling Card: Service provided to customer will access to intrastate, interstate and international calling by dialing a Toll Free number and entering a customer specific access code.

Company: The term "Company" denotes Motion Telecom, Inc.

Customer: The person or legal entity which orders long distance service (either directly or through an agent) or is responsible for payment of tariff charges for services furnished to that Customer.

Customer Dialed Calling Card Station: A Calling Card call, which does not require intervention by an attended operator position to complete.

Customer Dialed/Automated: Calls wherein the end user dials "0" plus the called number and chooses to bill the call to a calling card or the called number (collect call) and wherein call placement and recordation of billing information if performed without the assistance of a live operator.

Operator Assisted: Calls wherein the end user dials "0" plus the called number and, with the assistance of an operator, chooses to bill the call to a third party number to provide billing and collection services on behalf of its customers, including the Company.

Operator Station: Services, other than Customer Dialed Calling Station service and person-to person service, which require the assistance of an operator to complete the call.

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2. REGULATIONS (Cont'd)

2.7 Definitions (Cont'd)

Online Billing: Billing and account management with secure and private access through the Internet. Payment by credit card and electronic funds transfer is available.

Person-to-Person: Service for which the person originating the call specifies to the operator a particular person, mobile station, department, extension, or office to be reached.

Premises: A building on continuous property not separated by a public thoroughfare.

Prepaid Calling Card: A card or any other device purchased to establish a Prepaid Calling Services account.

Prepaid Calling Services: Any telecommunications transaction in which a) a customer pays in advance for telecommunications services; b) the customer's prepaid calling services account is depleted at a predetermined rate as the customer uses the service; and c) the customer must use a PIN and an access telephone number to use the telecommunications services.

United States: The term "United States" designates the forty-eight (48) contiguous states and the District of Columbia, Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands and Guam, as well as the off-shore areas outside the boundaries of the coastal states of the forty-eight contiguous states to the extent that such areas appertain to and are subject to the jurisdiction and control of the United States.

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3. SERVICE OFFERINGS

3.1 Intrastate Long Distance Telecommunications Service

3.1.1(a) Description of Services

Intrastate Long Distance Telecommunications Service consists of the furnishing of switched and dedicated telephone service between points within the State of Florida. Interstate Long Distance Telecommunications Service consists of the furnishing of switched and dedicated telephone service between points within the United States Mainland; and between the Mainland and Alaska and Hawaii, Puerto Rico, U.S. Virgin Islands and Guam. Such services are available twenty-four (24) hours a day, seven (7) days a week.

The Company maintains its headquarters in Englewood, Colorado.

3.1.1(b) Explanation of Rates For Intrastate Long Distance Telecommunications Service

The rates for the Company's Intrastate Long Distance Telecommunications Service will depend on the length of the call. Rates are "flat" rated and apply to all contiguous Florida and contiguous U.S. calls regardless of distance. Non-mainland U.S. calls are charged by destination and are also "flat" rated. The following Rate Schedule in Section 4 represents the maximum applied rate for all Services.

Rates do not change based on the time-of-day or the day-of-week that calls are made.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(c) Operator Service

The appropriate per minute rate as described in Section 4 will apply plus a call placement charge added to the first minute of each call as shown in Section 4. An operator- dialed surcharge will be applied, if necessary.

3.1.1(d) Class of Service

The Company provides the following classes of Services:

Direct Dial

Toll Free Service

The Business Cents Plan and the Penny Plan have one year terms with a ninety (90) day advance notice prior to end of term. If no notice is given, the plans automatically renew for an additional one year term. Early termination penalties will be based on the monthly minimum charges multiplied by the number of remaining months on the contract.

Dedicated Service. Dedicated Service is a heavily discounted service for large-volume users of long distance and is used by business Customers only. Rates are described in Section 4.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(d) Class of Service (Cont'd)

Calling Card. Calling Card Service is provided to Customer for access to intrastate, interstate and international calling by dialing a Toll Free number and entering a Customer specific access code. Rates are described in Section 4.

Toll Free Miscellaneous Services

Toll Free Vanity Numbers -All Toll Free numbers generated as a result of a customer request for specific numbers.

Toll Free Directory Assistance Listings – Listing a Toll Free number in the National Toll Free Directory.

Account Codes - Codes that users can assign in association with whatever they want to track their long distance usage against, such as a project, a department, a division or a customer. When a long distance call is dialed, the caller must enter the code before the call can be completed. Account codes provide users with the ability to track usage for all long distance calls and provide security for all locations. Account codes are one to five digits in length and are always entered after the telephone number that the caller is dialing. Verified account codes are always validated in the network before the call is allowed to complete. Unverified account codes are not validated in the network before the call is allowed to complete.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.1(d) Class of Service (Cont'd)

Prepaid Calling Card Services - Prepaid calling cards provide customers with the ability to prepay for long distance calling cards, which are utilized to place calls to both domestic and international locations.

Prepaid Calling Card Services are billed in sixty (60) second initial increments and sixty (60) second additional billing increments.

The prepaid calling cards are measured in minutes or units depending on the type of card purchased. Balances will be reduced and depleted based upon usage.

A verbal warning is provided to the caller when the amount of units remaining on the card reaches a certain level. A call will be disconnected upon depletion Customer of all available units on the card. The acquisition of a card will entitle the Customer to make calls from the time of purchase until the card balance is either depleted or until the card expires, whichever, occurs first.

Calls must originate in a U.S. Territory and do not support International origination. Cards cannot be used to place 700, 900, or 976 number calls. Prepaid calling cards cannot be used to place certain toll-free, operator-assisted, third party billed, or collect calls.

Prepaid calling cards expire ninety (90) days from the date of activation. Once a card expires or is depleted, the card no longer holds any value. Prepaid calling cards are non-returnable, non-refundable, and non-rechargeable.

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3 SERVICE OFFERINGS (Cont'd)

3.1 Intrastate Long Distance Telecommunications Service (Cont'd)

3.1.2 Billing Increments

Group V, K59, K69, VG4, VG5, Bi-Lo, Passport, Dollar Saver, K31, K35, K39, MD01-02, MD03-07 rate plans are billed in 30 to 60 second minimums and 60 second rounding thereafter.

Motion Connect Outbound, Toll Free and Calling Card are billed in 60-second initial increments and 60-second additional billing increments.

Univance Outbound, Toll Free and Calling card (Business/Residential) are billed in 30-second initial increments and 6-second additional billing increments.

Affinity Outbound, Toll Free and Calling Card are billed in 30-second initial increments and 30-second additional billing increments.

UniVoice Outbound, Toll Free and Calling Card are billed in 60-second initial increments and 30-second additional billing increments.

UniBiz and Convergent 5.0 Dedicated Outbound and Toll Free are billed in 6-second initial increments with a minimum 6-second per call.

Business Cents Plan and Penny Plan are billed in 6-second rounding increments with a minimum 6-second per call.

Motion Connect Outbound Long Distance Service is available to Customers in both Regional Bell Operating Company (RBOC) and Non-RBOC locations. Some Univance Residential and Business, UniVoice Residential/Business and Affinity Residential Outbound Long Distance Services are only available in RBOC areas.

UniVoice is sold as a bundled product offering.

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Issued: July 3, 2003

Effective:

Issued by:  
Victor Mitchell, CEO  
Motion Telecom, Inc.  
7101 South Fulton Street #200  
Englewood, CO 80112  
(303) 784-5300

**MOTION TELECOM, INC.**

4. RATES

4.1.1 Intrastate Rate Programs

(a) Switched Outbound Access Intrastate Rates

• Group V	12.0	cents/min
• K59	9.38	cents/min
• K69	10.5	cents/min
• VG4	13.1	cents/min
• VG5	13.1	cents/min
• Bi-Lo	14.7	cents/min
• Passport	10.12	cents/min
• Dollar Saver	7.9	cents/min
• Motion Connect 4.5 – Residential	12.3	cents/min
• Univance 4.5 LD – Residential	12.7	cents/min
• Affinity – Residential	13.8	cents/min
• Univance 4.5 LD – Business	12.7	cents/min
• UniVoice Residential/Business	25.0	cents/min
• Business Cents Plan	9.5	cents/min
• Penny Plan	9.5	cents/min

(b) Dedicated Outbound Intrastate Service Rates

• K31, K35, K39	7.6	cents/min
• MD01-02	7.64	cents/min
• MD03-07	8.23	cents/min
• UniBiz 3.5 – Business	14.2	cents/min
• Convergent 5.0 – Business	14.2	cents/min

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**MOTION TELECOM, INC.**

4. RATES (Cont'd)

4.1.1 Intrastate Rate Programs (Cont'd)

- (c) Calling Card Intrastate Service Rates
- Group V, K59, K69 18.0 cents/min
  - VG4, VG5, Passport 17.9 cents/min
  - Bi-Lo, Dollar Saver 13.9 cents/min
- (d) Switched Access Toll Free Intrastate Service Rates
- Group V 12.0 cents/min
  - K59 9.38 cents/min
  - K69 10.5 cents/min
  - VG4 13.1 cents/min
  - VG5 13.1 cents/min
  - Bi-Lo 14.7 cents/min
  - Passport 10.12 cents/min
  - Dollar Saver 7.9 cents/min
  - Motion Connect 4.9 Toll Free – Residential 13.1 cents/min
  - Univance 5.5 Toll Free - Residential 13.3 cents/min
  - Affinity – Residential 14.2 cents/min
  - Univance 4.9 Toll Free – Business 13.3 cents/min
  - UniVoice Residential/Business 25.0 cents/min
- (e) Dedicated Access Toll Free Intrastate Service Rates
- K31, K35, K39 7.6 cents/min
  - MD01-02 7.64 cents/min
  - MD03-07 8.23 cents/min
  - UniBiz 3.5 – Business 14.2 cents/min
  - Convergent 5.0 – Business 14.2 cents/min

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**MOTION TELECOM, INC.**

4. RATES (Cont'd)

4.1.1 New Intrastate Long Distance Rate Programs (Cont'd)

e) Calling Card Intrastate Rates (Cont'd)

- |   |                |
|---|----------------|
| • Motion Connect                          | 9.0 cents/min  |
| • Univance 9.9 Calling Card – Residential | 9.9 cents/min  |
| • Univance 9.5 Calling Card – Business    | 9.5 cents/min  |
| • UniVoice Residential/Business           | 10.0 cents/min |

4.1.2 Monthly Fees, Service Charges and Surcharges

Monthly Fees

- |  |                    |
|--|--------------------|
| • Switched Access, Toll Free, Calling Card<br>Motion Connect, Univance Residential/Business<br>per Monthly Service Fee month/account | \$ 2.95            |
| • Affinity Monthly Service Minimum month per/account   | \$ 2.95            |
| • UniVoice Residential Monthly Service Minimum<br>month/account  | \$ 3.95            |
| • UniVoice Business Monthly Service Minimum<br>month/account   | \$15.95            |
| • Business Cents Plan per account  | \$15.00            |
| • Penny Plan 1 <sup>st</sup> and 2 <sup>nd</sup> line<br>Penny Plan additional line/per line   | \$10.00<br>\$ 7.00 |
| • Toll Free Monthly Service Fee  | \$ 0.99            |
| • Dollar Saver Monthly Service Fee   | \$ 3.95            |
| • K59B, K69B Monthly Fee   | \$ 3.00            |

Service Charges

- |  |             |
|--|-------------|
| • Universal Service Fund Charge (USF) per month          | As required |
| • Operator Assisted Service Charge (per call)            | \$ 0.35     |
| • Switched Access Outbound<br>PICC Charge month/per line | As required |

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**MOTION TELECOM, INC.**

4. RATES (Cont'd)

4.1.2 Monthly Fees, Service Charges and Surcharges (Cont'd)

Surcharges

- Payphone Surcharge (Switched Access  
Toll Free/Calling Card) for Motion  
Residential/Business, Motion Connect,  
Affinity \$ 0.43 per call
- Payphone Surcharge Calling Card Only  
UniVoice Residential/Business \$ 0.43 per call
  
- Directory Assistance Surcharge for all plans \$ 0.30 per call
- Business Cents Plan and Penny Plan  
Monthly Direct Billing Surcharge per invoice \$ 2.00

4.1.3 Dedicated Outbound and Toll Free Long Distance Services

(1)The minimum monthly usage charge varies per commitment per circuit. A short fall of the difference will be assessed monthly per account.

Local access fees into Local Exchange Carrier's (LEC) Point of Presence (POP) will be assessed monthly per circuit. These fees are distance sensitive and will vary based on the LEC provider.

If local loop is provided through an outside vendor an entrance facility charge will be assessed monthly per circuit. This charge will vary based on the LEC provider.

- Universal Service Fund Charge (USF) As required
- Payphone Surcharge \$ 0.43 per call

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**MOTION TELECOM, INC.**

4. RATES (Cont'd)

(2) Change Fees for Dedicated Long Distance Service

- Administrative Changes \$25.00
- Change of Service Date \$125.00
- Change of Service Order
  - Pre-Engineered \$150.00
  - Post-Engineered \$250.00
- Order Cancellation
  - Pre-Engineered \$150.00
  - Post-Engineered \$250.00

4.1.3 (a) Toll Free – Miscellaneous Services (per Toll Free number)

- Dedicated/Switched Vanity Numbers \$35.00 Non Recurring Charge
- Dedicated/Switched Directory Assistance Listing \$25.00 Non Recurring Charge

4.1.3 (b) Account Codes (Per Customer Account)

(1) Non-Recurring Charge

Dedicated / Switched Verified Account Codes  
(1-1000 per account) \$10.00

(2) Monthly Recurring Charge

Switched Non-Verified Account Codes \$15.00  
Dedicated Non-Verified Account Codes \$20.00  
Dedicated / Switched Verified Account Codes  
(1-100 per account) \$15.00  
Dedicated / Switched Verified Account Codes  
(101-1000 per account) \$30.00

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**MOTION TELECOM, INC.**

4. RATES (Cont'd)

4.1.3 (b) Account Codes (Per Customer Account) (Cont'd)

(3) Charges incurred for a Change of Service

Switched Non-Verified Account Codes	\$10.00
Dedicated Non-Verified Account Codes	\$10.00
Dedicated / Switched Verified Account Codes (1-100 per account)	\$10.00
Dedicated /Switched Verified Account Codes (101-1000 per account)	\$10.00

4.1.4 Prepaid Calling Cards

1) Prepaid Calling Cards

- Domestic Cards
  - 60 Minutes \$3.99 /card \$ .067 cents/min
  - 120 Minutes \$6.99 /card \$ .058 cents/min
  - 250 Minutes \$11.99 /card \$ .048 cents/min
  - 500 Minutes \$19.99 /card \$ .040 cents/min
- Calls terminating in Alaska and Hawaii \$ .09 cents/min
- Calls terminating a Toll Free number \$ .068 cents/min
- International Cards
  - Domestic Rate \$ .048 cents/min

2) Service Charges

- Payphone surcharge \$ .75 per call
- Directory Assistance Charge \$ .75 per call

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## **Executive Summary**

Motion Telecom, Inc., a wholly owned subsidiary of Advantage Advisory Service, Inc., d/b/a Advantage Wireless acquired substantially all of the assets of Univance Telecommunications, Inc. and is currently managing all of the Univance telecommunications business. Through this arrangement, Motion Telecom offers one of the most diversified and unique products sets in the telecommunication market today and is a leading nationwide reseller of comprehensive long distance and data communications services. Customers range from large global companies to smaller businesses and residential consumers. Current customers include Winstar Communications, ICG Telecommunications, and Electric Lightwave, Inc.

Based in Centennial, Colorado, Advantage Wireless and its subsidiary, Motion Telecom, rank as one of Colorado's largest privately held companies. Motion Telecom and Advantage Wireless are profitable, cash flow positive companies without operating debt. This means the flexibility to negotiate excellent rates and credit terms which it can pass on to its customers and dealers. Motion Telecom has a direct relationship with Advantage Wireless which is one of the largest activators wireless services in the United States. The dynamic relationship offers unique opportunities in the market.

## **Motion Telecom Team**

The Executive and Management team of Advantage Wireless and Motion Telecom has more than 100 years of experience in the communication industry. Advantage Wireless has won numerous awards, including the Colorado Small Business of the Year in 2000, and Denver Business Journal #2 Private Company in 2001. Through its addition of the Univance acquisition, Motion Telecom brings 100 agents selling long distance services to the already existing 1,200 wireless subdealer base of Advantage Wireless. As part of its recent acquisition, Motion Telecom recognized the importance of the employees and hired all of those critical to the existing business, from customer service through executive levels.

## **Values**

**Choice:** Motion Telecom has world class partnerships with several providers including; MCI, WorldCom, Qwest, Global Crossing and Sprint. These relationships allow Motion to provide highly competitive pricing and diversified solutions to meet customer needs.

**Service:** Highly-trained priority service representatives available 24 hours a day, 7 days a week to respond to questions about your account. Dedicated account managers to provide streamlined communication through a single points of contact.

**Billing:** Billing statements, formats and reports can be tailored to suit customer needs and requirements. Motion Telecom's experience with wholesale and retail customized billing provides limitless flexibility.

**Rapid Provisioning:** Automated web based provisioning can be used by internal and external partners to turn up customers in the shortest time frame possible to maximize revenue opportunities.

## **ATTACHMENT D**

### **Prepared for S Connect**

### **Account Management**

The Motion Telecom Account Management Team is a support and empowerment mechanism for our vendors/agents nationwide. Our primary goal is to develop valuable and productive relationships with our vendors/agents. This in turn should result in an increase in sales as a direct result of proactive support and training.

The Account Manager assigned to the vendor/agent will spend a large percentage of their time communicating via telephone and email such information regarding problem resolution, promotions, new opportunities, rate changes, sales tips etc. to ensure that they have all the tools they need to support their customers. The following presents just some of the support services that you will receive from your Account Manager.

- A dedicated Account Manager will be provided as a single point of contact for all S-Connect representatives
- Technical Support is available 24 hours, 7 days a week.
- Act as first point of contact for all issues and escalations.
- The Account Manager will work as a problem solver and liaison with underlying carrier as pertains to the following for S-Connect and Sears end users.
  - Technical Escalations
  - Provisioning
  - Billing
  - Commission/compensation support
  - End-user customer care.
- Work to resolve any dispute and commission issues on the vendor/agents behalf.
- Will ensure that S-Connect has updated sales and marketing materials.
- Distribute carrier information and promotions.
- Liaison relating to other internal departments.
  - Billing
  - Accounting
  - Customer Care
  - Underlying Carriers - NOC (Network Operations Centers)
- Provide Standard Trouble Ticket and additional NOC reporting.
- Assist in the training of S-Connect and Sears's representatives.

## ATTACHMENT F

### Billing System and Capabilities

Motion Telecom uses UniCom 4.4.1 by OAN to provide one of the most powerful billing platforms in the industry. To ensure that needs are met for today and for tomorrow, UniCom 4.4.1 has been designed to be an open, flexible, scalable and robust mission critical billing system that can grow and react with any dynamic environment.

### **Fully Featured**

UniCom 4.4.1 is a powerful convergent billing solution that delivers strong productivity tools enabling Motion Telecom to meet customer demands. The following table provides a brief summary of some key features.

Feature	Description
<b>Service Architecture</b>	A highly flexible, service-driven structure that allows unlimited "services" to be attached to single or multiple ANIs.
<b>Revenue Reconciliation</b>	Prevent revenue leakage with UniCom's highly efficient revenue reconciliation tool.
<b>Product Offerings</b>	Highly flexible rate, surcharge and discount structures allow users to quickly create and introduce products that meet customer needs on an individual basis.
<b>Call Rating</b>	Call detail records are rated in one efficient step, with any irregular calls brought to attention in exception reporting. UniCom 4.4.1 enables an event based rating structure that relates to a true multi-service architecture.
<b>Call Categories</b>	Call categories enable an event driven rating architecture that provides unlimited scenarios for any rating sequence. Any event related to a specific service can be rated in infinite ways.
<b>Billing &amp; Accounts Receivable</b>	Multi-service convergent billing allows communication providers to offer multiple invoice formats and payment method options to customers. Efficient entry, reporting of customer payments and other account transactions provide an instant and accurate integrated accounts receivable function.

<b>Taxation</b>	Direct interfaces to multiple industry standard taxation systems
<b>Discounting</b>	Multiple volume discounting features allow users to attract a growing number of new customers, reward high volume users and retain loyal customers.
<b>Application &amp; Customer Care</b>	Intuitive application entry and tracking from sign up to activation Ensure that subscribers quickly become customers. UniCom 4.4.1's single point of entry feature expedites the process, as all information entered in one module is accessible from all other modules.
<b>Collections</b>	Extensive tracking and documentation of overdue accounts provides timely management information to address issues quickly to minimize bad debt exposure.
<b>Mergers and Acquisitions</b>	Extensive processes, tools and functionality ensure efficient migration of external data into the UniCom database.
<b>Address Verification</b>	Direct interfaces to address verification and correction software.
<b>Reports</b>	Standard detailed and summary reports provide management with the tools necessary to make the decisions that allow companies to remain competitive.

## **Flexibility**

Information systems should support business operations - not restrict them, as service providers innovate and pro-act to improve their company's competitive position. Motion Telecom's unlimited flexibility makes it easy to make business-critical decisions knowing that today's information system will also be tomorrow's solution.

## **Open Systems Architecture**

An important feature with UniCom 4.4.1 (versus most competitors) is that this system does not merely *work* with these third party products; in many cases the third party vendors have created a special custom interface to the system to maximize system functionality and processes. The UniCom 4.4.1 product capitalizes on the expertise of many other software companies by making it easy for them to interconnect with.

## **Billing System Policies and Procedures**

Motion Telecom currently invoices thousands of accounts on a monthly basis. This includes wholesale and end user customers. For our wholesale accounts we insure that their CDRs are received in a timely manner in order that they may invoice their customers. Accounts with larger volume CDRs receive an invoice with totals and summaries. Their actual call detail records are sent on floppy diskette or cd-rom. If a customer requests we will email those CDRs to them in order for them to receive them in a timelier manner. We currently run 13 billing cycles throughout the month. Invoices can reflect numerous summaries according to the customer's requirements. All invoicing and call detail are archived and backed up on tape and can be recreated when necessary.

## **Billing Outsource Capabilities**

- Vendor capable of handling volume of invoicing projected.
- Vendor now receives data files in third party print program containing call detail, recurring fees, taxes, credits, adjustments to be reflected on the invoice.
- Invoices are printed and mailed within 3 business days.
- Vendor has the ability to perform custom work such as billing inserts and marketing messages.
- UPC bar code imaging for an accurate scan during the remittance process.
- Envelopes meet postal and remittance processing center specifications.
- Provide an experienced support team to ensure successful implementation and ongoing support.

## **Overview of on-line invoicing capabilities**

- Vendor capable of handling volume of invoicing projected.
- Vendor now receives Univance's data files containing call detail, recurring fees, and taxes.
- Invoices are generated and available for viewing by customers within two business days.
- E-mail transmission is sent to each online invoicing customer stating invoice is ready to be viewed.
- A variety of summaries are available to the online customer.
- Payment due on the account can be made on this site.
- Online service includes the option of producing a printed version of the invoice if the customer chooses this availability.

## ATTACHMENT G

### **Fraud Detection**

Motion Telecom works constantly with our underlying carriers to ensure the protection of our customers against fraud and slamming. With a continuously updated database of known international fraudulent areas, working alongside the carrier we have the ability to monitor for unusual activities and patterns. In the event that we are confronted with suspicious activity, calls are then immediately blocked so they will not be completed. A manager on staff who is available on-call 24 hours a day/ 7-days a week will then make immediate contact with the customer to correct the problem

## ATTACHMENT H

### Customer Care

The Motion Telecom Customer Care Department is provided to offer our valued customers and wholesalers the exceptional service and support that they deserve. We pride ourselves on our ability to grow with the demands of our customer base and the industry. Continually striving to resolve any and all disputes, trouble and maintenance tickets, account adjustments and questions within the first call. As our company is growing at an astounding rate we are reviewing alternative ways to accomplish these goals. In an effort to maintain the current level of service that our customer's and wholesaler's are dependant upon, we are willing to assess our needs in outsourcing this function and have been in discussions with various outsource agencies. The following are just some of the ways we currently support and service our Customers and Wholesalers.

- Customer Care personnel available 24 hours a day, 7 days a week.
- Fully staffed inbound and outbound Customer Care and Provisioning teams.
- Fully staffed 800 RESPORG Department
- In house TPV and provisioning fulfillment.
- One-call resolution rate of 95%.
- Abandonment Rate below 2%
- Bilingual personnel
- Integrated information system availability for all personnel with direct access to customer account information.
- Continuous customer service, problem solving and industry training.
- Collaboration with all internal departments.
- Direct contacts available with underlying carriers and their systems.
- Call benchmark metrics continually reviewed to ensure proper staffing allocations.
- Daily Quality Assurance monitoring.
  - Technical Knowledge
  - Accuracy
  - Voice Tone
  - Enthusiasm
  - Courtesy
  - Enunciation
  - Mirroring the customer
  - Call Control Factors
  - Handling of challenging customers
  - Escalations
  - End Result

# ATTACHMENT I

## Provisioning Systems

### **System Overview**

Motion Telecom's online Order Entry system (BOSS) is an efficient way to send orders to Motion without manual/ paper entry. Simply enter the new data into the appropriate form on the web page, and they are automatically processed and provisioned through the carrier. BOSS was created in-house, and is updated regularly, to fit the changing needs of its users. On-line forms, reports and various other items can be changed in a timely manner, as in-house programmers are always available.

BOSS is user friendly. The employee logs in through our internet site to provision new long distance orders or make changes to existing accounts. The user is responsible for entering the customer information, and submitting the order. At this point, the customer will go through credit check, a Customer Care representative will verify the order, and upon completion, the order will automatically provision to the carrier.

Customer orders provision within the hour from Motion Telecom, and provision at the respective carrier within 2-24 hours time. Customer Service is then responsible for working error reports, or any other issues which may arise from the carrier. In the event of provisioning errors or verification requests (LOA, TPV) Customer Care representatives from Motion Telecom will contact the customer

### **System Highlights**

- Scalability- BOSS was created in-house; any and all changes are done with ease and flexibility to the users. BOSS was created for strong program flexibility and modular design.
- Account management via internet- All agents can access, add, update and research their accounts on-line 24x7.
- Rapid integration of new products
- Superior revenue reporting
- Online commission reporting
- Internet sales and kiosk management
- Reliable order tracking and reporting
- Provides grand totals, revenue and customer information at a glance.
- Secure log-in, password verification, user authentication/permission levels



**SUMMARY BALANCE SHEET**  
**3/31/2003**

Assets	
Equipment	185,112
Addl Equipment	25,000
Cust Base	2,530,061
Accounts Receivable	1,358,079
Total Assets	<u>4,098,252</u>
Liabilities	
Accounts Payable	625,000
Due to AW	2,690,173
Capital	
100,000 authorized	
50,000 issued	50,000
Retained Earnings	733,079
Total Liab /Cap	<u>4,098,252</u>

Assets	
MCI Position	800,000
CPDI Call Control Hardware buyout	75,000
Data General Sys Billing Sys	78,000
Phone Sys	8,612
Phone Sys	23,500
Unsecured Creditors	300,000
Rent April	19,439
US Escrow Secured Financing	1,410,622
	<u>2,715,173</u>

Account Receivable 1,358,080

Accounts Payable  
MCI 550,000  
Xtension 75,000

· Consolidated Financial Statements and  
Report of Independent Certified Public Accountants  
**Advantage Advisory Service, Inc. and Subsidiary**  
**d.b.a. Advantage Wireless**  
December 31, 2002 and 2001

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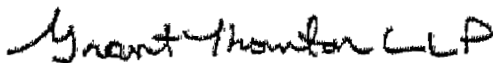
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Advantage Advisory Services, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Advantage Advisory Service, Inc. and subsidiary as of December 31, 2002, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. The consolidated financial statements of Advantage Advisory Service, Inc. and subsidiary as of and for the year ended December 31, 2001, were audited by other auditors whose report dated February 22, 2002, expressed an unqualified opinion on those statements.

We conducted our audit 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 consolidated 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 our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advantage Advisory Service, Inc. and subsidiary as of December 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Denver, Colorado  
February 28, 2003

1600 Broadway, Suite 1800  
Denver, CO 80202  
Tel: 303 861-5555  
Fax: 303 839-5711 Audit  
Fax: 303 839-5701 Tax

Grant Thornton LLP  
US Member of Grant Thornton International

## *Consolidated Financial Statements*

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

ASSETS	2002	2001
Current assets:		
Cash and cash equivalents	\$ 6,476,054	\$ 5,316,026
Accounts receivable - trade, net of allowance of \$15,000 and \$50,000, respectively	2,931,487	4,474,861
Accounts receivable - other	148,106	757,038
Inventory	3,404,673	1,663,379
Income taxes receivable	252,179	-
Note receivable	235,594	-
Deferred income taxes	156,967	-
Other current assets	458,806	397,484
Total current assets	14,063,866	12,608,788
Property and equipment, net of accumulated depreciation of \$633,064 and \$526,363, respectively	799,462	603,935
Shareholder receivable	136,000	-
Advances to shareholder	-	1,375,000
Note receivable	-	326,544
Total assets	\$ 14,999,328	\$ 14,914,267
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 697,127	\$ 1,359,491
Accrued commissions payable	1,512,834	2,614,413
Other accrued liabilities	353,633	147,670
Dividends payable	-	208,988
Deferred income taxes	-	42,000
Current portion of long-term debt	1,890,000	2,195,809
Total current liabilities	4,453,594	6,568,371
Long-term debt, net of current portion	5,985,000	7,228,953
Stockholders' equity:		
Common stock, no par value:		
Class A - 50,000,000 shares authorized; 24,560,000 shares issued and outstanding in 2002 and 2001	37,000	37,000
Class B Super - 50,000,000 shares authorized; 8,662,500 shares issued and outstanding in 2002 and 2001 (\$.10 per share annual dividend, aggregate liquidation preference of \$10,500,000)	-	-
Unearned ESOP shares	(7,451,398)	(9,424,762)
Retained earnings	11,975,132	10,504,705
Total stockholders' equity	4,560,734	1,116,943
Total liabilities and stockholders' equity	\$ 14,999,328	\$ 14,914,267

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

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31,

	<u>2002</u>	<u>2001</u>
Revenue		
Activation revenue	\$ 20,422,650	\$ 29,746,701
Equipment sales	29,479,790	22,639,365
Advertising and other revenue	<u>2,749,004</u>	<u>4,883,349</u>
Total revenue	52,651,444	57,269,415
Operating expenses		
Commission expense	15,534,756	21,331,234
Cost of equipment sales	26,691,596	20,734,094
Other operating costs	624,946	3,161,493
Selling, general, and administrative	1,290,771	1,192,695
Salaries and benefits	1,956,363	2,326,155
Legal and professional	856,645	1,093,244
Shareholder compensation	379,894	887,131
Depreciation	296,381	211,624
ESOP contribution	<u>1,713,376</u>	<u>1,075,238</u>
Total operating expenses	<u>49,344,728</u>	<u>52,012,908</u>
Net earnings from operations	3,306,716	5,256,507
Other income (expense)		
Interest income	91,130	156,905
Interest expense	<u>(350,438)</u>	<u>-</u>
Total other income (expense), net	<u>(259,308)</u>	<u>156,905</u>
Earnings before provision for income taxes	3,047,408	5,413,412
Provision for income taxes	<u>1,291,754</u>	<u>2,015,000</u>
Net earnings	<u>\$ 1,755,654</u>	<u>\$ 3,398,412</u>

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

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2002 and 2001

	Common stock				Unearned ESOP shares	Retained earnings	Total stockholders' equity
	Series A		Series B				
	Shares	Amount	Shares	Amount			
Balance at January 1, 2001	24,560,000	\$ 37,000	8,662,500	\$ -	\$ -	\$ 7,106,293	\$ 7,143,293
Purchase of ESOP shares	-	-	-	-	(10,500,000)	-	(10,500,000)
ESOP shares allocated	-	-	-	-	1,075,238	-	1,075,238
Net earnings	-	-	-	-	-	3,398,412	3,398,412
Balance at December 31, 2001	24,560,000	37,000	8,662,500	-	(9,424,762)	10,504,705	1,116,943
ESOP shares allocated	-	-	-	-	1,973,364	(206,468)	1,766,896
Dividends on allocated ESOP shares	-	-	-	-	-	(78,759)	(78,759)
Net earnings	-	-	-	-	-	1,755,654	1,755,654
Balance at December 31, 2002	<u>24,560,000</u>	<u>\$ 37,000</u>	<u>8,662,500</u>	<u>\$ -</u>	<u>\$ (7,451,398)</u>	<u>\$ 11,975,132</u>	<u>\$ 4,560,734</u>

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



Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2002	2001
Cash flows from operating activities:		
Net earnings	\$ 1,755,654	\$ 3,398,412
Adjustments to reconcile earnings to net cash provided by operating activities		
Depreciation	296,381	211,624
Deferred income taxes	(198,967)	9,876
ESOP shares allocated	1,766,896	-
Dividends on allocated ESOP shares	(78,759)	-
Loss on disposal of assets	-	2,859
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable - trade	1,543,374	(893,866)
Decrease in accounts receivable - other	608,932	699,903
Increase in inventory	(1,741,294)	(607,042)
Increase in income taxes receivable	(252,179)	-
Increase in other current assets	(61,322)	(171,059)
Decrease (increase) in note receivable	90,950	(173,215)
Decrease in accounts payable	(662,364)	(958,522)
Increase (decrease) in accrued commissions payable	(1,101,579)	1,485,529
Increase (decrease) in dividends payable	(208,988)	208,988
Increase (decrease) in other accrued liabilities	205,963	(480,974)
Net cash provided by operating activities	1,962,698	2,732,513
Cash flows from investing activities		
Advances to shareholder, net	1,239,000	(125,000)
Purchases of equipment	(491,908)	(436,232)
Net cash provided by (used in) investing activities	747,092	(561,232)
Cash flows from financing activities		
Principal payments on long term debt	(1,549,762)	-
Net cash used in financing activities	(1,549,762)	-
Increase in cash and cash equivalents	1,160,028	2,171,281
Cash and cash equivalents, beginning of year	5,316,026	3,144,745
Cash and cash equivalents, end of year	\$ 6,476,054	\$ 5,316,026
Supplemental cash flow information		
Cash paid for interest	\$ 350,438	\$ -
Cash paid for taxes	1,679,792	1,787,364
Supplemental disclosure of noncash investing and financing activities:		
Purchase of unearned ESOP shares with proceeds from note payable	\$ -	\$ 10,500,000

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

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

Advantage Advisory Service, Inc. (AAS) is a distributor of wireless services, phones, and phone accessories. Advantage Wireless represents the consolidated operations of Advantage Wireless, Inc. (AWI) and Advantage Advisory Services (AAS) (collectively the Company). During 2001, AAS purchased all the outstanding shares of AWI from a related party and accordingly, was a combination of entities under common control and has been accounted for in a manner similar to a pooling of interests. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company sells products and services through subdealers and licensees. As of December 31, 2002, the Company had approximately 700 subdealers and licensees representing greater than 1,100 retail locations in certain target cities, in approximately 22 states.

2. *Revenue Recognition*

The Company has contracted with various mobile phone operators for a specific commission to be earned by the Company for each subscription and activation to their respective mobile phone service. These commissions are paid to the Company by the wireless service providers. Activation revenues are recorded in the period which phone activations occur, less deferrals for deactivations, which have historically been insignificant. The Company recognizes revenue from phone equipment sales as phones are sold to subdealers and licensees. The Company also recognizes advertising revenue from carriers where proof of expenditure is not required. Amounts received as a direct reimbursement for specific advertising is included in selling, general, and administrative expenses.

3. *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly liquid investments such as money market funds with maturities of less than three months at date of purchase.

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

4. *Property and Equipment*

Property and equipment is recorded at cost. Costs which increase the life of an asset are capitalized and depreciated over the estimated remaining useful life of the asset. Depreciation of office equipment, furniture, fixtures, and company vehicles is calculated using the straight-line method over the estimated useful lives of the respective assets. Depreciation of leasehold improvements is calculated using the straight-line method over the estimated useful lives of the respective assets or over the lease term, whichever is shorter. Repairs and maintenance are charged to expense as incurred. The depreciable lives of property and equipment are as follows :

	<u>Depreciable Lives</u>
Office equipment, furniture, and fixtures	3-5 years
Leasehold improvements	3-5 years
Company vehicles	4 years

5. *Inventory*

Inventory consists of wireless telephones which are carried at the lower of cost or market. Cost is determined using the first-in, first-out method for all inventories. The Company receives price protection from its suppliers, but establishes reserves for damage and loss, which have historically been insignificant.

6. *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes that enactment date. A valuation allowance is recorded against deferred tax assets if it is more likely than not that all or a portion of the deferred tax assets will not be realized.

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE A – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

7. *Use of Estimates*

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are based upon management's best findings, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

8. *Reclassifications*

Certain items included in the 2001 consolidated financial statements have been reclassified to conform to the current year presentation.

9. *Employee Stock Ownership Plan*

The Company accounts for its Employee Stock Ownership Plan (ESOP) in accordance with AICPA SOP 93-6, *Employer's Accounting for Employee Stock Ownership Plans*.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2002 and 2001, consisted of the following:

	2002	2001
Office equipment, furniture, and fixtures	\$ 744,398	\$ 833,199
Leasehold improvements	596,017	204,988
Company vehicles	<u>92,111</u>	<u>92,111</u>
	1,432,526	1,130,298
Less accumulated depreciation	<u>(633,064)</u>	<u>(526,363)</u>
	<u>\$ 799,462</u>	<u>\$ 603,935</u>

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE C – LONG TERM DEBT

On January 29, 2002, the Company signed a \$9,450,000 note payable with a bank, which bears interest at the prime rate (4.25% as of December 31, 2002). The note payable is due in monthly principal installments of \$157,500 plus accrued interest, and matures on February 1, 2007. The note payable is secured by substantially all of the assets of the Company. See note J.

Future maturities of the note payable are as follows:

Year ending December 31,	
2003	\$ 1,890,000
2004	1,890,000
2005	1,890,000
2006	1,890,000
2007	<u>315,000</u>
	<u>\$ 7,875,000</u>

NOTE D – SHAREHOLDER RECEIVABLES

The Company has made payments on behalf of the Company's majority shareholder for life insurance premiums. The entire amount of payments made by the Company are recorded as a receivable, as the amount will be repaid from the death benefits received by the shareholder under the insurance policy. Shareholder receivable totaled \$136,000 and \$-0- as of December 31, 2002 and 2001, respectively.

NOTE E – SHAREHOLDER ADVANCES AND COMPENSATION

The Company, from time to time, has made advances to its chief executive officer and majority shareholder. The shareholder advances are subject to a note agreement and do not bear interest.

Shareholder advances totaled \$-0- and \$1,375,000 as of December 31, 2002 and 2001, respectively (see note J).

Shareholder compensation expense was comprised of cash compensation of \$379,894 and \$887,131 in 2002 and 2001, respectively.

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE F – INCOME TAXES

Income tax expense attributable to income from operations consists of:

	Current	Deferred	Total
Year ended December 31, 2001			
U.S. Federal	\$ 1,749,000	\$ 9,000	\$ 1,758,000
State and local	<u>256,000</u>	<u>1,000</u>	<u>257,000</u>
	<u>\$ 2,005,000</u>	<u>\$ 10,000</u>	<u>\$ 2,015,000</u>
Year ended December 31, 2002			
U.S. Federal	\$ 1,333,131	\$(173,280)	\$ 1,159,851
State and local	<u>157,590</u>	<u>(25,687)</u>	<u>131,903</u>
	<u>\$ 1,490,721</u>	<u>\$(198,967)</u>	<u>\$ 1,291,754</u>

Income tax expense was \$1,291,754 and \$2,015,000 for the years ended December 31, 2002 and 2001, respectively, and differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax income from continuing operations as a result of the following:

	2002	2001
Computed "expected" tax expense	\$ 1,036,119	\$ 1,841,000
Increase (reduction) in income tax resulting from:		
State and local income taxes, net of federal income tax benefit	87,056	170,000
ESOP valuation	(96,977)	-
Meals and entertainment expenses	6,918	-
Change in estimate of accruals from prior year	258,638	-
Other, net	<u>-</u>	<u>4,000</u>
	<u>\$ 1,291,754</u>	<u>\$ 2,015,000</u>

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE F – INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities as of December 31, 2002 and 2001 are presented below. A valuation allowance against the Company's deferred tax assets is not deemed necessary as of December 31, 2002.

	2002	2001
Allowance for doubtful accounts	\$ 5,550	\$ 19,000
Inventory reserve	3,700	6,000
ESOP contributions	156,733	9,000
Other	612	9,000
Deferred tax liabilities – adjustment for differences in cash vs. accrual methods of accounting	<u>(9,628)</u>	<u>(85,000)</u>
Net deferred tax asset (liability)	<u>\$ 156,967</u>	<u>\$ (42,000)</u>

NOTE G – EQUITY

In 2001, the Company amended its articles of incorporation to increase the authorized shares of AAS. In addition, a stock split was effected wherein each share of common stock was exchanged for 245 shares of Class A Common Stock and 84 shares of Class B Super Common Stock. The Class B shares will automatically convert into shares of Class A Common Stock at such time as the Employees Stock Ownership Plan (ESOP) debt has been paid in full. The Class B shares are convertible into Class A shares on a one for one basis (the conversion rate), subject to periodic adjustment as provided for in the Company's articles of incorporation. Both classes of common stock vote as one group, and Class B shareholders are entitled to annual dividends of \$0.10 per share, payable when and if declared. The dividends shall accumulate for a period of five years and will adjust the conversion rate to the extent not paid. The Class B shares have a liquidation preference of the greater of the accrued but unpaid dividends plus \$1.25, or the amount that would be shared mutually in a liquidation with Class A shareholders. All share and per share information included in the accompanying consolidated financial statements and notes thereto has been restated to reflect the stock split.

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE H – COMMITMENTS

*Operating Leases*

The Company leases certain equipment and occupies facilities rented under noncancelable operating leases expiring through 2007. Future minimum rental commitments under these leases are as follows:

Year ending December 31,	
2003	\$ 769,579
2004	574,966
2005	525,239
2006	332,789
2007	<u>21,667</u>
	\$ <u>2,224,240</u>

Rental expense under noncancelable operating leases was \$647,102 and \$259,853 for the years ended December 31, 2002 and 2001, respectively.

NOTE I – BUSINESS AND CREDIT CONCENTRATIONS

The Company maintains four primary multi-year commission-based contracts. These contracts are with AT&T Wireless Services, LEAP Wireless, Alamosa PCS, and Verizon (collectively referred to hereafter as the service providers). The Company also has multi-year contracts with other master dealers providing a revenue sharing arrangement from service activations generated from Voicestream on the Company's distribution network. All of the Company's revenues are generated under these contracts and from phone equipment sales.

The Company's distribution network is comprised of subdealers, licensees, and the Company's direct sales fulfillment program. The Company pays a fee to subdealers and licensees based upon specific rates per activation under separately negotiated contracts. These fees are included in commission expense in the accompanying consolidated financial statements.



Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE I – BUSINESS AND CREDIT CONCENTRATIONS (CONTINUED)

The Company purchases all phones and accessories for resale primarily from the service providers. The Company has entered into price protection agreements with their suppliers which provides protection to the Company with respect to changes in technology and market declines. The Company distributes this equipment to the subdealers and licensees.

Revenue earned from significant customers is as follows:

	Year ended December 31	
	2002	2001
Customer A	- %	34%
Customer B	57%	23%
Customer C	- %	17%
Customer D	16%	12%
Customer E	7%	11%
Customer F	19%	- %

At December 31, 2002 and 2001, receivables from these customers represented 75% and 78%, respectively, of trade accounts receivable.

NOTE J – EMPLOYEE STOCK OWNERSHIP PLAN

During 2001, the Company established a leveraged ESOP for substantially all of its employees in the amount of \$10,500,000. The amount was refinanced in January 2002 through a promissory note arrangement with a bank in the amount of \$9,450,000 (see note C). Proceeds of the note were used to purchase 8,662,500 shares of the Company's Series B Super Common Stock, which are reflected as unearned ESOP contributions in the accompanying consolidated statements of stockholders' equity. The shares purchased are pledged as security under the note. Contributions to the plan are made in the form of dividends on the unallocated shares and additional contributions as allowed by ERISA and are at the discretion of the Company. The Company recognized \$1,713,376 and \$1,075,238 as compensation costs during 2002 and 2001, respectively, resulting from contributions to the plan at the current fair value of the shares. Dividends paid on allocated shares totaled \$78,759 and \$-0- during the years ended December 31, 2002 and 2001, respectively. In conjunction with the refinancing in January 2002, the primary shareholders repaid \$1,375,000 in advances that had been made as of December 31, 2001 (see note E).

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE J – EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

The following is a summary of ESOP shares as of December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Allocated shares	787,586	-
Shares released for allocation	1,651,737	787,586
Unreleased shares	<u>6,223,177</u>	<u>7,874,914</u>
Total ESOP shares	<u>8,662,500</u>	<u>8,662,500</u>

The fair value of unreleased shares as of December 31, 2002 and 2001 was \$5,974,250 and \$9,528,646, respectively.

NOTE K – 401(k) PLAN

The Company has a 401(k) Plan covering all eligible employees. Eligible employees are current employees of the Company who have attained age 21 and completed six months of service. The Company made matching contributions of 50% of employee's contributions, up to \$5,000 until March 15, 2002, at which time the Company discontinued their matching policy. Employees can contribute up to \$11,000 for the year ended December 31, 2002. The Company's 401(k) matching contributions totaled \$17,565 and \$39,702 for the years ended December 31, 2002 and 2001, respectively.

NOTE L – SUBSEQUENT EVENT

On June 1, 2001, the Company lent Wireless Depot \$375,000 to purchase certain assets in the Phone Connection bankruptcy. The note required monthly payments of \$12,455 from July 1, 2001 to May 1, 2002, with a final payment of \$277,050 due on June 1, 2002. During 2002, Wireless Depot defaulted on their obligation. The outstanding balance of this note receivable as of December 31, 2002 and 2001 was \$235,594 and \$326,544, respectively.

On March 18, 2002, the Company filed a Verified Complaint for Emergency and Preliminary Injunctive Relief, and for Damages and Permanent Injunctive Relief in Larimer County District Court against Wireless Depot and its owners, Corporate Plus, Inc., Phones Plus, Inc., Wireless Choices, Inc. and their owners. The Company claimed that the funding agreement mentioned above was breached, along with breach of various other contracts.

Advantage Advisory Service, Inc. and Subsidiary  
d.b.a. Advantage Wireless

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002 and 2001

NOTE L – SUBSEQUENT EVENT (CONTINUED)

On May 31, 2002, a hearing was held after which the Court entered an Order directing the parties to submit all of their disputes to binding arbitration. Thereafter, all parties entered into a written Arbitration Agreement, agreeing to submit their disputes to binding arbitration.

On January 6, 2003, the Arbitrator entered a written award, and thereafter, on January 24, 2003, the arbitrator entered a modified award to include attorney fees and costs. The final award of January 24, 2003, awarded the Company \$2,058,047 from the above mentioned entities and their owners, and imposed a constructive trust and a charging order on certain assets of Wireless Depot. This award is not reported as an asset or gain of the Company as of and for the year ended December 31, 2002.



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On April 4, 2003, Motion Telecom, Inc. (Motion) acquired substantially of the assets of Univance Telecommunications, Inc. (Univance) in a Section 363(b) Bankruptcy sale. Motion Telecom, Inc. entered into a Management Agreement with Univance, which provides that Motion is the manager of Univance's business until receiving the necessary regulatory approvals. Motion shall transfer the customers in Florida and other states in accordance with the applicable laws and regulations.

The total gross revenue<sup>1</sup> for Florida in 2002 for Univance was approximately \$990,000, which is Motion Telecom Inc.'s projected total revenue for Florida in 2003.

Motion Telecom's Three-year revenue projection

\$990,000 2004

\$990,000 2005

\$990,000 2006

All records will be maintained at the Corporate Headquarters in Englewood, CO.

Accounting Contact:  
Mark Gritz, President  
Miles Heritage Controller  
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Englewood, CO 80112  
303-784-5300  
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<sup>1</sup> Total Revenue is rounded to the nearest 1,000.