

ORIGINAL

CLF 71

(Rev. 12/03/03)
DISTRIBUTION CENTER

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

Cochran U.S. Bankruptcy Courthouse
703 Highway 145 North
Aberdeen, MS 39730
Telephone: 662-369-2596

06 JUL 21 AM 7:08

060000

In Re: Long Distance Billing Service, Inc.
Debtor(s)

Case No.: 05-11168

NOTICE OF HEARING ON CONFIRMATION OF CHAPTER 11 PLAN

NOTICE IS HEREBY GIVEN that a Hearing on Confirmation of the

159 - Chapter 11 Plan of Reorganization Filed by Craig M. Geno on behalf of Long Distance Billing Service, Inc.
(Entered on Docket by: Geno, Craig)

will be held at

Cochran U.S. Bankruptcy Courthouse, 703 Highway 145 North, Aberdeen, MS

on 8/18/06 at 10:00 AM

Objections Due: 8/14/06

Ballots Due: 8/14/06

Pursuant to Rule 3020(b)(1), F.R.Bk.P., written objections to confirmation of said proposed Plan(s) must be filed in the office of the Clerk of this court and served on the debtor-in-possession, the proponent of the plan, the trustee (if any), the U.S. Trustee, and any committee appointed herein on or before 8/14/06.

Written acceptances or rejections (Ballots) as to the proposed Plan(s) must be filed in the office of the Clerk of this court by the party casting the enclosed Ballot on or before 8/14/06.

A NON-GOVERNMENTAL CREDITOR SHALL FILE A PROOF OF CLAIM ON OR BEFORE 5 DAYS PRIOR TO THE FIRST DATE SET FOR THE CONFIRMATION HEARING. A GOVERNMENTAL UNIT SHALL FILE A PROOF OF CLAIM ON OR BEFORE 8/22/05.

CMP ~~pursuant~~ per Rule 3017, F.R.Bk.P. THE MOVING PARTY'S ATTORNEY IS REQUIRED BY THE STANDING ORDER ATTACHED HERETO TO PERFORM NOTICING AS TO SAID PLAN ACCORDING TO THE TERMS OF SAID STANDING ORDER.

CTR ~~Dated:~~ 7/17/06

ECR _____

GCL _____

OPC _____

RCA _____

SCR _____

SGA _____

SEC 1

OTH Grant

David J. Puddister
Clerk, U.S. Bankruptcy Court

BY: Janet Hodges
Deputy Clerk

DOCUMENT NUMBER-DATE

06426 JUL 21 08

FPSC-COMMISSION CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR NORTHERN DISTRICT OF MISSISSIPPI

IN RE: LONG DISTANCE BILLING SERVICES, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

PLAN OF REORGANIZATION
OF LONG DISTANCE BILLING SERVICES, INC.

DEFINITIONS

The following terms, when used in this Plan of Reorganization (the "Plan"), shall, unless the context otherwise requires, having the following meanings:

1. Chapter 11: Chapter 11 of the Bankruptcy Code.
2. Claim:
 - (a) A right to payment, whether or not such right is reduced to judgment, liquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
 - (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.
3. Code: The Bankruptcy Code, as codified at 11 U.S.C. Section 101 *et seq.*
4. Confirmation of the Amended Plan: The entry by this court of an Order confirming this Plan and the passage of such time as is necessary for such Order to become final and nonappealable (sometimes hereinafter referred to as "Confirmation").

ARTICLE I

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

The Debtor classifies claims in the following classes:

- | | |
|----------------|--|
| <u>Class 1</u> | Administrative Expense Claims. |
| <u>Class 2</u> | Priority Claims. |
| <u>Class 3</u> | The Administrative Expense (and other) Claims of Qwest. |
| <u>Class 4</u> | The Administrative Expense (and other) Claims of Affine. |
| <u>Class 5</u> | The Secured Claims of WiTel. |
| <u>Class 6</u> | The Secured Claims of NS8 Corporation. |
| <u>Class 7</u> | General Unsecured Claims. |
| <u>Class 8</u> | Interests. |

ARTICLE II

TREATMENT OF CLAIMS AND CREDITORS

1. Administrative Expense Claims (Class 1).

Class 1 under the Plan consists of claims held by all creditors extending open account and unsecured credit for goods and services to the Debtor following the Petition Date. It also consists of the fees and expenses of professionals, such as lawyers and accountants, and all fees and charges assessed against the Debtor under Title 28 of the United States Code. All requests for Administrative Expense Claims must be timely filed and served by the Administrative Expense Bar Date (which may be set by a future order of the Court, if needed), including fee applications by professionals.

5. Consummation of the Plan: The accomplishment of all things contained or provided for in this Plan, and the entry of an Order of Consummation.
6. Court: The United States Bankruptcy Court for the Northern District of Mississippi.
7. Creditor: The holder of one or more claims specified in Classes I through VIII, identified in Article I of this Plan.
8. Debtor: Long Distance Billing Services, Inc. - All references to "Debtor" shall be deemed to include the Debtor and the Debtor-in-Possession.
9. Effective Date of the Plan - Forty-Five (45) days after the entry of a final non-appealable Order confirming the Plan.
10. Plan: This Plan of Reorganization in its present form or as may be amended or supplemented.
11. Reorganization Case: This case for the reorganization of the Debtor, commenced by Voluntary Petition under Chapter 11 on February 22, 2005 and now pending in this Court and styled "In Re: Long Distance Billing Services, Inc."; Case No. 05-11168.
12. Secured Claims: Allowed claims secured by a lien, security interest, or other encumbrance which has been properly perfected as required by law with respect to property owned by the Debtor to the extent of the value of such creditor's interest in such property.
13. Unsecured Claims: Claims (as fully allowed and approved by the Court) for unsecured debts, liabilities, demands or claims of any character whatsoever owed by the Debtor, including, without limitation, all claims noted on the schedules filed herein, all amendments thereto and all claims held by persons having notice or knowledge of the Chapter 11 proceeding.

Page -2-

The fees and expenses of the professionals include all actual and necessary fees and expenses of all professionals, including the attorneys and accountants for the Debtor. The Debtor is unaware of any other professionals who assert or will assert Administrative Expense Claims for professional fees and related expenses. The compensation of professionals is subject to approval by the Court and, thus, the timing of payments for compensation for services rendered and reimbursement of expenses will be made as authorized and allowed by the Court.

The Debtor will review the Administrative Expense Claims filed by professionals.

The Administrative Expense Claims of USAC, as against ezTel and the Debtor, are included within the Class I claims and they will be paid in full, in cash, upon allowance thereof by Order of the Court. In April of each year, USAC conducts an annual "true up" of the revenue reported by ezTel and the Debtor during the prior year. Specifically, USAC compares annual revenue reported by ezTel and the Debtor to the previously reported quarterly revenue covering the same period (the "Annual True-up"). In the event that ezTel's and the Debtor's reported annual revenues are lower than the revenues reported previously for that year, USAC issues Annual True-up credits to ezTel and the Debtor. Alternatively, if ezTel's and the Debtor's reported annual revenues are higher than reported previously, USAC issues Annual True-up adjustments. These Annual True-up credits or adjustments appear in three equal amounts on the July, August and September invoices of that subsequent year. As a result of the Annual True-up, the final amount of USAC's administrative claim will necessarily change post-confirmation. Further, ezTel and the Debtor are entitled to amend previously-filed revenue reports. USAC asserts these amendments must be made within a limited period of time. ezTel and the Debtor believe the time to amend remains open. Amended revenue reports may also result in either

Page -3-

Page -4-

adjustments or credits to ezTel's and the Debtor's invoices and, as such, alter USAC's administrative claim amount post-confirmation.

In order to ensure full payment of all of USAC's Administrative Claims, Purchaser A or B shall be fully responsible for any and all post-confirmation adjustments based on either a post-confirmation Annual True-up or post-confirmation amended revenue reports. Purchaser A or B shall also be entitled to any credits resulting from either the Annual True-up or from amended revenue reports.

Similarly, the post-petition, administrative expense claims of the Internal Revenue Service, Mississippi State Tax Commission and various state taxing agencies for principal tax claims, plus interest, shall also be paid on the Effective Date upon allowance of said claims by separate Order of the Court. Moreover, these same administrative expense claims of these same creditors, as against ezTel and the Debtor, shall also be paid, in the same amount and manner, on the Effective Date upon allowance of said claim by separate order of the Court.

Thus, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Administrative Expense Claim shall receive from ezTel and the Debtor the full amount of its Allowed Administrative Expense Claim, in cash, unless otherwise agreed upon between such holder and the Debtor; provided, however, that (i) Allowed Administrative Expense Claims pursuant to Bankruptcy Code Sections 330, 331 and 503(b) shall be paid, in cash, by the Debtor, within five Business Days of allowance by Final Order in such amounts approved by the Court; (ii) Allowed Administrative Expense Claims that become due on a date later than the Effective Date in the ordinary course of the Debtor's business shall be paid, in full, in cash, on such later date by the Debtor; and (iii) no penalties shall be awarded or paid to administrative expense claimants.

Page -5-

Exhibit "B" are incorporated by reference. The treatment of the claims of Qwest are as outlined in Exhibit "B". Qwest is an impaired creditor.

4. The Administrative Expense (and other) Claims of Affine (Class 4).

As previously noted, the claims of Affine have been settled and compromised, as evidenced by the Motion previously marked as Exhibit "C" to the Amended Disclosure Statement of ezTel. The Court entered an Order approving the Affine/ezTel settlement, a copy of which has previously been marked as Exhibit "D" to the Amended Disclosure Statement of ezTel; however, WiTel has appealed that Order to the District Court, where it remains pending. The terms, conditions and provisions of Exhibit "D" are incorporated by reference. The treatment of the claims of Affine is as outlined in Exhibit "D", but cannot be effectuated until all appeals are resolved.

The Claims of Affine are impaired.

5. The Secured Claims of WiTel (Class 5).

Witel, is owed, post-petition, secured claims that are at least \$500,000.00 (as estimated by ezTel and the Debtor) and that are at least \$1,000,000.00 (as estimated by WiTel).

The contractual agreement by and between WiTel and ezTel shall be assumed by Purchaser A or B (as the case may be). WiTel shall continue to hold a security interest in the accounts receivable generated by ezTel that arise out of the sale of wholesale goods and services to ezTel by WiTel. EzTel and WiTel will continue to negotiate through the disputed charges that exist and, once either an agreement is reached as to the balance owed, or the balance owed is determined by the Bankruptcy Court, if ezTel and WiTel are unable to agree upon the amount due, the unpaid, post-petition, secured claims of WiTel will thereupon be "fixed." In order to satisfy what will then be the unpaid, post-

Page -7-

This treatment of Class 1 creditors renders their Claims unimpaired and such holders are deemed to have accepted the Plan.

2. Priority Claims (Class 2).

Class 2 under the Plan contains all Priority Tax Claims. "Priority Tax Claims" consists of those Claims, which, if allowed, are entitled to priority in right of payment under Bankruptcy Code Section 507(a)(8).

On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Priority Tax Claim shall receive from ezTel and the Debtor deferred cash payments as required by the Bankruptcy Code so as to pay the principal and interest portion of such claims in full within seventy-two (72) months from the Effective Date.

This treatment of these creditors renders their Claims unimpaired and such holders are deemed to have accepted the Plan. Interest shall be calculated at the fluctuating rate established by the Internal Revenue Service in connection with payment of all priority claims. To the extent priority tax claims (and administrative tax claims for that matter) are actually claims that "belong" to customers of ezTel and the Debtor, those claims will also be paid over the same 72-month period by offsetting the claims that are owed to customers "against" obligations those customers owe to ezTel and the Debtor.

3. The Administrative Expense (and other) Claims of Qwest (Class 3).

As previously noted, the claim of Qwest have been settled and compromised by an order of the Court which has now become final and non-appealable, a copy of which has been previously marked as Exhibit "B" to the Amended Disclosure Statement of ezTel. The terms, conditions and provisions of

Page -6-

petition allowed secured claims, ezTel will pay WiTel according to the terms and conditions of the Order of April 18, 2005, which affords WiTel the status of a secured creditor. The "lump sum" payments due WiTel under the April 18, 2005, Order will be made, in part, from the purchase price to be paid by Purchaser A or B.

The post-petition, secured claims of WiTel are impaired.

6. The Former Secured Claims of NS8 Corporation ("NS8").

The secured claims of NS8 were resolved and compromised pursuant to an Agreed Order entered into by and between the Debtor and NS8 in the course of administration in the LDBS case. A copy of the Agreed Order was attached to the Disclosure Statement as Exhibit "A" and is incorporated herein by reference. The claims of NS8 have been assigned, and they are approximately \$200,000.00, plus interest from early 2005.

In order to satisfy this claim, Purchaser A or B may elect to pay the claim in full, in cash, at closing or alternatively, Purchaser A or B may elect to amortize the claim over a 48-month period, to bear interest at eight percent (8%) per annum, payable in monthly installments beginning upon the effective date of the Plan and concluding on the 48th month thereafter.

These claims, secured by assets of LDBS, are fully secured. This Class is impaired.

7. General Unsecured Claims (Class 7).

Class 7 under the Plan consists of Claims held by the general unsecured creditors of ezTel and the Debtor.

By virtue of the substantive consolidation of the Debtor, its affiliates, and LDBS, as enumerated in prior sections of this Disclosure Statement and the Plan, each general unsecured claim asserted by

Page -8-

the same holder against different entities, that are now consolidated as one debtor, will become one claim against one entity.

Class 7 creditors will receive all remaining proceeds of the purchase price of \$3,500,000.00, after payment of administrative expense claims, secured claims and priority claims that are to be paid from the cash purchase price, upon the effective date of the plan. The remaining unpaid claims of Class 7 creditors, if any, shall be discharged.

8. Interests (Class 8).

Class 8 consists of all interests. Upon the entry of a final, non appealable order approving the Plan, all interests, membership certificates, evidences of ownership and equity held in and to the debtor shall be canceled.

As noted, some amounts of stock in the entity or entities that survive these Chapter 11 cases shall be issued to insiders, employees, suppliers of business, agents and representatives of the existing Debtors. The persons to receive said stock, and the amounts thereof, remain works in process and will probably not be resolved until plan confirmation time. However, none of the future shareholders will be paid, or will receive, stock in the surviving entity or entities on account of their current equity interests.

ARTICLE III

CLOSING DATE

The closing date shall be one hundred and twenty (120) days after confirmation of the Plan, or at such other date as identified in the Order confirming of the Plan. The Effective Date of the Plan shall be forty-five (45) days after the Order confirming the Plan becomes final and non-appealable.

ARTICLE IV

Page -9-

MEANS OF IMPLEMENTATION OF THE PLAN

1. Transactions.

Pursuant to the Plan, the following transactions shall be deemed to occur in the following order on the Effective Date and shall occur substantially contemporaneously.

a. Substantive Consolidation. All assets and liabilities of the Debtor, and all remaining Chapter 11 affiliates (including LDBS) shall be substantively consolidated into, and with, ezTel. Pre-petition priority claims shall be substantively consolidated and will be paid within seventy-two (72) months of the Effective Date. Accordingly, (i) all Intercompany Claims shall be canceled and no distributions shall be made on account thereof; (ii) all assets and all liabilities of the Debtor and the remaining Chapter 11 affiliates shall be merged into and treated as the assets and liabilities of the Debtor; (iii) all guarantees of any Debtor or Chapter 11 affiliate of the payment, performance or collection of obligations of another Debtor shall be eliminated and canceled; (iv) any obligation of the Debtor and all guarantees thereof executed by one or more of the other Chapter 11 affiliates shall be treated as a single obligation and such guarantees shall be deemed a single Claim against the Debtor; (v) all joint obligations of two or more Chapter 11 affiliates, and all multiple Claims against such entities on account of such joint obligations, shall be treated and allowed only as a single Claim against the Debtor; and (vi) each Claim filed in the Chapter 11 Case of the Debtor shall be deemed to be filed against the Debtor and a single obligation of the Debtor.

b. Merger of Corporate Entities. Consistent with the substantive consolidation of the Debtor provided by the Plan, all of the remaining Chapter 11 affiliates (including LDBS) shall be merged with each other, with ezTel being the surviving corporate entity. Such mergers shall be

Page -10-

effectuated pursuant to the Confirmation Order and duly-filed Certificates of Merger without any further action by the stockholders or directors of any of the affiliates or the Debtor.

c. Stock Issuance. Purchaser A or Purchaser B will determine the stock issuance once confirmation has occurred.

d. Post Confirmation Operations of the Debtor. Craig M. Geno ("Mr. Geno") and Susan Walker ("Ms. Walker") shall be charged with making distributions to creditors whose claims are to be paid, on the Effective Date or thereafter by the Debtor. Mr. Geno and Ms. Walker shall also be directed to close the Debtor's case when closure is appropriate.

2. Cancellation of Existing Securities and Agreements.

On the Effective Date, the promissory notes, share certificates and other instruments evidencing any Claim or Interest shall be deemed canceled without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtor and Chapter 11 affiliates under such promissory notes, share certificates and other instruments governing such Claims and Interests, as the case may be, shall be discharged; provided, however, the claims that are to be paid under the terms and conditions of the Plan shall remain in full force and effect.

3. Corporate Action.

Upon entry of the Confirmation Order, the following shall be deemed authorized and approved in all respects: the substantive consolidation and mergers contemplated by the Plan. On the Effective Date, the Debtor, its Chapter 11 affiliates, officers and directors, as the case may be, shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan and the Disclosure Statement in the name of and on behalf of the Debtor

Page -11-

and affiliates. Once the Confirmation Order has become final and non-appealable, the shareholders of Purchaser A or Purchaser B shall, if necessary, on or before the Effective Date, elect its Board of Directors. If necessary, once this "new" Board of Directors has been elected, it shall appoint and designate such officers and other executives as necessary, to effectuate the day-to-day operations of the surviving entity and to delegate fiscal responsibility for the ongoing operations.

4. Release of Liens.

On the Effective Date, all liens against the Debtor's assets shall be released, unless otherwise specified in the Plan.

5. Term of Existing Stays.

Unless otherwise provided in the Plan, the stay in effect on the Confirmation Date pursuant to Bankruptcy Code Section 362(a) shall remain in full force and effect until the Plan is fully consummated, all claims are paid and this case closed.

6. Other Provisions.

a. Assumption, Assignment and Rejection.

On the Effective Date, the Reorganized Debtor shall assume the executory contracts and unexpired leases identified in separate motions to be filed before confirmation. All other executory contracts and unexpired leases not specifically accepted herein or by prior Bankruptcy Court Order shall be deemed rejected as of the Confirmation Date.

b. Prosecution of Objections to Claims and Administrative Expense Claims by Reorganized Debtor, Treatment and Distribution.

After the Confirmation Date, the Reorganized Debtor shall have the exclusive authority, in its sole discretion, to prosecute objections to all Claims and Administrative Expense Claims. No

Page -12-

Payments on account of Disputed Claims shall be made. The Reorganized Debtor shall make distributions on account of Disputed Claims once they are allowed, pursuant to the Plan.

c. Discharge of Claims and Termination of Interests.

Except as provided in the Plan or Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests will be in exchange for and in complete satisfaction and release of all Claims and termination of all Interests, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or Confirmation Order, Confirmation will, as of the Effective Date: (a) discharge the Debtor from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h) or 502(i), whether or not (i) a proof of Claim based on such debt is filed or deemed filed pursuant to Bankruptcy Code Section 501, (ii) a Claim based on such debt is allowed pursuant to Bankruptcy Code Section 502, or (iii) the holder of a Claim based on such debt has accepted the Plan and (b) terminate all Interests and other rights held by equity security holders in the Debtors.

As of the Effective Date, except as provided in the Plan or Confirmation Order, all Entities will be precluded from asserting against the Debtors, Purchaser A or B, their respective successors or respective property, any other or further Claims, demands, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all such interests and other rights of equity security holders in the Debtor, pursuant to

Page -13-

Bankruptcy Code Sections 524 and 1141, and such discharge will void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

7. Vesting.

Except as otherwise provided by this Plan, in accordance with Bankruptcy Code Sections 1123(a)(5) and 1141(b), on the Effective Date, title to property of the Debtor shall pass to Purchaser A or Purchaser B free and clear of all claims, interests, liens and encumbrances except as noted in the Plan.

8. Injunction.

a. To implement the discharge provisions set forth in the Plan, the Confirmation Order shall constitute and provide for a permanent injunction by the Bankruptcy Court as of the Effective Date against all entities that have held, currently hold or may hold a Claim or other debt, demand, right, cause of action or liability that is discharged or released or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan as to the following actions on account of any such discharged or released Claims, debts, demands, rights, causes of action or liabilities or terminated Interests or rights: (1) the commencement or continuation in any manner any action or other proceeding against any released entity, including, without limitation, Purchaser A or Purchaser B, or their property; (2) the enforcement, attachment, collection or recovery in any manner any judgment, award, decree or order against any released entity, including, without limitation, Purchaser A or Purchaser B, or their property; (3) the creation, perfection or enforcement of any lien or encumbrance against any released entity, including, without limitation, Purchaser A or Purchaser B,

Page -14-

or their property; (4) the assertion of a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity including, without limitation, Purchaser A or Purchaser B, or their property; and (5) the commencement or continuation of any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

b. By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to this Plan will be deemed to have specifically consented to the injunction set forth in the Plan.

9. Modification.

In accordance with the Bankruptcy Code, the Proponent, LDBS, may amend or modify the Plan at any time prior to the Confirmation Date without Bankruptcy Court approval. Subsequent to the Confirmation Date and upon Bankruptcy Court approval, the Proponent may modify or amend the Plan in accordance with Bankruptcy Code Section 1127(b), or remedy any defect or omission or reconcile any inconsistency in such manner as may be necessary to carry out the purpose and intent of the Plan.

10. Retention of Jurisdiction.

Except as otherwise expressly provided in the Plan, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

Page -15-

a. To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases, if any, and the allowance of Claims resulting therefrom;

b. To determine any and all adversary proceedings, applications and contested matters pending on the Effective Date;

c. To determine any and all adversary proceedings, applications and contested matters initiated by the Debtor or its successor;

d. To determine any and all applications initiated by the Debtors, for the sale, abandonment or other disposition of any assets of the Debtor.

e. To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

f. To hear and determine any timely objections to Administrative Expense Claims or to any Claims filed, including any objections to the classification of any Claim, and to allow or disallow any Disputed Claim, in whole or in part;

g. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

h. To issue such orders in aid of execution of the Plan, to the extent authorized by Bankruptcy Code Section 1142;

i. To consider any modifications of the Plan, to cure any defects or omissions, or reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

Page -16-

j. To hear and determine all applications for compensation and reimbursement of expenses of professionals incurred prior to the Effective Date under Bankruptcy Code Sections 330, 331 and 503(b);

k. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, including issues relating to the injunction and discharge granted thereunder;

l. To hear and determine matters concerning state, local and federal cases in accordance with Bankruptcy Code Sections 346, 505 and 1146; and

m. To enter a final decree closing the Chapter 11 Case.

11. Exculpation.

Except as provided for and reserved herein, neither the Debtor, its Chapter 11 affiliates, nor any of their respective members, officers, directors, employees, advisors, agents, or professionals shall have or incur any liability to any holder of a Claim or Interest for any act, event or omission in connection with, or arising out of, the formulation, preparation, dissemination, prosecution, confirmation, consummation, discussion, implementation or administration of the Plan, the Disclosure Statement, any contract, release, or other agreement or document created or entered into, the property to be distributed under the Plan, whether taken or omitted to be taken prior to or after the Petition Date, or any other action taken or omitted to be taken in connection with the Chapter 11 Case or the Plan, except for gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

12. Withdrawal of Plan.

further force and effect. The provisions of the confirmed Plan shall bind all creditors and parties in interest, whether or not they accept the Plan and shall discharge the Debtor from all claims that arose prior to Confirmation. The distributions provided under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all claims and interests regarding any of the Debtor's assets or properties, including claims arising after the date of filing of the Petition and prior to Confirmation. Unless otherwise specifically provided to the contrary herein or in the order of Confirmation, on or after Confirmation, all holders of claims or interests shall be precluded from asserting any claim against the Debtor or its assets or properties.

ARTICLE VII

REVESTING OF PROPERTY

Except as otherwise provided herein, property of the Debtor shall vest in Purchaser A or B at closing. Subsequent to closing, Purchasers A & B may operate their businesses and buy, use, acquire, and dispose of property, free of any restrictions contained in the bankruptcy code. As of closing, all property of the Debtor shall be free and clear of all claims and interests of creditors and interested parties, except those obligations provided for under the Plan.

ARTICLE VIII.

UNITED STATES TRUSTEE'S FEES

This Plan, pursuant to 28 U.S.C. §1930(a)(6), provides payment to the United States Trustee of the appropriate sums required for all disbursements made by the Debtor during the Chapter 11 proceeding. In addition, this Plan provides that the Debtor will make payments to the United States Trustee of the appropriate sums required for all disbursements made by the Debtor pursuant to the terms of this Plan,

LDBS reserves the right to revoke and withdraw the Plan as the plan of reorganization for the Chapter 11 case, at any time prior to the Confirmation Date or, if the Effective Date conditions set forth in the Plan cannot be satisfied for any reason after the Confirmation Date, at any time up to the Effective Date. If the Debtor revokes or withdraws the Plan or if the Confirmation Date or Effective does not occur, then the Plan shall be deemed null and void.

13. Binding Effect of Plan.

The provisions of the Plan and the rights, benefits and obligations of any Entity named or referred to in the Plan, including without limitation the Debtor and any holder of a Claim or Interest, shall be binding upon, and will inure to the benefit of, such entity's heirs, executors, administrators, successors, assigns, agents, officers and directors.

ARTICLE V

RATIFICATION OF THE PLAN

Alterations or modifications of this Plan may be approved by the Court without notice to creditors if the Court finds that such alterations or modifications do not materially or adversely affect the interests of the creditors. If any alterations or modifications of the Plan are proposed which Court finds to materially or adversely effect the interest of creditors, notice and description of such alteration or modification shall be given to all creditors adversely affected.

ARTICLE VI

INVALIDATION OF LIENS AND DISCHARGE

All liens securing claims which are not allowed pursuant to the provisions of this Plan or Bankruptcy Code Sections 502 and 506 shall be invalidated and deemed null and void and of no

including the payment of pre- and post-confirmation quarterly fees as required by 11 U.S.C. § 1129(a)(12), from the Effective Date of the Plan until Plan Consummation and file all Monthly Operating Reports and pay all Trustee fees until the closing and/or dismissal of the case.

ARTICLE IX

JURISDICTION OF THE COURT

The Court shall retain jurisdiction until this plan has been fully consummated including, but not limited to, the following purposes:

A. Determination of all questions and disputes regarding title to the assets of Debtor's estates and determination of all causes of action, controversies, disputes and conflicts, whether or not subject to action pending as of the date of confirmation, between the Debtor and any party, including, but not limited to, the right of the Debtor to recover assets pursuant to the provisions of Title 11 of the United States Code.

B. The correction of any defect, curing of any omission, or reconciliation of any inconsistency in this Plan or the Order of Confirmation as may be necessary to carry out the purpose and intent of this Plan.

C. Enforcement, modification or interpretation of the terms and the conditions of this Plan to the extent of appropriate under the Bankruptcy Rules and Title 11 of the United States Code.

D. Entry of any Order, including injunctions, necessary to enforce the title, rights and powers as the Court may deem necessary.

E. Entry of an Order concluding and terminating this case upon completion of this provisions.

THIS, the 28th day of March, 2006.

Respectfully submitted,

ezTEL, LLC

By Its Attorneys
HARRIS & GENO, PLLC

By: Craig M. Geno
Craig M. Geno

OF COUNSEL:

Craig M. Geno - MSB No.4793
Jeffrey K. Tyree - MSB No. 9049
Melanie T. Vardaman - MSB No. 100392
HARRIS & GENO, PLLC
587 Highland Colony Parkway (39157)
Post Office Box 3380
Ridgeland, MS 39158-3380
Telephone No.: (601) 427-0048
Facsimile No.: (601) 427-0050
FILE:///C:/Users/ezTEL/Desktop/Win. D. Stinson/Plm.vpd

CERTIFICATE OF SERVICE

I, Craig M. Geno, do hereby certify that I have caused to be served this date, via electronic filing transmission and/or U. S. mail, postage prepaid, a true and correct copy of the above and foregoing to the following:

Sammye S. Sharp, Esq.
Office of the U.S. Trustee
100 West Capitol St., Suite 706
Jackson, MS 39269

THIS the 27th day of March, 2006.

Craig M. Geno
Craig M. Geno

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

In Re: Long Distance Billing Service, Inc.
Debtor(s)

Case No.: 05-11168

BALLOT FOR ACCEPTING OR REJECTING PLAN

Confirmation Hearing Set On (RE: related document(s)[159] Chapter 11 Plan filed by Debtor Long Distance Billing Service, Inc.). Confirmation hearing to be held on 8/18/2006 at 10:00 AM at Cochran U.S. Bankruptcy Courthouse. Last Day to Object to Confirmation 8/14/2006 for [159], Ballots Due 8/14/2006 for [159], (Entered on Docket by: Hodges, Janet)

Chapter 11 Plan filed on 3/23/06 .

The Court has approved a disclosure statement with respect to the Plan. The Disclosure Statement provides information to assist you in deciding how to vote your ballot. If you do not have a Disclosure Statement, you may obtain a copy from the proponent's attorney who mailed you this ballot. Court approval of the disclosure statement does not indicate approval of the Plan by the Court. You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and your classification and treatment under the Plan. Your claim/equity interest has been placed in the class shown in your copy of the Plan. If you hold claims or equity interests in more than one class, you will receive a ballot for each class in which you are entitled to vote. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

ACCEPTANCE OR REJECTION OF THE PLAN

[If the voter is the holder of a secured, priority, or unsecured nonpriority claim:]
The undersigned, the holder of a Class [] claim against the Debtor in the unpaid amount of

\$ _____.

[or, if the voter is the holder of a bond, debenture, or other debt security:]

The undersigned, the holder of a class [] claim against the Debtor, consisting of \$ _____ principal amount of [describe bond, debenture, or other debt security] _____ of the Debtor (For purposes of this Ballot it is not necessary and you should not adjust the principal amount for any accrued or unmatured interest.)

[or, if the voter is the holder of an equity interest:]

The undersigned, the holder of Class [] equity interest in the Debtor, consisting of _____ shares or other interests of [describe equity interest] _____ in the Debtor.

[Check One Box Only]

[] ACCEPTS

[] REJECTS

Dated: _____

Print or type name: _____

Signature: _____

Title (if corporation or partnership): _____

Address: _____

RETURN THIS BALLOT ON OR BEFORE 8/14/06 TO:
U.S. BANKRUPTCY COURT
Cochran U.S. Bankruptcy Courthouse
703 Highway 145 North
Aberdeen, MS 39730

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI

IN RE:
LONG DISTANCE BILLING SERVICE, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

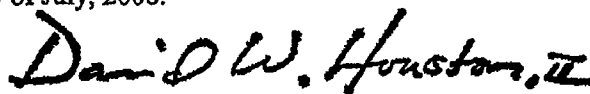
ORDER

THIS CAUSE having come on to be heard on the request of the Debtor to approve its Amended Disclosure Statement (as supplemented and amended by amendments recently filed), and the Court having heard and considered the Amended Disclosure Statement is of the opinion that the Amended Disclosure Statement, as modified by the "amendments" contains adequate information as required by the Bankruptcy Code. It is, accordingly,

ORDERED that the Amended Disclosure Statement should be, and hereby is, approved as containing adequate information. It is, further,

ORDERED that the Clerk shall prepare, in the normal course, an Order setting confirmation in this case for August 14, 2006, to be noticed as provided by the Bankruptcy Rules.

SO ORDERED this, the 12th day of July, 2006.



DAVID W. HOUSTON, III
UNITED STATES BANKRUPTCY JUDGE

PRESENTED BY:

Craig M. Geno, Esq.; MSB No. 4793
Jeffrey K. Tyree, Esq.; MSB No. 9049
Melanie T. Vardaman, Esq.; MSB No. 100392
Harris & Geno, PLLC
587 Highland Colony Parkway (39157)
P. O. Box 3380
Ridgeland, MS 39158-3380
601-427-0048 - Telephone
601-427-0050 - Facsimile
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI

IN RE:
LONG DISTANCE BILLING SERVICE, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

AMENDMENTS TO DISCLOSURE STATEMENT

COMES NOW Long Distance Billing Service, Inc. ("LDBS", "Debtor" or the "Company") and files these Amendments to Disclosure Statement as follows, to-wit:

1. The Disclosure Statement is amended to reflect that the Massachusetts Department of Revenue asserts that its claim should be afforded treatment that is different than that set forth in the Disclosure Statement or the pending Plan of Reorganization. Accordingly, the Disclosure Statement is amended to reflect the pre-petition claims of the Massachusetts Department of Revenue shall be paid within seventy-two (72) months of assessment.

2. Approval of the Disclosure Statement is without prejudice to any claims of the estate, any creditor or other party in interest against Patric Boggs, and/or to object to the settlement of any claim held by the Debtor against Patric Boggs.

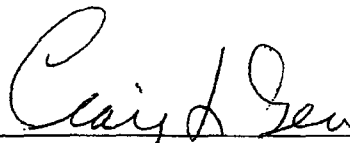
This, the 11th day of July, 2006.

Respectfully submitted,

LONG DISTANCE BILLING SERVICE, INC.

By Its Attorneys
HARRIS & GENO, PLLC

By: _____


Craig M. Geno

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI**

**IN RE:
LONG DISTANCE BILLING SERVICE, INC.
Debtor**

**CHAPTER 11
CASE NO. 05-11168**

ORDER

THIS CAUSE having come on to be heard on the request of the Debtor to approve its Amended Disclosure Statement (as supplemented and amended by amendments recently filed), and the Court having heard and considered the Amended Disclosure Statement is of the opinion that the Amended Disclosure Statement, as modified by the "amendments" contains adequate information as required by the Bankruptcy Code. It is, accordingly,

ORDERED that the Amended Disclosure Statement should be, and hereby is, approved as containing adequate information. It is, further,

ORDERED that the Clerk shall prepare, in the normal course, an Order setting confirmation in this case for August 14, 2006, to be noticed as provided by the Bankruptcy Rules.

SO ORDERED this, the _____ day of July, 2006.

DAVID W. HOUSTON, III
UNITED STATES BANKRUPTCY JUDGE

PRESENTED BY:

Craig M. Geno, Esq.; MSB No. 4793
Jeffrey K. Tyree, Esq.; MSB No. 9049
Melanie T. Vardaman, Esq.; MSB No. 100392
Harris & Geno, PLLC
587 Highland Colony Parkway (39157)
P. O. Box 3380
Ridgeland, MS 39158-3380
601-427-0048 - Telephone
601-427-0050 - Facsimile

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF MISSISSIPPI

CASE NO: 05-11168

DEBTOR-IN-POSSESSION: LONG DISTANCE BILLING SERVICE, INC.

ORDER APPROVING DISCLOSURE STATEMENT

This court having conducted a hearing on the Disclosure Statement filed on the 23rd day of March, 2006, pursuant to 11 U.S.C. §1125, and having found that said Disclosure Statement contains adequate information and should be approved; it is

ORDERED that said Disclosure Statement is hereby approved. Pursuant to Rule 3017(d)(2), F.R.Bk.P., the proponent of said Disclosure Statement and the related Plan shall transmit within 10 days from the date of this order a copy of said Disclosure Statement approved by the court and a copy of this order (which shall constitute notice of the entry hereof) by mail to the debtor-in-possession, trustee (if any) creditors, equity security holders, the U.S. Trustee and all other parties in interest. The proponent of said Disclosure Statement and the related Plan shall file in the office of the Clerk of this court one copy of the material so transmitted, along with a certificate of service, within 5 days from the date of service. Any entity receiving a copy of this order and the aforementioned enclosures should carefully study such documents. As soon as the Clerk of this court shall notify the plan proponent that a confirmation hearing time, date and location shall have been scheduled, such plan proponent shall perform the noticing duties mentioned in this court's standing order delegating such noticing responsibilities entered on April 9, 2004, (available on the court's website, www.msnb.uscourts.gov). The transmittal of the notices then provided by the proponent of such plan shall include a copy of such plan and a ballot conforming to Official Form number 14.

DATED:

July 17, 2006

David W. Houston, III
DAVID W. HOUSTON, III
JUDGE, UNITED STATES BANKRUPTCY COURT

IN RE: LONG DISTANCE BILLING SERVICES, INC. CHAPTER 11
Debtor, CASE NO. 05-11168

DISCLOSURE STATEMENT REGARDING THE PLAN OF REORGANIZATION
PROPOSED BY LONG DISTANCE BILLING SERVICES, INC.

HARRIS & GENO, PLLC
587 Highland Colony Parkway (39157)
Post Office Box 3380
Ridgeland, MS 39158-3380
Telephone No.: (601) 427-0048
Facsimile No.: (601) 427-0050

ATTN: Craig M. Geno, Esq. – MSB No. 4793
Counsel to Long Distance Billing Services, Inc.

Dated: March 23, 2006
Ridgeland, Mississippi

ARTICLE I	INTRODUCTION	1
ARTICLE II	EXPLANATION OF CHAPTER 11 AND PLAN CONFIRMATION	3
ARTICLE III	OVERVIEW OF PLAN	4
ARTICLE IV	GENERAL INFORMATION ABOUT THE DEBTOR	4
	A. The Debtor's History and Background	4
	B. Significant Developments in the Chapter 11 Case	4
	C. The Chapter 11 Reorganization and its Significant Events	5
	D. Pending Transactions	5
ARTICLE V	Assets of the Debtor	5
	B. Liabilities of the Debtor	5
ARTICLE VI	THE PLAN OF REORGANIZATION	6
	A. Classification and Treatment of Claims	6
	1. Administrative Expense Claims (Class 1)	6
	2. Priority Claims (Class 2)	9
	3. The Administrative Expense (and other) Claims of Qwest (Class 3)	9
	4. The Administrative Expense (and other) Claims of Affine (Class 4)	9
	5. The Secured Claims of WiTel (Class 5)	10
	6. The Secured Claims of NSB Corporation (Class 6)	11
	7. General Unsecured Claims (Class 7)	11
	8. Interests (Class 8)	12
	B. Means of Implementation	12
	1. Transactions	12
	a. Substantive Consolidation	12
	b. Merger of Corporate Entities	13
	c. Stock Issuance	13

2.	Cancellation of Existing Securities and Agreements	13
3.	Corporate Action	14
4.	Release of Liens	14
5.	Term of Existing Stays	14
6.	Other Provisions	15
	a. Assumption, Assignment and Rejection	15
	b. Prosecution of Objections to Claims and Administrative Expense Claims by Debtor, Treatment and Distribution	15
	c. Discharge of Claims and Termination of Interests	15
7.	Vesting	16
8.	Injunction	16
9.	Modification	17
10.	Retention of Jurisdiction	18
11.	Exculpation	19
12.	Withdrawal of Plan	20
13.	Binding Effect of Plan	20

ARTICLE VII	VOTING PROCEDURES AND CONFIRMATION OF THE PLAN	20
	A. General	20
	B. Voting Procedures	21
	C. Confirmation Hearing	22
	D. Confirmation	23
	E. Acceptance or Cramdown	23
	F. Best Interests Test; Liquidation Analysis	24
	G. Feasibility	28
	H. Compliance With Applicable Provisions of the Bankruptcy Code	29
	I. Alternatives to Confirmation and Consummation of the Plan	29

ARTICLE VIII	TAX CONSEQUENCES	30
--------------	------------------------	----

ARTICLE IX	RECOMMENDATION AND CONCLUSION	30
------------	-------------------------------------	----

IN THE UNITED STATES BANKRUPTCY COURT
FOR NORTHERN DISTRICT OF MISSISSIPPI

IN RE: LONG DISTANCE BILLING SERVICES, INC. CHAPTER 11
Debtor, CASE NO. 05-11168

ARTICLE I.

INTRODUCTION

Long Distance Billing Services, Inc. ("LDBS", the "Debtor" or the "Company") submits this Disclosure Statement regarding its Plan of Reorganization (the "Disclosure Statement") in the Chapter 11 Case of LDBS pursuant to Bankruptcy Code Section 1125 to the creditors and shareholders of LDBS, Debtor and Debtor-in-Possession, in connection with the solicitation of acceptances of its Plan of Reorganization, dated March 23, 2006, as the same may be amended from time to time (the "Plan"), filed with the United States Bankruptcy Court for the Northern District of Mississippi (the "Court").¹ Consistent with the Order approving the Disclosure Statement, copies of the Disclosure Statement and the Plan of Reorganization were filed and served on or about July 18, 2006.

LDBS provides this Disclosure Statement to all of the known creditors and shareholders in this Chapter 11 Case in order to disclose adequate information for such creditors and shareholders to arrive at a reasonably informed decision in exercising their respective rights, if any, to vote for acceptance of the Plan. In addition, this Disclosure Statement will also be provided to all of the known creditors in the separate Chapter 11 case of ezTel, LLC ("ezTel"). LDBS shall be substantively consolidated into, and with, ezTel.

¹Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement shall have the meanings assigned to such terms in the Plan.

ARTICLE VI

THE PLAN OF REORGANIZATION

A. Classification and Treatment of Claims

The Plan divides the Claims against and Interests in the Debtor into various classes pursuant to Bankruptcy Code Section 1122. Set forth below is a description of the general classes of Claims against and Interests in the Debtor and their treatment under the Plan. A Claim or Interest is classified in a particular class only to the extent that the Claim or Interest qualifies within the description of the class and is classified in a different class to the extent that the Claim or Interest qualifies within the description of that different class.

1. Administrative Expense Claims (Class 1).

Class 1 under the Plan consists of claims held by all creditors extending open account and unsecured credit for goods and services to the Debtor following the Petition Date. It also consists of the fees and expenses of professionals, such as lawyers and accountants, and all fees and charges assessed against the Debtor under Title 28 of the United States Code. All requests for Administrative Expense Claims must be timely filed and served by the Administrative Expense Bar Date (which may be set by a future order of the Court, if needed), including fee applications by professionals.

The fees and expenses of the professionals include all actual and necessary fees and expenses of all professionals, including the attorneys and accountants for the Debtor. The Debtor is unaware of any other professionals who assert or will assert Administrative Expense Claims for professional fees and related expenses. The compensation of professionals is subject to approval by the Court and, thus, the timing of payments for compensation for services rendered and reimbursement of expenses will be

6

to any credits resulting from either the Annual True-up or from amended revenue reports.

Similarly, the post-petition, administrative expense claims of the Internal Revenue Service, Mississippi State Tax Commission and various state taxing agencies for principal tax claims, plus interest, shall also be paid on the Effective Date upon allowance of said claims by separate Order of the Court. Moreover, these same administrative expense claims of these same creditors, as against ezTel and the Debtor, shall also be paid, in the same amount and manner, on the Effective Date upon allowance of said claim by separate order of the Court.

Thus, on the Effective Date or as soon as reasonably practicable thereafter, each holder of an Allowed Administrative Expense Claim shall receive from ezTel and the Debtor the full amount of its Allowed Administrative Expense Claim, in cash, unless otherwise agreed upon between such holder and the Debtor; provided, however, that (i) Allowed Administrative Expense Claims pursuant to Bankruptcy Code Sections 330, 331 and 503(b) shall be paid, in cash, by the Debtor, within five Business Days of allowance by Final Order in such amounts approved by the Court; (ii) Allowed Administrative Expense Claims that become due on a date later than the Effective Date in the ordinary course of the Debtor's business shall be paid, in full, in cash, on such later date by the Debtor; and (iii) no penalties shall be awarded or paid to administrative expense claimants.

This treatment of Class 1 creditors renders their Claims unimpaired and such holders are deemed to have accepted the Plan.

8

made as authorized and allowed by the Court.

The Debtor will review the Administrative Expense Claims filed by professionals.

The Administrative Expense Claims of USAC, as against ezTel and the Debtor, are included within the Class 1 claims and they will be paid in full, in cash, upon allowance thereof by Order of the Court. In April of each year, USAC conducts an annual "true up" of the revenue reported by ezTel and the Debtor during the prior year. Specifically, USAC compares annual revenue reported by ezTel and the Debtor to the previously reported quarterly revenue covering the same period (the "Annual True-up"). In the event that ezTel's and the Debtor's reported annual revenues are lower than the revenues reported previously for that year, USAC issues Annual True-up credits to ezTel and the Debtor. Alternatively, if ezTel's and the Debtor's reported annual revenues are higher than reported previously, USAC issues Annual True-up adjustments. These Annual True-up credits or adjustments appear in three equal amounts on the July, August and September invoices of that subsequent year. As a result of the Annual True-up, the final amount of USAC's administrative claim will necessarily change post-confirmation. Further, ezTel and the Debtor are entitled to amend previously-filed revenue reports. USAC asserts these amendments must be made within a limited period of time. ezTel and the Debtor believe the time to amend remains open. Amended revenue reports may also result in either adjustments or credits to ezTel's and the Debtor's invoices and, as such, alter USAC's administrative claim amount post-confirmation.

In order to ensure full payment of all of USAC's Administrative Claims, Purchaser A or B shall be fully responsible for any and all post-confirmation adjustments based on either a post-confirmation Annual True-up or post-confirmation amended revenue reports. Purchaser A or B shall also be entitled

7

2. Priority Claims (Class 2).

Class 2 under the Plan contains all Priority Tax Claims. "Priority Tax Claims" consists of those Claims, which, if allowed, are entitled to priority in right of payment under Bankruptcy Code Section 507(a)(8).

On the Effective Date, or as soon as reasonably practicable thereafter, each holder of an Allowed Priority Tax Claim shall receive from ezTel and the Debtor deferred cash payments as required by the Bankruptcy Code so as to pay the principal and interest portion of such claims in full within seventy-two (72) months from the Effective Date.

This treatment of these creditors renders their Claims unimpaired and such holders are deemed to have accepted the Plan. Interest shall be calculated at the fluctuating rate established by the Internal Revenue Service in connection with payment of all priority claims. To the extent priority tax claims (and administrative tax claims for that matter) are actually claims that "belong" to customers of ezTel and the Debtor, those claims will also be paid over the same 72-month period by offsetting the claims that are owed to customers "against" obligations those customers owe to ezTel and the Debtor.

3. The Administrative Expense (and other) Claims of Qwest (Class 3).

As previously noted, the claim of Qwest have been settled and compromised by an order of the Court which has now become final and non-appealable, a copy of which has been previously marked as Exhibit "B" to the Amended Disclosure Statement of ezTel. The terms, conditions and provisions of Exhibit "B" are incorporated by reference. The treatment of the claims of Qwest are as outlined in Exhibit "B". Qwest is an impaired creditor.

9

affiliates under such promissory notes, share certificates and other instruments governing such Claims and Interests, as the case may be, shall be discharged; provided, however, the claims that are to be paid under the terms and conditions of the Plan shall remain in full force and effect.

3. Corporate Action.

Upon entry of the Confirmation Order, the following shall be deemed authorized and approved in all respects: the substantive consolidation and mergers contemplated by the Plan. On the Effective Date, the Debtor, its Chapter 11 affiliates, officers and directors, as the case may be, shall be authorized and directed to take all necessary and appropriate actions to effectuate the transactions contemplated by the Plan and the Disclosure Statement in the name of and on behalf of the Debtor and affiliates. Once the Confirmation Order has become final and non-appealable, the shareholders of Purchaser A or Purchaser B shall, if necessary, on or before the Effective Date, elect its Board of Directors. If necessary, once this "new" Board of Directors has been elected, it shall appoint and designate such officers and other executives as necessary, to effectuate the day-to-day operations of the surviving entity and to delegate fiscal responsibility for the ongoing operations.

4. Release of Liens.

On the Effective Date, all liens against the Debtor's assets shall be released, unless otherwise specified in the Plan.

5. Term of Existing Stays.

Unless otherwise provided in the Plan, the stay in effect on the Confirmation Date pursuant to Bankruptcy Code Section 362(a) shall remain in full force and effect until the Plan is fully consummated, all claims are paid and this case closed.

14

6. Other Provisions.

a. Assumption, Assignment and Rejection.

On the Effective Date, the Reorganized Debtor shall assume the executory contracts and unexpired leases identified in separate motions to be filed before confirmation. All other executory contracts and unexpired leases not specifically accepted herein or by prior Bankruptcy Court Order shall be deemed rejected as of the Confirmation Date.

b. Prosecution of Objections to Claims and Administrative Expense Claims by Reorganized Debtor, Treatment and Distribution.

After the Confirmation Date, the Reorganized Debtor shall have the exclusive authority, in its sole discretion, to prosecute objections to all Claims and Administrative Expense Claims. No Payments on account of Disputed Claims shall be made. The Reorganized Debtor shall make distributions on account of Disputed Claims once they are allowed, pursuant to the Plan.

c. Discharge of Claims and Termination of Interests.

Except as provided in the Plan or Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests will be in exchange for and in complete satisfaction and release of all Claims and termination of all Interests, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or Confirmation Order, Confirmation will, as of the Effective Date: (a) discharge the Debtor from all Claims or other debts that arose before the Effective Date, and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h) or 502(i), whether or not (i) a proof of Claim based on such debt is filed or deemed filed pursuant to Bankruptcy Code Section 501, (ii) a Claim based on such debt is allowed pursuant to Bankruptcy Code Section

15

502, or (iii) the holder of a Claim based on such debt has accepted the Plan and (b) terminate all Interests and other rights held by equity security holders in the Debtors.

As of the Effective Date, except as provided in the Plan or Confirmation Order, all Entities will be precluded from asserting against the Debtors, Purchaser A or B, their respective successors or respective property, any other or further Claims, demands, debts, rights, causes of action, liabilities or equity interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of discharge of all such Claims and other debts and liabilities against the Debtor and termination of all such interests and other rights of equity security holders in the Debtor, pursuant to Bankruptcy Code Sections 524 and 1141, and such discharge will void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

7. Vesting.

Except as otherwise provided by this Plan, in accordance with Bankruptcy Code Sections 1123(a)(5) and 1141(b), on the Effective Date, title to property of the Debtor shall pass to Purchaser A or Purchaser B free and clear of all claims, interests, liens and encumbrances except as noted in the Plan.

8. Injunction.

a. To implement the discharge provisions set forth in the Plan, the Confirmation Order shall constitute and provide for a permanent injunction by the Bankruptcy Court as of the

16

Effective Date against all entities that have held, currently hold or may hold a Claim or other debt, demand, right, cause of action or liability that is discharged or released or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan as to the following actions on account of any such discharged or released Claims, debts, demands, rights, causes of action or liabilities or terminated Interests or rights: (1) the commencement or continuation in any manner any action or other proceeding against any released entity, including, without limitation, Purchaser A or Purchaser B, or their property; (2) the enforcement, attachment, collection or recovery in any manner any judgment, award, decree or order against any released entity, including, without limitation, Purchaser A or Purchaser B, or their property; (3) the creation, perfection or enforcement of any lien or encumbrance against any released entity, including, without limitation, Purchaser A or Purchaser B, or their property; (4) the assertion of a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity including, without limitation, Purchaser A or Purchaser B, or their property; and (5) the commencement or continuation of any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

b. By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to this Plan will be deemed to have specifically consented to the injunction set forth in the Plan.

9. Modification.

In accordance with the Bankruptcy Code, the Proponent, LDBS, may amend or modify the Plan at any time prior to the Confirmation Date without Bankruptcy Court approval. Subsequent to the Confirmation Date and upon Bankruptcy Court approval, the Proponent may modify

17

VOTING ON THE PLAN BY EACH HOLDER OF A CLASS THREE THROUGH EIGHT IMPAIRED CLAIMS IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE OF THESE CLASSES, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN, AND RETURN EACH BALLOT THAT YOU RECEIVE.

PLEASE FOLLOW THE INSTRUCTIONS ON THE ENCLOSED BALLOT CAREFULLY.

TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY 5:00 P.M., CENTRAL DAYLIGHT SAVINGS TIME, ON August 14, 2006, AT THE U.S. BANKRUPTCY COURT, NORTHERN DISTRICT OF MISSISSIPPI, AT COCHRAN U.S. BANKRUPTCY COURTHOUSE, 703 HIGHWAY 145 NORTH, ABERDEEN, MS 39730. IT IS OF THE UTMOST IMPORTANCE TO THE DEBTOR THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN. THE DEBTOR'S MANAGEMENT SUPPORTS THE PLAN AND STRONGLY ENCOURAGES YOU TO VOTE TO ACCEPT THE PLAN.

VOTES CANNOT BE TRANSMITTED ORALLY OR BY FAX. ACCORDINGLY, YOU ARE URGED TO RETURN YOUR SIGNED AND COMPLETED BALLOT PROMPTLY.

IF ANY OF THE ELIGIBLE CLASSES OF HOLDERS OF IMPAIRED CLAIMS OF ANY DEBTOR VOTE TO REJECT THE PLAN, (i) LDBS MAY SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN UNDER THE CRAMDOWN PROVISIONS OF BANKRUPTCY CODE SECTION 1129(b) AND, IF REQUIRED, MAY FURTHER AMEND THE PLAN TO CONFORM TO THE STANDARDS OF SUCH SECTION OR (ii) THE PLAN MAY BE MODIFIED OR WITHDRAWN IN ITS ENTIRETY.

IF YOU HAVE A CLAIM IN CLASS _____, OR _____, BUT DID NOT RECEIVE A BALLOT, RECEIVED A DAMAGED BALLOT, OR LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE DISCLOSURE STATEMENT OR THE PLAN, PLEASE CALL HELEN TRAMMELL OF HARRIS & GENO, PLLC AT (601) 427-0048.

C. Confirmation Hearing.

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether LDBS, as the Proponent, has fulfilled the confirmation requirements of Bankruptcy Code Section 1129. The confirmation hearing has been scheduled for August 18, 2006,

22

The Proponent believes that the treatment under the Plan of the holders of Claims and Interests in Classes three through eight will satisfy the "fair and equitable" test because no junior classes will receive or retain any property until those classes are paid in full. In addition, the Proponent does not believe that the Plan unfairly discriminates against any class that may not accept or otherwise consent to the Plan.

Subject to the conditions set forth in the Plan, a determination by the Bankruptcy Court that the Plan is not confirmable pursuant to Bankruptcy Code Section 1129 will not limit or affect LDBS' ability to modify the Plan to satisfy the provisions of Bankruptcy Code Section 1129(b).

F. Best Interests Test; Liquidation Analysis.

Notwithstanding acceptance of the Plan by each impaired class, to confirm the Plan the Bankruptcy Court must determine that the Plan is in the best interest of each holder of a Claim or Interest in any such impaired class who has not voted to accept the Plan. Accordingly, if an impaired class does not unanimously accept the Plan, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what the members of each impaired class of Claims or Interests would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if the Chapter 11 Case was converted to a Chapter 7 case under the Bankruptcy Code and the Debtor's assets were liquidated by a Chapter 7

24

at 10:00 a.m., Central Daylight Savings Time, before The Honorable David W. Houston, III, United States Bankruptcy Court Judge, Northern District of Mississippi. The Confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned confirmation hearing date made at the confirmation hearing.

D. Confirmation.

As noted above, at the confirmation hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of Bankruptcy Code Section 1129 are met. Among the requirements for confirmation are that the Plan: (i) is accepted by the requisite holders of impaired classes of Claims of the Debtor or, if not so accepted, is "fair and equitable" and "does not discriminate unfairly" as to the nonaccepting class or classes; (ii) is in the "best interests" of each holder of a Claim or Interests in each impaired class under the Plan for the Debtor, (iii) is feasible; and (iv) complies with the applicable provisions of the Bankruptcy Code.

E. Acceptance or Cramdown.

LDBS believes that, if necessary, the Plan may be crammed down over the dissent of a secured class of Claims, in view of the treatment proposed for such classes. Cramdown of certain classes of Secured Claims, if necessary, may require amendment of the Plan. If necessary and appropriate, LDBS intends to amend the Plan to permit the cramdown of dissenting classes of Claims (and so has reserved this right in the Plan thereof). There can be no assurance, however, that the "cramdown" requirements of the Bankruptcy Code Section 1129 would be satisfied even if the Plan treatment provisions were amended or withdrawn as to one or more Classes.

23

trustee (the "Liquidation Value"). The Liquidation Value of the Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any Cash held by the Debtor.

The Liquidation Value available to creditors holding General Unsecured Claims would be reduced by, among other things: (i) the Claims of secured creditors, to the extent of the value of their collateral; (ii) the costs, fees, and expenses of the liquidation, as well as other Administrative Expense Claims incurred in connection with the Debtor's Chapter 7 case, including tax liabilities in respect of gain arising from the disposition of assets in the liquidation; (iii) unpaid Administrative Expense Claims incurred in the Chapter 11 Case prior to conversion to chapter 7; and (iv) Priority Claims and Priority Tax Claims. The Debtor's costs of liquidation in a chapter 7 case thus would include the compensation of trustees, counsel, and other professionals retained by such trustees, asset disposition expenses, applicable taxes, liquidation costs, Claims arising from the terminated operation of the Debtor during the pendency of the Chapter 7 case, and all unpaid Administrative Claims incurred by the Debtor during the Chapter 11 Case. In addition, the liquidation itself would trigger certain Administrative Expense Claims, Priority Claims, and other Claims, such as Claims for severance pay and damages Claims in respect of executory contracts or unexpired leases entered into or assumed in the Chapter 11 Case, and would likely accelerate the payment of other Priority Claims, such as certain deferred income tax obligations, that would otherwise be payable in the ordinary course of business or on a deferred basis under the Plan. These Claims are required to be paid in full out of the net liquidation proceeds, after payment of Secured Claims, before the balance would be made available to pay General Unsecured Claims or to make any distribution in respect of Interests.

25

Thus, LDBS respectfully submits that the only viable course of action for it to take is its pending Plan of Reorganization.

**ARTICLE VIII.
TAX CONSEQUENCES**

The tax consequences resulting from confirmation of the Plan can vary greatly. Significant tax consequences may occur as a result of confirmation of the Plan under the Internal Revenue Code and pursuant to state, local and foreign tax statutes. No specific tax consequences to any creditor is represented, implied, or warranted. Each holder of a Claim or Interest should seek professional tax advice, including the evaluation of recently enacted and pending legislation, because recent changes in taxation are complex and lack authoritative interpretation.

LDBS ASSUMES NO RESPONSIBILITY FOR THE TAX EFFECT THAT CONSUMMATION OF THE PLAN WILL HAVE ON ANY GIVEN HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS AND INTERESTS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN TO THEIR INDIVIDUAL SITUATIONS.

**ARTICLE IX.
RECOMMENDATION AND CONCLUSION**

Although this Disclosure Statement provides information regarding the assets, liabilities and general financial position of the Debtor and the potential benefits that might accrue to holders of Claims against the Debtor and the Debtor's employees and business community upon confirmation of the Plan, this Disclosure Statement neither guarantees nor purports to represent the amount of percentages that would be realized on certain Allowed Claims. Nor does this Disclosure Statement ensure that the Debtor's operations and work force will remain unchanged under the Plan. Nonetheless, despite this


30

CERTIFICATE OF SERVICE

I, Craig M. Geno, do hereby certify that I have this date, via electronic filing transmission and/or U. S. Mail, postage prepaid, a true and correct copy of the above and foregoing to:

Sammye S. Sharp, Esq.
Office of the United States Trustee
Suite 706, A. H. McCoy Federal Building
100 West Capitol Street
Jackson, MS 39269

THIS the 23rd day of March, 2006.


Craig M. Geno

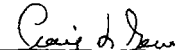
uncertainty, which is inherent in any plan, LDBS believes that the Plan will provide certain holders of Claims with an opportunity to receive greater recoveries and benefits than any other alternative. LDBS and the Debtor's management also believe that the Plan presents the best vehicle for preserving the Debtor's business for the benefit of its employees and business community.

Accordingly, LDBS and the Debtor's management urge all eligible holders of Claims to vote to ACCEPT the Plan, and to duly complete and return their ballots such that they will be ACTUALLY RECEIVED by the Clerk of the Bankruptcy Court on or before 5:00 p.m. Central Daylight Savings Time on August 14, 2006.

THIS, the 23rd day of March, 2006, at Ridgeland, Mississippi.

Respectfully submitted,
LONG DISTANCE BILLING SERVICES, INC.

By its Attorneys
HARRIS & GENO, PLLC

By: 
Craig M. Geno

OF COUNSEL:

Craig M. Geno - MSB No. 4973
Jeffrey K. Tyree - MSB No. 9049
Melanie T. Vardaman - MSB No. 100392
HARRIS & GENO, PLLC
587 Highland Colony Parkway (39157)
Post Office Box 3380
Ridgeland, MS 39158-3380
Telephone No.: 601-427-0048
Facsimile No.: 601-427-0050
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31

**IN THE UNITED STATES BANKRUPTCY COURT
FOR NORTHERN DISTRICT OF MISSISSIPPI**

IN RE: LONG DISTANCE BILLING SERVICES, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

**DISCLOSURE STATEMENT REGARDING THE PLAN OF REORGANIZATION
PROPOSED BY LONG DISTANCE BILLING SERVICES, INC.**

EXHIBIT "A"

CASE NAME: Long Distance Billing Services, Inc.
CASE NUMBER: 05-11168

COMPARATIVE BALANCE SHEET

	Filing Date					
	Month	Month	Month	Month	Month	Month
	8/1/85	9/30/85	10/31/85	11/30/85	12/31/85	1/31/86
ASSETS:						
CURRENT ASSETS:						
Cash	\$45,507	\$50,000	\$46,447	\$39,905	\$34,592	
Accounts Receivable, Net						
Inventory, at lower of cost or market						
Prepaid expenses & deposits						
Other						
TOTAL CURRENT ASSETS						
PROPERTY, PLANT & EQUIPMENT						
Less accumulated depreciation						
NET PROPERTY, PLANT & EQUIPMENT						
OTHER ASSETS						
TOTAL OTHER ASSETS						
TOTAL ASSETS	\$45,507	\$50,000	\$46,447	\$39,905	\$34,592	

Assets are carried at historical cost at debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include entries on FORM 2-F (Narrative). ALL ADDITIONAL REPORTS MUST SHOW DEBIT AND CREDIT BALANCES AT THE VALUE. Do not list historical cost, net book value, and fair market value.

IN THE UNITED STATES BANKRUPTCY COURT
FOR NORTHERN DISTRICT OF MISSISSIPPI

IN RE: LONG DISTANCE BILLING SERVICES, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

DISCLOSURE STATEMENT REGARDING THE PLAN OF REORGANIZATION
PROPOSED BY LONG DISTANCE BILLING SERVICES, INC.

EXHIBIT "B"

CASE NAME: Long Distance Billing Services, Inc.
CASE NUMBER: 05-11168

COMPARATIVE BALANCE SHEET

	Filing Date					
	Month	Month	Month	Month	Month	Month
	8/1/85	9/30/85	10/31/85	11/30/85	12/31/85	1/31/86
LIABILITIES:						
POST-PETITION LIABILITIES:						
Taxes payable (Form 2-E, pg. 1 of 3)						
Accounts payable (Form 2-E, pg. 1 of 3)						
Other						
TOTAL POST-PETITION LIABILITIES						
PRE-PETITION LIABILITIES:						
Notes payable - secured						
Priority debt						
Unsecured debt						
Other						
TOTAL LIABILITIES						
EQUITY DEFICIT						
PREFERRED STOCK						
COMMON STOCK						
RETAINED EARNINGS:						
Through filing date						
Post filing date						
TOTAL EQUITY (NET WORTH)						
TOTAL LIABILITIES & EQUITY						

Assets are carried at historical cost at debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include entries on FORM 2-F (Narrative). ALL ADDITIONAL REPORTS MUST SHOW DEBIT AND CREDIT BALANCES AT THE VALUE. Do not list historical cost, net book value, and fair market value.

IN THE UNITED STATES BANKRUPTCY COURT
FOR NORTHERN DISTRICT OF MISSISSIPPI

IN RE: LONG DISTANCE BILLING SERVICES, INC.
Debtor

CHAPTER 11
CASE NO. 05-11168

DISCLOSURE STATEMENT REGARDING THE PLAN OF REORGANIZATION
PROPOSED BY LONG DISTANCE BILLING SERVICES, INC.

EXHIBIT "C"