

ORIGINAL

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07 MAY 23 PM 2:21
COMMISSION
CLERK

070334-TX

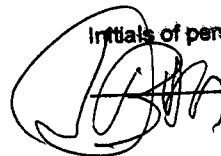
May 18, 2007

By Federal Express

Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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

Initials of person who forwarded check



To Whom It May Concern:

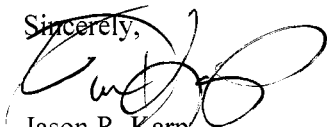
Enclosed please find an original and two copies of the application for authority to provide competitive local exchange telecommunications company service within the state of Florida of e-Path Communications, Inc. (the "Company"), along with the requisite \$400 filing fee.

Please note that the attached business plan includes the resumes of both the management and technical and operational employees of the Company as required by the application. In addition, while the Company currently has no audited financial statements, it has provided its accountant's Compilation Report, with an affirmation from the CEO as to the accuracy of the financial statements. As the Company is in its start-up phase, it currently is not generating any revenue. The Company has already raised start-up capital and, as described more fully in the notes to the financial statements, is in the process of raising significant additional funds. Moreover, the Company is in the process of negotiating several business arrangements both within and outside of Florida for the provision of services, including recently being awarded a contract by the City of Delray Beach, as well undertaking to obtain pole attachment arrangements with local utility providers, all of which arrangements are at least in part contingent upon the Company's receipt of its authority to provide local telecommunications services in Florida.

In this regard, the Company is very anxious about completing the application and approval process as soon as possible, so if there is any additional information you need, please contact the undersigned at your convenience. Your attention to this matter is greatly appreciated.

Thank you again for your time and consideration.

Sincerely,



Jason R. Karp
Karp Legal Services, PLC
Counsel for E-path Communications, Inc.

07 MAY 23 AM 10:08

Enclosures

RECEIVED-111PSC DOCUMENT NUMBER-DATE

04205 MAY 23 08

FPSC-COMMISSION CLERK

ORIGINAL

FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF COMPETITIVE MARKETS AND ENFORCEMENT

APPLICATION FORM

for

AUTHORITY TO PROVIDE COMPETITIVE LOCAL EXCHANGE TELECOMMUNICATIONS COMPANY SERVICE WITHIN THE STATE OF FLORIDA

010334-TX

Instructions

- A. This form is used as an application for an original certificate and for approval of sale, assignment or transfer of an existing certificate. In the case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Page 8).
- B. Print or type all responses to each item requested in the application. If an item is not applicable, please explain.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. Once completed, submit the original and two (2) copies of this form along with a non-refundable application fee of **\$400.00** to:

**Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770**

- E. A filing fee of **\$400.00** is required for the sale, assignment or transfer of an existing certificate to another company (Chapter 25-24.815, F.A.C.).
- F. If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Competitive Markets and Enforcement
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6600**

FORM PSC/CMP-8 (01/06)
Required by Commission Rule Nos. 25-24.810,
and 25-24.815

Note: To complete this interactive form
using your computer, use the tab key
to navigate between data entry fields.

FORM PSC/CMP-8 (01/06)

04205 MAY 23 5

FPSC-COMMISSION CLERK

1. This is an application for (check one):

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 rather than apply for a new certificate.

Approval of assignment of existing Certificate: Example, a certificated company purchases an existing company and desires to retain the existing certificate of authority and tariff.

2. Name of company: e-Path Communications, Inc.

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

e-Path Communications, Inc.

4. Official mailing address:

Street/Post Office Box: 5110 Eisenhower Blvd., Suite 300
City: Tampa
State: FL
Zip: 33634

5. Florida address:

Street/Post Office Box: Same
City:
State:
Zip:

6. Structure of organization:

Individual
 Foreign Corporation
 General Partnership
 Other,

Corporation
 Foreign Partnership
 Limited Partnership

7. **If individual**, provide:

Name:
Title:
Street/Post Office Box:
City:
State:
Zip:
Telephone No.:
Fax No.:
E-Mail Address:
Website Address:

8. **If incorporated in Florida**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is:

9. **If foreign corporation**, provide proof of authority to operate in Florida. The Florida Secretary of State corporate registration number is: F07000001687

10. **If using fictitious name (d/b/a)**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida. The Florida Secretary of State fictitious name registration number is:

11. **If a limited liability partnership**, please proof of registration to operate in Florida. The Florida Secretary of State registration number is:

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

Name:
Title:
Street/Post Office Box:
City:
State:
Zip:
Telephone No.:
Fax No.:
E-Mail Address:
Website Address:

13. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable. The Florida registration number is:

14. Provide **F.E.I. Number**(if applicable): 20-5410490

15. Who will serve as liaison to the Commission in regard to the following?

(a) The application:

Name: Jason R. Karp, Karp Legal Services, PLC
Title: Principal
Street name & number: 19000 Snowberry Ct.
Post office box:
City: Leesburg
State: VA
Zip: 20176
Telephone No.: 703-669-2408
Fax No.: 703-669-2408
E-Mail Address: karplegal@verizon.net
Website Address: N/A

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

Name: Joseph A. Tortoretti
Title: CEO
Street name & number: 5110 Eisenhower Blvd., Suite 300
Post office box:
City: Tampa
State: FL
Zip: 33634
Telephone No.: 813-840-4160
Fax No.: 813-840-4156
E-Mail Address: joe.tortoretti@epathcommunications.com
Website Address: www.epathcommunications.com

(c) Complaints/Inquiries from customers:

Name: Joseph A. Tortoretti
Title: CEO
Street/Post Office Box: 5110 Eisenhower Blvd., Suite 300
City: Tampa
State: FL
Zip: 33634
Telephone No.: 813-840-4160
Fax No.: 813-840-4156
E-Mail Address: joe.tortoretti@epathcommunications.com
Website Address: www.epathcommunications.com

16. List the states in which the applicant:

(a) has operated as a Competitive Local Exchange Telecommunications Company.

N/A -- This is the Company's first application to operate as a Competitive Local Exchange Company

(b) has applications pending to be certificated as a Competitive Local Exchange Telecommunications Company.

None

(c) is certificated to operate as a Competitive Local Exchange Telecommunications Company.

None

(d) has been denied authority to operate as a Competitive Local Exchange Telecommunications Company and the circumstances involved.

None

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

None

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

None

THIS PAGE MUST BE COMPLETED AND SIGNED

REGULATORY ASSESSMENT FEE: I understand that all telephone companies must pay a regulatory assessment fee. Regardless of the gross operating revenue of a company, a minimum annual assessment fee, as defined by the Commission, is required.

RECEIPT AND UNDERSTANDING OF RULES: I acknowledge receipt and understanding of the Florida Public Service Commission's rules and orders relating to the provisioning of competitive local exchange telecommunications company (CLEC) service in Florida.

APPLICANT ACKNOWLEDGEMENT: 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 competitive local exchange telecommunications company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

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

Company Owner or Officer

Print Name: Joseph A. Tortoretti
Title: CEO
Telephone No.: 813-840-4160
E-Mail Address: joe.tortoretti@epathcommunications.com

Signature: 

Date: MAY 7, 2007

AFFIRMATION

I, Joseph A. Tortoretti, the Chief Executive Officer of e-Path Communications, Inc. (the "Company") states that the Company has not compiled any audited financial statements, and hereby certifies and affirms to the Florida Public Service Commission that the Compiled Financial Statements dated as of and for the period November 22, 1999 (date of incorporation) to March 31, 2007, as provided as a supplement to the Company's application for authority to provide local exchange telecommunications services in Florida are true and correct to the best of my knowledge and belief. I also state that the Company does not currently have a separate Chief Financial Officer.



Joseph A. Tortoretti, CEO
e-Path Communications, Inc.

Dated: May 18, 2007

e-Path Communications, Inc.
(A Development Stage Enterprise)

Financial Statements
as of and for the period
November 22, 1999
(date of incorporation)
to March 31, 2007
and
Accountants' Compilation Report

e-Path Communications, Inc.
(A Development Stage Enterprise)

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ACCOUNTANTS' COMPILATION REPORT

To the Director of e-Path Communications, Inc.:

We have compiled the accompanying balance sheet of e-Path Communications, Inc., a development stage enterprise (the "Company"), as of March 31, 2007, and the related statement of operations for the period November 22, 1999 (date of incorporation) to March 31, 2007 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

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

As disclosed in Note B to the financial statements, generally accepted accounting principles in the United States of America require issuances of equity to employees for their services to be based on the fair value of the equity instruments issued. Management of the Company has committed to issue equity to various officers, which issuances may result in the recognition of stock based compensation expense and additional paid in capital. The effects of any such equity issuances have not been determined by management, and accordingly no effect has been given to such matters in the accompanying financial statements.

Kingery & Crouse, P.A.

May 15, 2007

e-Path Communications, Inc.
(A Development Stage Enterprise)

BALANCE SHEET AS OF MARCH 31, 2007

<u>ASSETS</u>	
CURRENT ASSETS – CASH	\$ <u>7,064</u>
TOTAL	\$ <u><u>7,064</u></u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>	
CURRENT LIABILITIES:	
Accounts payable and accrued and other liabilities	\$ 91,400
Due to related party	<u>18,000</u>
Total current liabilities	<u>109,400</u>
STOCKHOLDERS' EQUITY:	
Common stock, \$0.01 par value, 10,000 shares authorized; zero shares issued and outstanding	-
Common stock subscribed	100
Additional paid in capital	658,966
Deficit	<u>(761,402)</u>
Total stockholders' deficit	<u>(102,336)</u>
TOTAL	\$ <u><u>7,064</u></u>

See Accountant's Compilation Report and notes to financial statements.

e-Path Communications, Inc.
(A Development Stage Enterprise)

**STATEMENT OF OPERATIONS FOR THE PERIOD
NOVEMBER 22, 1999 (DATE OF INCORPORATION) TO MARCH 31, 2007**

EXPENSES:		
Employee compensation and benefits	\$	617,866
Transportation and travel		38,896
Office rent		30,800
Meals and entertainment		23,552
Professional fees		18,287
Printing and office supplies		9,293
Utilities		6,720
Communications		3,767
Other		12,221
Total expenses		<u>761,402</u>
NET LOSS AND DEFICIT	\$	<u>(761,402)</u>

See Accountant's Compilation Report and notes to financial statements.

e-Path Communications, Inc.
(A Development Stage Enterprise)

NOTES TO FINANCIAL STATEMENTS

NOTE A - FORMATION AND OPERATIONS OF THE COMPANY

e-Path Communications, Inc., a development stage enterprise (the "Company") which was incorporated under the laws of the state of Delaware in November 1999, is a mobile Wireless Internet Service Provider ("WISP") that intends to provide regional Wireless Broadband ("WBB"), high speed Internet access, Voice over Internet Protocol ("VoIP"), Local and Long Distance Telephone Service, IP Mobile, Cellular and Enhanced Data Centric value-added fully managed services to residents, visitors, occasional users, municipal government and business customers in densely populated selected markets. The Company intends to become a facility based communication company that owns, operates, develops and builds wireless city networks providing high speed fully mobile Broadband Internet Access to customers within the markets it serves.

Because the Company has not generated any revenues since the date of its incorporation, it is considered to be in the development stage as defined in Financial Accounting Standards Board Statement No. 7. Accordingly, certain accounting policies and procedures have not yet been established.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared using the accrual method of accounting.

Use of Estimates

The preparation of 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. The reported amounts of revenues and expenses during the reporting period may be affected by the estimates and assumptions management is required to make. Actual results could differ significantly from these estimates.

Financial Instruments

Management believes the book value of its current assets and liabilities approximates their fair values due to their short-term nature.

Income Taxes

The Company computes income taxes in accordance with Financial Accounting Standards Statement No. 109 "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the tax bases of assets and liabilities and their financial statement carrying

amounts. Also, the effect on deferred taxes of a change in tax rates is recognized in income in the period that included the enactment date. Since the Company has recognized losses from both a tax and financial reporting perspective, no provision for income taxes and/or deferred income taxes payable have been provided for in the accompanying financial statements. Assuming they are not disallowed by taxing authorities because of certain "change in control" provisions of the Internal Revenue Code, the Company's net operating loss carryforwards will be available to reduce taxable income through various periods ended March 31, 2027.

Stock-Based Compensation

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued, and account for equity instruments issued to those other than employees based on the fair value of the consideration received, or the fair value of the equity instruments, whichever is more reliably measurable.

NOTE C – COMMITMENT

The Company has executed a consulting agreement with Cassara Management Group, Inc., a New York Corporation having a place of business at 125 Canal Landing Boulevard, Rochester, New York 14626. Mr. Anthony J. Cassara will perform the work defined in the agreement, which includes strategic planning, business development, market selection and entry, financial and operational support, capital acquisition and implementation of its business plan. The consulting agreement is in place for 36 months. The current monthly fee for Cassara Management Group, Inc. is \$6,000 per month.

NOTE D – RELATED PARTY TRANSACTIONS

At March 31, 2007, due to related parties consists of accrued compensation to our President of \$18,000. The amount is net of approximately \$303,000 of accrued compensation to such officer that was forgiven during the quarter ended March 31, 2007. As a result, the liability for such amount was eliminated, and the balance reflected as an increase in additional paid in capital.

NOTE E – PRIVATE PLACEMENT MEMORANDUM AND COMMON STOCK OFFERING

The Company is offering for sale common stock ("Common Stock" or "Securities") to persons who qualify as "accredited investors" (as defined in Rule 501, the Securities Act of 1933, as amended (the "Securities Act")) in reliance upon an exemption from registration under Section 4(2) of the Securities Act and/or Regulation D promulgated there under, and on similar exemptions under applicable state laws (the "Offering"). The Securities may be purchased, in part or in their entirety, by officers and directors of the Company. As planned, the Securities are being offered during two distinct offering periods. The Securities are being offered during the first offering period at an Offering Price of \$1,923 per share, subject to the terms and conditions of the applicable Private Placement Memorandum ("PPM"), through 5:00 p.m. on May 30, 2007 ("Initial Offering Period"), through the placement agent, with a maximum offering of up to \$200,000 of Common Stock, and during the second offering period at an Offering Price of \$2,500 per share, subject to the terms and condition of the applicable PPM, through the earlier of (a) 5:00 p.m. (New York time) on July 31, 2007 or (b) the date on which all Securities authorized for sale have been sold (the "Secondary Offering Period"), through the placement agent, with a maximum offering of up to \$4,000,000 of Common Stock and a minimum offering of \$1,000,000 of Common Stock. There is a minimum offering threshold during the Secondary Offering Period. Therefore, funds received from subscribers will be held in escrow until such time as the minimum threshold has been met

and subscriptions are accepted by us. After the minimum investment has been achieved, all investment funds accepted in this offer will be made immediately available to the Company.

NOTE F – EQUIPMENT FINANCING

The Company has received a commitment letter whereby a network equipment vendor has agreed to provide the Company with a \$7 million equipment financing loan. The commitment is conditioned on typical covenants and subject to completion of due diligence activities.

NOTE G – DELRAY BEACH WIFI, LLC.

The Company has entered into an Operating Agreement with ATC International, Inc. for the operation of Delray Beach WiFi, LLC, an entity selected by the City of Delray Beach, Florida to construct, own and operate a city wide wireless broadband network, pursuant to which the Company shall own 80% of the membership interests. All terms of the agreement between Delray Beach WiFi, LLC and the City of Delray Beach have been agreed to, and the agreement was approved by the City Commission on May 1, 2007.

NOTE H – LONG ISLAND WIFI

The Company executed agreements with Federal Signal Corporation and Keyspan Communications, a wholly owned subsidiary of Keyspan Energy, and submitted a proposal on April 4, 2007, to develop and operate a WiFi wireless broadband network in Suffolk and Nassau counties. If selected, the parties to these agreements plan to operate as e-path Communications of Long Island, Inc., with several possible trade names under consideration.



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160
Business Plan - Confidential and Proprietary

e-Path COMMUNICATIONS, INC. BUSINESS PLAN

December 2006

**SEE UPDATE IN "RECENT EVENTS/UPDATE
FINANCIAL PROJECTIONS" OF THE
COMPANY DATED MAY 11, 2007**

Contact:

e-Path Communications, Inc.
5110 Eisenhower Blvd.
Suite 300
Tampa, Florida 33634

Joe Tortoretti
President /CEO
813-840-4160 office
941-504-5080 cell

"Next Generation Municipal Wireless Broadband Networks"



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160
Business Plan - Confidential and Proprietary

This business plan contains confidential and proprietary information. It is not intended for use, disclosure or reproduction except by written agreement. This business plan has been prepared by the management team of the Company, and is being furnished to select individuals and/or corporations for the sole purpose of raising capital for the further development of the business.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

OUR DISCLOSURE AND ANALYSIS IN THIS PROSPECTUS CONCERNING OUR OPERATIONS, CASH FLOWS AND FINANCIAL POSITION, IN PARTICULAR, THE LIKELIHOOD OF OUR SUCCESS IN EXPANDING OUR BUSINESS AND OUR ASSUMPTIONS REGARDING THE REGULATORY ENVIRONMENT, INCLUDE FORWARD-LOOKING STATEMENTS. STATEMENTS THAT ARE PREDICTIVE IN NATURE, THAT DEPEND UPON OR REFER TO FUTURE EVENTS OR CONDITIONS, OR THAT INCLUDE WORDS SUCH AS "EXPECT," "ANTICIPATE," "INTEND," "PLAN," "BELIEVE," "ESTIMATE" AND SIMILAR EXPRESSIONS, ARE FORWARD-LOOKING STATEMENTS. ALTHOUGH THESE STATEMENTS ARE BASED UPON REASONABLE ASSUMPTIONS, INCLUDING PROJECTIONS OF SALES, OPERATING MARGINS, EARNINGS, CASH FLOW, WORKING CAPITAL AND CAPITAL EXPENDITURES, THEY ARE SUBJECT TO RISKS AND UNCERTAINTIES. THESE FORWARD-LOOKING STATEMENTS REPRESENT OUR ESTIMATES AND ASSUMPTIONS ONLY AS OF THE DATE OF THIS PROSPECTUS AND ARE NOT INTENDED TO GIVE ANY ASSURANCE AS TO FUTURE RESULTS. AS A RESULT, YOU SHOULD NOT PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS. WE ASSUME NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS TO REFLECT ACTUAL RESULTS, CHANGES IN ASSUMPTIONS OR CHANGES IN OTHER FACTORS, EXCEPT AS REQUIRED BY APPLICABLE SECURITIES LAWS. FACTORS THAT MIGHT CAUSE FUTURE RESULTS TO DIFFER INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:

- THE TIMING OF THE INITIATION, PROGRESS OR CANCELLATION OF SIGNIFICANT CONTRACTS OR ARRANGEMENTS;
- THE MIX AND TIMING OF SERVICES SOLD IN A PARTICULAR PERIOD;
- OUR NEED TO BALANCE THE RECRUITMENT AND RETENTION OF EXPERIENCED MANAGEMENT AND PERSONNEL WITH THE MAINTENANCE OF HIGH LABOR UTILIZATION;
- RAPID TECHNOLOGICAL CHANGE AND THE TIMING AND AMOUNT OF START-UP COSTS INCURRED IN CONNECTION WITH THE INTRODUCTION OF NEW SERVICES OR THE ENTRANCE INTO NEW MARKETS;
- THE INABILITY TO ATTRACT SUFFICIENT CUSTOMERS IN NEW MARKETS;
- CHANGES IN ESTIMATES OF TAXABLE INCOME OR UTILIZATION OF DEFERRED TAX ASSETS IN FOREIGN JURISDICTIONS WHICH COULD SIGNIFICANTLY AFFECT OUR EFFECTIVE TAX RATE; AND
- GENERAL ECONOMIC AND BUSINESS CONDITIONS.



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160
Business Plan - Confidential and Proprietary

e-Path Confidentiality Agreement

Mutual Confidentiality Agreement

THIS CONFIDENTIALITY AGREEMENT is made part of e-Path Communications, Inc. "Business Plan", the plan is furnished subject to the terms and conditions of this document. By accepting this plan, all parties agree to conform to the terms and conditions as defined in this agreement.

WHEREAS, the parties desire to allow the disclosure to, and review by, the parties (individually the "Providing Party" or "Receiving Party" as the case may be) of certain confidential and proprietary information, including but not limited to, information relating to the business and affairs of the other party, research and development, technical and non-technical information, intellectual property, software programs and source documents, financial information, strategy, analysis, plans, compilations, studies, formulas, products, design specifications, processes, procedures, or plans, and any other information relating to the business of the other party together with any copies of the information, and any notes, studies, memoranda, computer files or documents of any type containing or reflecting the information supplied by either party, as well as all technical or other information learned, disclosed, or discovered by either party (collectively referred to as the "Confidential Information") in connection with the parties' consideration of a possible business transaction or other business opportunity (a "Transaction");

NOW, THEREFORE, in consideration of the covenants and conditions hereinafter set forth, the parties agree as follows:

1. CONFIDENTIALITY. As a condition to the party furnishing the Confidential Information (the "Providing Party") to the other party (the "Receiving Party"), the Receiving Party agrees to treat and handle confidentially with a high degree of care, but in no event less than with reasonable care, the Confidential Information and any other Confidential Information which it obtains concerning the Providing Party or its agents during the course of its review, whether furnished before or after the date of this Agreement. It is acknowledged that Confidential Information may be provided verbally or otherwise without designation of confidentiality and that the absence of such designation shall not relieve either party of its obligations herein.

2. EXCEPTIONS. The Confidential Information does not include information which (i) becomes generally available to the public, other than as a result of a disclosure by the Providing Party or directors, officers, employees, agents, or other representatives; or (ii) becomes available to the Receiving Party on a non-confidential basis from a source other than the Providing Party or its agents, provided that such source is not bound by a confidentiality agreement with the Providing Party, (iii) is properly in the legitimate possession or knowledge of the Receiving Party before disclosure under this Agreement and without obligation of confidentiality; and (iv) is independently developed by or for the Receiving Party, without reference or use of the Confidential Information, as demonstrated by documentary evidence.



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160
Business Plan - Confidential and Proprietary

3. **NO DETRIMENTAL USE.** The Receiving Party agrees that the Confidential Information will not be used by the Receiving Party in any way detrimental to the Providing Party, and that such Confidential Information will be kept confidential by the Receiving Party; provided, however, that (a) any of the Confidential Information may be disclosed to the representatives of the Receiving Party who need to know such Confidential Information for the purpose of evaluating a possible Transaction between the Receiving Party and the Providing Party (it being understood and agreed that such representatives shall be informed by the Receiving Party of the confidential nature of the Confidential Information and shall be directed by the Receiving Party to treat such Confidential Information confidentially, evidenced by such representatives executing a confidentiality agreement containing terms no less restrictive than those contained in this Agreement); and (b) any disclosure of the Confidential Information may otherwise be made, provided the Providing Party consents in writing. The Receiving Party agrees that it will make use of the Confidential Information only for the purpose specified in this Agreement, and will not use the Confidential Information for the purpose of competing with the Providing Party or otherwise for its benefit at any time in the future. The Receiving Party agrees that it will not knowingly permit or facilitate such use by any other person or entity without the prior written consent of the Providing Party.

4. **DISCLOSURE OF DISCUSSIONS.** Without the prior written consent of the Providing Party, the Receiving Party shall not, and will direct its representatives not to, disclose to any person or entity the fact that discussions or negotiations may take place or are taking place concerning a possible Transaction between the Receiving Party and the Providing Party or any of the terms, conditions or other facts with respect to any such possible Transaction, including the status thereof.

5. **REPRESENTATIVE.** For the purposes of this Agreement, a representative means an officer, director or employee of the Receiving Party, or a law firm, public accounting firm, or other entity or person (and their employees) who, in the good faith judgment of the Receiving Party needs to have access to some or all of the Confidential Information for the purpose of evaluating any possible Transaction. In the event that the Receiving Party elects to disclose, in good faith, any of the Confidential Information to a representative, such representative will be bound by the terms and conditions of this Agreement and the representative shall be jointly and severally liable with the Receiving Party to the Providing Party for any breach thereof.

6. **DISCLOSURES REQUIRED BY LAW.** In the event that the Receiving Party is requested or required by law to disclose any of the Confidential Information, it is agreed that the Receiving Party will provide the Providing Party with prompt prior notice of such request so that the Providing Party may seek an appropriate protective order and/or waive compliance with the provisions of this Agreement.

7. **NO REPRESENTATION OR WARRANTY.** Although the Providing Party will endeavor to make sure that the Confidential Information is reliable, the Receiving Party understands and agrees that the Providing Party does not make any representation or warranty as to the accuracy or completeness of the Confidential Information. The Receiving Party agrees that neither the Providing Party nor its agents or shareholders shall have any liability hereunder to the Receiving Party or any of its representatives resulting from the use of the Confidential Information by the Receiving Party or such representatives.



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8. **MATERIAL NON-PUBLIC INFORMATION.** The Receiving Party acknowledges that the Confidential Information may contain material non-public information relating to the Providing Party and agrees that it shall not engage in any transaction involving the purchase or sale of the Providing Party's Securities on the basis of any such Confidential Information.

9. **RETURN OF MATERIALS.** At the request of the Providing Party, the Receiving Party shall promptly return to the Providing Party all written material containing or reflecting any Confidential Information contained in the Confidential Information (whether prepared by the Providing Party or otherwise). In addition, the Receiving Party and its representatives will not retain any copies, extracts or other reproductions, in whole or in part, of the Confidential Information, provided the Receiving Party's legal advisor may retain one copy for record keeping purposes only. The Receiving Party shall thereafter destroy all documents, memoranda, notes, or other writings prepared by the Receiving Party, or its representatives, which are based on the Confidential Information.

10. **INJUNCTIVE RELIEF.** The Receiving Party acknowledges that the remedy at law for any breach by it of the terms of this Agreement shall be inadequate and that the damages resulting from such a breach are not readily susceptible to being measured in monetary terms. Accordingly, in the event of a breach or threatened breach by the Receiving Party of the terms of this Agreement, the Providing Party shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach. Nothing herein shall be construed as prohibiting the Providing Party from pursuing any other remedies available to the Providing Party for said breach or threatened breach, including the recovery of damages from the Receiving Party. The Receiving Party further represents that it understands and agrees that the provisions of this Agreement shall be strictly enforced and construed against it.

11. **INDEMNIFICATION.** Each of the Parties warrants that it has the authority to enter into and perform its obligations under this Agreement and in particular that it has the right to disclose its Confidential Information and hereby agrees to indemnify the other Party in respect of all liability, loss, claims, demands, costs or expenses of any kind which it shall at any time incur in connection with any breach of the warranty set out in this Clause.

12. **ATTORNEY'S FEES.** In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that a party has breached this Agreement, then the breaching party shall be liable and pay to the non-breaching party the reasonable legal and other professional fees and expenses and costs incurred in connection with such litigation, including any appeal there from.

13. **NONWAIVER.** It is further agreed that no failure or delay by the Providing Party in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

14. **CHOICE OF LAW.** This Agreement shall be governed and interpreted in accordance with the laws of the State of Florida without reference to its choice of law rules. The parties agree that any action brought in connection with this Agreement shall be brought in the Federal or State courts in Hillsborough County Florida.



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15. **IN WRITING.** No amendment, changes or modification to this Agreement shall be valid except if the same are in writing and signed by a duly authorized representative of each of the parties.

16. **COMPLETE AGREEMENT.** This Agreement comprises the full and complete agreement of the parties with respect to the subject matter hereof and supersedes and negates all prior communications, understandings and agreements between the parties, whether written or oral, expressed or implied.

17. **NO OBLIGATION TO COMPLETE TRANSACTION.** The parties agree that unless and until a definitive agreement with respect to a Transaction has been executed and delivered, neither party shall be under any legal obligation in connection with a Transaction by virtue of this Agreement, except for the matters specifically agreed to herein.

18. **HEADINGS NON-BINDING AND COUNTERPARTS.** The headings used herein are for reference purposes only and shall have no binding effect. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute one agreement.

19. **ASSIGNMENT.** This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties and each of their successors and assigns.

20. **PUBLICITY.** Each Party agrees to keep confidential the existence of and the contents of this Agreement and all negotiations relating to this Agreement and/or the Purpose and shall not use or permit to be used the name of the other Party in any advertisement or publicity campaign or other disclosure without the prior written consent of the other Party.

21. **NON-SOLICITATION.** Neither party shall, without the prior written consent of the other party, for a period of one (1) year from the date hereof, directly or indirectly solicit to employ any person of such other party, or directly or indirectly solicit any customer or prospect of such other party, with whom it first had contact or who first become known to it in connection with its consideration of the Transaction; provided, however, that, with respect to the hiring of the other party's employee's only, the foregoing provision shall not prevent either party from (a) employing any employee who contacts such party, directly or indirectly through an intermediary, or at his or her own initiative without any direct or indirect solicitation by or encouragement from such party; or (b) placing advertisements in newspapers or otherwise consistent with such party's past practices or using recruiters; provided that such recruiters have not been directed, either directly or indirectly, to contact the other party's employees.

22. **TERM AND CONFIDENTIAL PERIOD.** This Agreement shall continue in force until terminated by either party upon thirty (30) days written notice. All Confidential Information shall be treated as Confidential for three (3) years from the date of disclosure notwithstanding the expiration or termination of this Agreement.



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Non-GAAP Financial Reporting

The Company uses several key operating metrics and non-GAAP financial reporting. These financial reporting and operating metrics are a supplement to GAAP financial information and should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow or operating income (loss) as determined in accordance with GAAP.

Adjusted EBITDA is not a substitute for operating income, net income, or cash flow from the operating activities as determined in accordance with accounting principles generally accepted in the United States, or GAAP, as a measure of performance or liquidity. The Company defines adjusted EBITDA as net income (loss) before interest, loans, depreciations and amortization expenses. Information relating to total adjusted EBITDA is provided so that investors have the same data that management employs in assessing the overall operation of the Company's business.

Total adjusted EBITDA allows the chief operating decision maker to assess the performance of the Company's business on a consolidated basis that corresponds to the measure used to assess the ability of its operating segments to produce operating cash flow to fund working capital needs, to service debt obligation and to fund capital expenditures. In particular, total adjusted EBITDA permit's a comparative assessment of the Company's operating performance, relative to a performance based on GAAP results, while isolating the effects of depreciation and amortization, which may vary among segments without any correlation to their underlying operating performance, and of non-cash stock option compensation, which is a non-cash expense that varies widely among similar companies.



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1. Executive Summary

Business

e-Path Communications, Inc. is a developmental stage mobile Wireless Internet Service Provider ("WISP"), providing regional Wireless Broadband ("WBB"), high speed public Internet access, Voice over Internet Protocol ("VoIP"), Local and Long Distance Telephone Service, IP Mobile, Cellular and Enhanced Data Centric value-added fully managed services to residents, visitors, occasional users, municipal government and business customers in densely populated selected Tier two (2) and (3) metropolitan markets. We are a facilities based "carrier class" communication company that owns, develops and builds in partnership with municipalities, Next Generation Municipal Wireless City-Wide Networks. Our networks are "Built for Mobility" providing Anytime-Anywhere high speed fully mobile Broadband Internet Access to our customers within the markets we serve. e-Path has an agreement to build in Delray Beach, Florida as its initial market.

Strategy

Our strategy is to build wireless broadband networks in selected small to medium metropolitan municipalities and cluster them regionally. Typically, our approach is to negotiate with local government to obtain rights to build networks. After our networks are constructed we intend to become a total communications provider by introducing new products and services to enhance our competitive position and generate additional revenue and profits. Additionally, we plan to increase our customer base within the markets we serve through organic growth and replicate our approach in additional markets.

We believe this approach positions us to obtain negotiated contracts and avoid competition. We do participate and respond to RFP's but this is not our preferred method of market acquisition. Negotiated contracts are more likely to occur in second and third tier markets. Our approach to achieve a negotiated agreement works best in smaller regional markets.

To foster market dynamics we target several smaller markets in a region and form market clusters of a critical mass of approximately 200,000 households in a limited geographic area so that we achieve maximum density. Within our regions we also target larger markets that we determine could select us after a smaller adjacent market is operational. We rank our targeted markets by density per square mile and size. Our initial focus is on the markets in Florida, New York, New Jersey and Connecticut.

Our business plan is to build networks to encompass approximately 2 Million households in 10 markets made up of regional clusters or stand alone markets. The typical markets we select have a geographic area of 30 square miles and contain approximately 21,600 small businesses.



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Market Opportunity

There is a significant growth opportunity in our industry. The market potential is validated by data published by major research firms, IT companies and recent market activity. Forrester Research Inc., Cambridge, Mass., was commissioned by IBM to forecast the market opportunity for wireless broadband. They predict that the North American market for wireless broadband services will increase from just over \$1 billion in 2005 to a projected \$9 billion in 2010. This indicates the market will increase nine times within a 5 year time frame.

Intel reports that wireless Internet access is growing nationwide. According to Hewlett Packard, notebook PCs, tablet PCs, iPAQs, and other handheld devices have become indispensable tools for the busy professional. [Source: www.hp.com]

Google has invested in municipal wireless broadband networks in Mountain View and San Francisco in 2006. The network located in Fresno, California was built by IBM. Hewlett Packard built networks in St. Cloud, Florida and Microsoft announced it will provide content in a joint venture partnership in Portland, Oregon. [Sources: www.google.com, www.hp.com, www.ibm.com]

Corporate Mission

e-Path's mission is to provide its shareholders with financial returns and its stakeholders with increased value by building and operating city-wide "next generation municipal wireless broadband networks". We deliver fully mobile and affordable wireless broadband access to residential consumers, citizens, businesses and visitors with benefits that include convenience, public safety, economic development and social improvements to bridge the digital divide.

We commit to provide value for our stakeholders by intending to become a market leader in our industry. We believe we will achieve this objective by a commitment to excellence, respect, integrity, teamwork and efficiency.

Value Proposition

The genesis of our offerings, applications and technology is to provide mobility to support the lifestyle of our residential and business customers. We call it "Mobility Connected." Leveraging innovative technologies with the power of mobility will give our customers a truly wireless experience. Our "Built for Mobility" networks give customers "Anytime - Anywhere" high speed broadband access to information over the Internet.

We believe we have developed fresh insights, new perspectives and better approaches than previous providers to realize the benefits of Wireless Broadband and provide a fully managed service suite of products. As a managed service provider our customers have the assurance that what we sell will always be managed. We bundle wireless broadband, enhanced data, VoIP local and long distance



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service, an IP mobile product commonly called WIFI voice and a branded resale cellular product for a fixed rate monthly fee.

We believe our price to value proposition is the best in the marketplace and we provide the convenience of one stop shopping for our customers.

Sales and Marketing

A significant percentage of our residential sales will have consumers signing up for our service themselves via the web. Wireless Broadband Internet Access services are purchased by our customers through the use of the Internet. Most portable, notebook and laptop computers, smart phones and PDA devices are equipped with internal chips that access our network electronically. We transmit a home page with our service plans, terms and pricing to these IT devices. Customers self direct the ordering process. They choose a service plan, accept the terms, pay by credit card and are furnished access to the network within minutes of their order.

We focus our marketing resources on our direct and indirect sales efforts and programs that support those efforts. We will launch focused marketing campaigns of targeted direct mail, print and online media but do not plan on committing our resources to traditional brand advertising.

Customers

We are targeting residential consumers and entrepreneurial-class businesses, which have two segments: Very Small Businesses (VSB's) with 5-29 employees, and Small Businesses (SB) that have between 20 and 99 employees.

Our plan also expects revenue from government, municipalities and utility companies. This segment within the cities we serve can improve the efficiency and quality of government services with high speed fully mobile in-field data access for municipal police, fire, EMS, homeland security and routine business functions.

In addition, we brand and wholesale services to communication carriers and institutional users. We also have revenue sharing agreements with search engine companies and sell targeted advertising to business customers.

Products

Our core product offering is a fully mobile Wireless Broadband (WBB) internet access service that we provide at two different speeds. Our basic service is delivered at 1.0Mbps and our premium service at 3.0 Mbps with synchronous uploads and downloads. We include "Best in Class" internet features and applications with both packages. In addition, we include a fully managed service enhanced data offering at no additional charge. The combination of a fully mobile wireless service, "Best in Class" internet services with an integrated fully managed enhanced data IT offering is unique to the marketplace. This package is the same for residential customers as well as our small business customers.



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We bundle with the basic and premium packages two optional services; a local and long distance voice service delivered over our facility based internet network using VoIP protocol and an IP mobile service which provides unlimited local on-net calling delivered over our WIFI network and a cellular resale and branded service for off-net calling. Our residential offering includes 200 minutes per month, which can be shared between VoIP and mobile calls, and our business package includes 1,600 minutes per month. Our VoIP and IP Mobile service are feature and application rich providing "State of the Art" innovation.

Pricing Plans

Product Plans	Consumer Basic	Consumer Premium	Business Basic	Business Premium
Plan A				
Wireless Broadband Internet Access				
Wireless High Speed Internet Access	1.0 Mg	3.0 Mg	1.0 Mg	3.0 Mg
Domain Services	Free	Free	Free	Free
Email	Free	Free	Free	Free
Fax Transfer to Email	Free	Free	Free	Free
IP Addresses	Free	Free	Free	Free
Virtual Private Network (VPN)	Free	Free	Free	Free
Web Hosting	Free	Free	Free	Free
Storage Backup & File Sharing	Free	Free	Free	Free
Managed Firewall	Free	Free	Free	Free
Help Desk	Free	Free	Free	Free
Network Configuration	Free	Free	Free	Free
Monthly Recurring	\$24.95	\$54.95	\$24.95	\$54.95
Non-Recurring Installation	\$24.95	\$54.96	\$24.95	\$54.95
Plan B VoIP Bundle				
Local VoIP Phone Service	6 lines	6 lines	6 lines	6 lines
Long Distance Phone Service	200	200	1600	1600
Calling Card	20 Minutes	20 Minutes	100	100
Conference Calling	Free	Free	Free	Free
Toll-Free Service	Free	Free	Free	Free
Voicemail	Free	Free	Free	Free
T1				\$150.00
Monthly Recurring	\$30.00	\$30.00	\$300.00	\$450.00
Non-Recurring Installation	\$30.00	\$30.00	\$300.00	\$450.00
Plan C IP Mobile Bundle				
IP Mobile	Free	Free	Free	Free
Cellular	Share Minutes	Share Minutes	Share Minutes	Share Minutes
	Share Lines	Share Lines	Share Lines	Share Lines
	2 Dual Mode Phones	2 Dual Mode Phones	2 Dual Mode Phones	2 Dual Mode Phones
Monthly Recurring	\$95.00	\$95.00	\$95.00	\$95.00
Non-Recurring Installation	\$95.00	\$95.00	\$95.00	\$95.00
Plan A-B Total Bundled Revenue				



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Total Bundled Revenue				
Monthly Recurring	\$54.95	\$84.95	\$324.95	\$504.95
Non-Recurring Installation	\$54.95	\$84.95	\$324.95	\$504.95
Plan A - B - C Total Bundled Revenue				
Total Bundled Revenue				
Monthly Recurring	\$149.95	\$179.95	\$419.95	\$599.95
Non-Recurring Installation	\$149.95	\$179.95	\$419.95	\$599.95

All Overage Minutes Billed at \$.06
 Premium Cellular Handset add \$300 to installation fee

Strengths

Our business model positions the company to achieve fast market penetration, a lower market entry cost structure than other larger providers, and the ability to replicate our business model directed by an experienced leadership team.

It is our intent to be the first and only municipal wireless broadband company to build in the markets we serve, although we anticipate there will be circumstances where we will service markets with 2 or more municipal wireless broadband companies. We own our networks and have little incremental cost of access to reach our customers. We believe our technology has lower capital costs than our competition. We can replicate our business in other markets. The Company's management team has built and founded three other successful telecommunication start-up companies, and thus has prior experience which we will utilize in our market entry strategy.

Competition

Our direct competitors in the wireless broadband market are cellular companies. We also have limited competition from "Hot Spot" providers. Our voice products directly compete with Local Exchange Carriers (LEC), Competitive Local Exchange Carriers (CLEC) and VoIP providers. Our IP mobile product is an early stage product with no direct competition of which we are currently aware.

We face indirect competition for broadband service delivered over a wireline network from cable companies, Internet Service Providers (ISPs), and broadband over powerline ("BPL") providers.

Key Differentiators and Competitive Advantage

Our business has key differentiators, which will give us a recognized brand in our market. It is our intent to ensure that customers know that we are the mobility company of choice, providing the most comprehensive bundled packages in the marketplace at the best value.

We differentiate our business on mobility, capital efficiency, the markets we service by creating a natural monopoly where possible, our managed services, service bundles and customer experience.

"Next Generation Municipal Wireless Broadband Networks"



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We believe our competitive advantages are our feature rich robust applications, cellular and IP bundles, a lower price per bit and a faster sustained download speeds

Technology

Wireless Broadband/WiMax Broadband Network

We will initially deploy a fully converged wireless broadband (WiFi/WiMax) mesh network in the locations we serve. Mesh-network topology extends the range of traditional LANs and WLANs. In addition, each node is connected and communication protocols are shared across all nodes. A wireless broadband mesh infrastructure is formed when a collection of 802.11 a, b, or g-based nodes are interconnected by wireless 802.11 links. The 802.11a standard is most commonly used in AP-to-AP links because of its performance and non-channel overlap with 802.11b or 802.11g transmissions. Mesh networks automatically learn and maintain dynamic path configuration.

Mesh networks provide advantages over direct line-of-sight implementations because they can adapt to changes. Nodes can be readily added and removed, and their location changed. Benefits of the mesh-network topology include lower initial costs, balanced traffic, mobility and availability.

The following diagram (Figure 1) shows a typical municipal WiFi mesh network configuration.

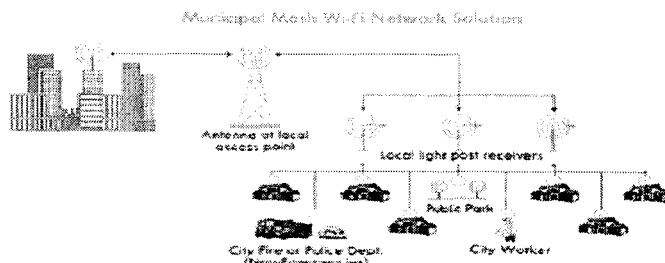


Figure 1: Mesh networking

VoIP Platform

The merging of VoIP and wireless broadband promises higher voice quality and more reliable coverage indoors than traditional cellular service and is quickly gaining stature as a competitor to mobile broadband data (cellular data). Also, as a WiMAX service provider, we believe we will be able to undercut competitors by offering a less expensive local loop alternative to telco T1/DS3 local loops. As such, our VoIP service partnered with our WiMAX platform is free of its dependence on the incumbent telco for UNE-P, UNE-L, installation delays, billing problems, etc.

In support of our VoIP services, we will deploy a softswitch. The softswitch is an (API) that is used to interface the traditional PSTN and our VoIP network. The softswitch will link the PSTN to



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our IP Network while managing traffic that contains a mixture of voice, fax, data and video. Our Softswitch is able to process the signaling for all types of packet protocols. Therefore, it is a software-based switch platform, which is opposed to traditional hardware based switching technology.

Mobile VoWiFi

In addition to our fixed wireless solution for VoIP customers, our hybrid wireless broadband and WiMax network will enable us to provide mobile phone services. Where VoIP consists of the hardware and software that enables people to use the Internet as the transmission medium for telephone calls, VoWiFi is the wireless version of this technology that is designed to work on wireless devices such as laptops or PDA's. e-Path's customers will take advantage of decreased communications cost while having a mobile system that offers reliable coverage indoors and outdoors while delivering high voice and data quality. In addition to wireless broadband ready devices, WiMax ready devices such as mobile phones are expected to become available at the consumer level beginning in 2007 (Figure 2).

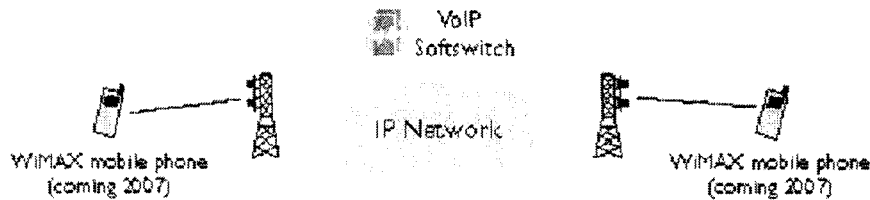


Figure 2: Mobile phone service on WiMax

Experienced Management Team

Our experienced management team is focused on operating excellence, bringing to the Company substantial industry experience. Our top four executive officers have an average of over 20 years of experience in the communications industry and have worked at a broad range of communications companies, both at startups and mature businesses, including local telephone companies, long distance carriers, competitive carriers, and Internet and data providers.

The leadership has built three other telecommunications start up ventures, two of which are now part of Verizon by way of acquisition.

Customer Support/Fulfillment

A service desk that acts proactively is critical to any business with e-services because every disruption to e-commerce is immediately visible to the customer. These disruptions can result in a tremendous loss of revenue and customers to competitors. e-Path will adopt the Service Oriented Architecture (SOA) approach as our customer support and Fulfillment OSS standards.



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Anticipated Market Dynamics and Penetration

Epath Market Dynamics	Year 1	Year 2	Year 3	Year 4	Year 5
Markets Launched Per Year	1	2	2	2	3
Average Coverage Area (Sq Mi) per Market	30	30	30	30	30
Standard Housing Units per Coverage Area	200,000	200,000	200,000	200,000	200,000
Epath Cumulative penetration - Housing Units	4%	6%	8%	10%	11%
Businesses Units per Coverage Area	21,600	21,600	21,600	21,600	21,600
Epath Cumulative penetration - B Business Units	2%	5%	7%	10%	12%
Customers	6,368	34,297	75,251	129,723	205,435
Year over Year Growth Rate		439%	116%	72%	58%
Churn	3%	9%	11%	12%	12%
Net Additions	6,368	27,932	47,319	82,404	123,031
Total Capital per subscriber	\$ 2,356	\$ 608	\$ 411	\$ 324	\$ 264
Total Capital per household passed	\$ 75	\$ 35	\$ 31	\$ 30	\$ 27
ARPU(1)	\$116	\$257	\$290	\$282	\$280

Financial Projections (in thousands)

The following table (Figure 3) highlights e-Path’s financial metrics. e-Path projects solid year over year revenue growth and gross profit as markets are added and sales penetration is achieved while keeping SG&A expenses down as a percentage of revenue. e-Path projects positive EBITDA on a monthly basis early in Year 3 and positive operating cash flow in Year 4 as it develops 10 markets over a five year plan.



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EPATH Financial Projections (in 000's)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,089	\$13,205	\$33,024	\$55,967	\$68,260
Year over Year Growth Rate		1112%	150%	69%	58%
Gross Profit	(\$162)	\$4,928	\$20,247	\$37,378	\$61,291
Gross Profit Margin	-15%	37%	61%	67%	69%
SG&A	\$3,938	\$12,430	\$20,580	\$28,426	\$40,310
% of Revenue	362%	94%	62%	51%	46%
EBITDA	(\$4,100)	(\$7,507)	(\$392)	\$8,952	\$20,981
% of Revenue	-376%	-57%	-1%	16%	24%
Net Income Before Taxes	(\$6,575)	(\$9,693)	(\$4,543)	\$3,004	\$13,194
% of Revenue	-512%	-73%	-14%	5%	15%
Capital Expenditures	14,996	5,841	10,121	11,121	12,153
% of Revenue	1377%	44%	31%	20%	14%
Operating Cash Flow (EBITDA less Cap Ex)	(\$9,675)	(\$17,200)	(\$4,875)	\$11,957	\$34,175

Figure 3: e-Path 5 yr Financial Projections

Funding Requirements

e-Path projects funding for the plan according to the following debt/equity schedule (in 000's):

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total
Debt	14,996	5,841	10,121	11,121	12,153	54,231
Equity	5,200	10,000	6,500			21,700
Total Funding	20,196	15,841	16,621	11,121	12,153	75,931

Pre Money Valuation

Projected EBITDA 6 Years after current year: \$38,996,141
 10X EBITDA multiple: 389,961,415
 Less debt: (35,457,054)
 Projected firm value: 354,504,361

Pre money valuation discounted Value @ 18% rate: 131,319,596

2. Market

The market information was developed from various industry analysts and research firms published reports. In addition, we provide material from major IT firms that participated in wireless broadband network development or have products that drive the market. The data



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that follows confirms there is a significant market for wireless broadband services and it's expected to have an explosive growth in the near term.

Forrester Research Inc., Cambridge, Mass., was commissioned by IBM to forecast the market opportunity for wireless broadband. They predict that the North American market for wireless broadband services will increase from just over \$1 billion in 2005 to a projected \$9 billion in 2010. [Source: www.forrester.com]. This indicates the market will increase nine times in a 5 year time frame.

2.1. Definitions of e-Path Markets:

e-Path is a wireless broadband (WBB) Internet service provider (WISP). Our core business market is fully mobile Internet access. The wireless internet market has three segments. Fixed Wireless typically refers to a broadband provider that reaches a customer by a wireless point to point connection between the access point and the customer location. Portable refers to a wireless broadband provider that connects by a wireline network and uses a wireless modem to provide limited area wireless connections typically up to 200 feet. Mobile is a wireless broadband provider that provides broad geographic coverage within a selected market providing customers the ability to connect to the Internet from virtually anywhere in the marketplace. Typically, mobile wireless broadband companies, assuming equal quality, can provide service to replace both fixed and portable service. e-Path's principle market is high-quality mobile wireless broadband Internet access.

e-Path also provides VoIP local and long distance telephone service. This market consists of carriers that use Internet protocol to transmit voice. We are different from the traditional VoIP provider since we make connections to our customers over a wireless network. This is a relatively new market referred to as wVoIP. e-Path also provides IP mobile and a branded cellular resale product. The IP mobile market is commonly referred to as WIFI voice. With regard to our mobile resale this is a segment of the cellular market.

We are also a managed services provider. This market refers to companies that manage communications and IT functions for their customers.

The market leaders in the markets we serve include; Verizon Wireless and Earthlink for mobile wireless broadband, Vonage for VoIP, Verizon Wireless for cellular. The wVoIP and IP Mobile markets have no recognized leaders at this time. The technology is just beginning to emerge and be deployed.

Some additional Internet service providers are listed below.

- Narrowband and Broadband ISP, Time Warner (AOL), EarthLink and Microsoft Network (MSN); several local and regional ISP's, United on-line
- National telecommunications companies, such as AT&T and Bell South
- Content companies, such as Yahoo! and Google Inc.,



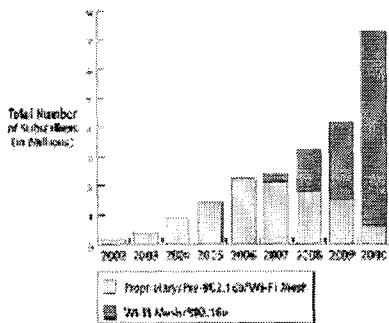
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- Cable television companies providing broadband access, including Comcast, Charter Communications, Inc. and Cox Communications, Inc.
- Hot Spot Development companies Boingo, T-Mobile, Wayport
- Small Wireless Internet Service Providers with limited coverage area
- Cellular companies utilizing 3G technology and offering cellular services as well as data transfer at the speed of less than 1Mbps
- Utility and local and long distance telephone companies

2.2. Market Drivers

- **Mobility**

Mobility Drives Wireless Broadband



According to a CTIA wireless survey, there are more than 178 million wireless subscribers in the United States, a number projected to grow to 233.5 million by 2009. Increased mobility is probably the single most important factor leading to better customer relationship management. In the U.S., 23.5 million people—about 16% of the American workforce—work from home at least part of the time, more than double the number in 1997. As illustrated in Figure 4, anticipated adoption of 802.16 WiFi Mesh by the subscribers will increase to over 7 million by 2010. Mobile workers are widely dispersed and clearly, workforce mobility is changing the enterprise. [Source: www.ctia.org]

Figure 4. Total number of Subscribers pre/post 802.16 standard

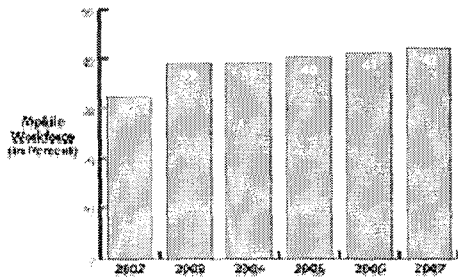
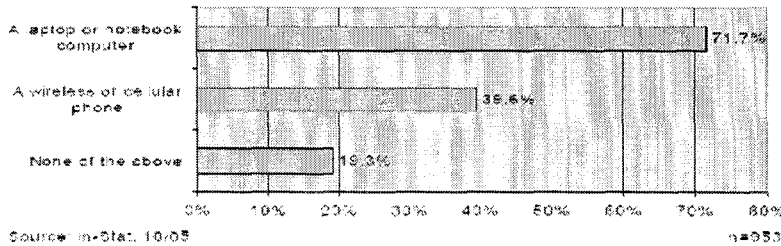


Figure 5: Yankee Group

According to the Yankee Group 2006 Transatlantic Wireless Business Survey (Figure 5), more than 40% of today's workforce is considered mobile. In fact, per the Yankee Group, workforce mobility has increased by nearly 10% during the past 4 years as a result.

• **Portable PC**



- 80% of mobile professionals surveyed responded using wireless data
- Nearly 72% use a laptop or computer
- 39.6% report using mobile phone for wireless data
- Mobile professionals traveling with multiple wireless enabled devices

Figure 6 In-Stat survey of mobile professionals

Demand-Side Views survey on Wireless Broadband state that 80% of mobile professionals surveyed responded to using wireless data. Nearly 72% use a laptop or computer (as shown Figure 6). WiFi dominates laptop data connections; 45% of respondents to a recent “The Wireless Association” survey said they pay for WiFi data access. Those just paying on a “per-use basis only” least common, most users paying for a connection have a monthly subscription which is very favorable to the Company’s business. According to Intel (Figure 7) mobile % of overall PC’s will increase by 32% over next 2 years.

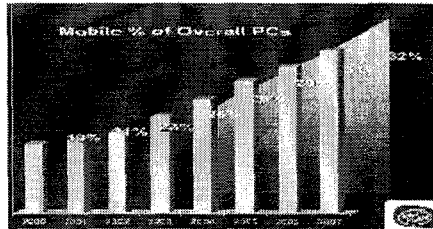


Figure 7 Intel – mobile percent of overall PCs

• **PDA**

Per Broadband-Today.com, high-end personal digital assistant and organizer devices (PDA) systems are evolving as communicators. The ability to connect to the Internet with data capability is an essential aspect of 3G systems. The installed base of wireless handsets at 1.2 billion dwarfs the installed base of 31 million PDA systems. Markets for enterprise and consumer PDA devices at \$1.77 billion in 2003 are expected to reach to \$3 billion by 2009 and as the PDA feature sets broaden, the combined PDA enterprise and consumer unit shipment markets will grow to 17.3 million by 2009 driving a significant increase in mobility which drives wireless broadband. The worldwide PDA market hit a new high in



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2005, Gartner reports (Figure 8). Annual shipments were 14.9 million, up 19 percent over 2004, and surpassing the previous record of 13.2 million set in 2001.

Worldwide Preliminary PDA Shipment Estimates by Vendor, 2005 (Units)

Vendor	2005 shipments	2005 share%	2004 Shipments	2004 share%	2004 to 2005 Growth%
RIM	3,193,000	21.4	2,178,000	17.4	46.6
Palm	2,773,025	18.6	3,726,172	29.8	-25.6
HP	2,264,666	15.2	2,668,627	21.3	-15.1
Nokia	1,010,000	6.8	250,000	2.0	304.0
T-Mobile	812,600	5.5	191,400	1.5	324.6
Others	4,839,701	32.5	3,499,314	28.0	38.3
Total	14,892,992	100.0	12,513,513	100.0	19.0

Figure 8: Gartner report on PDA shipments

2.3. Market Growth

- **Wireless Broadband**

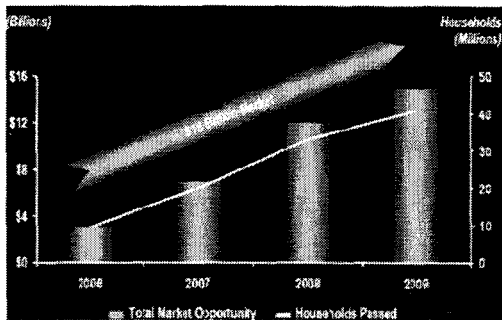


Figure 9. Wireless Broadband market opportunity

Wireless Broadband Access. A study by Forrester Research Inc., Cambridge, Mass., commissioned by IBM, predicts that the North American market for wireless broadband services is increasing from just over \$1 billion in 2005 to a projected \$9 billion in 2010. Broadband, or high-speed access, is growing and the estimated number of households with broadband access grew from 29 million at the end of 2004 to 38 million at the end of 2005

The graph (Figure 9) shows that the market opportunity for wireless is going to pass 50 million households in 2009. As reported in the Bear Stearns', "The Impact of 802 Technology (June 2005)," Former FCC Chairman Michael Powell referred to wireless as the "Holy Grail" for US Broadband policy that could potentially be the third "wire" to the home. Wireless broadband can replace fixed services. Per Mr. Powell, a fully mobile service (e.g.



Mobility Connected

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ability to support services across a range of devices, laptops, PDA's handhelds, on a contiguous basis versus laptops used just hot spots) could be used to dislodge incumbent broadband carriers despite their existing wireless investments and may demand some premium over fixed services. True mobile wireless broadband can be a potential disruptive technology that could be a boon for wireless carriers.

• WIFI

This is the Decade for WiFi

1993: Less than 7 Million Internet Users
2003: More than 600 Million Internet Users
The 90's were the Internet Decade

2003: Less Than 8 Million Access Points
Less Than 3 Million Public Hotspot Users

2013: More Than 700 Million Access Points (projected)
More Than 100 Million Public Hotspot Users (proj.)

This is the Decade for WiFi
Source: ABI Research

Companies that have played a role in developing wireless mesh networks range from the usual IT giants, such as Cisco Systems Inc. and IBM, to hardware makers, such as Motorola Inc. and Tropos Networks Inc. of Sunnyvale, Calif. The list also includes wireless technology specialists, such as BelAir Networks Inc., MobilePro Corp., SkyPilot Networks Inc. and Strix Systems Inc. Even EarthLink Inc., Google Inc. and oil industry heavyweight Chevron Corp. has worked in the municipal WiFi space.

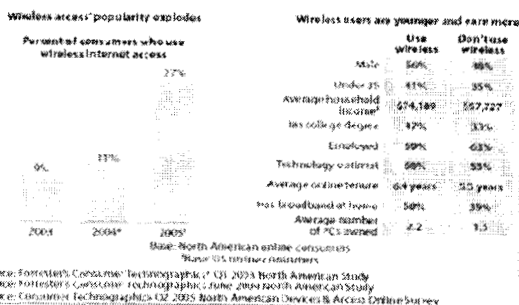


Figure 10: Wi-Fi users – Consumer Demographics

In a 2005 report, ABI Research estimated that municipal WiFi networks covered only about 1,500 square miles worldwide. By 2010, that coverage is anticipated to increase to 126,000 square miles or roughly the area of the state of New Mexico. Survey by Forrester shows 16% increase of consumers who use wireless internet access (Figure 10).



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- **Hot Spots**

The number of commercial WiFi hot spots will grow by 47% worldwide to 143,700 in 2006, according to ABI Research (November 06, 2006 Network World). Concurrently, the number of WiFi access points will also grow. More than 675,000 access points will be shipped this year specifically for use in hot spots.

In-Stat estimates there were over 100.8K commercial worldwide hotspots in 2005 and they will nearly double by end of 2009. A growing number of hotel lobbies, restaurants, airport lounges, coffee shops and other businesses are all beginning to utilize the WiFi protocol to create a wireless LAN (hotspot) for customers to connect with and access the Web, e-mail, instant messaging, or any other Internet resources. This boon of public hotspots offers significant benefits for mobile business professionals properly equipped to access them. The success of WiFi is unprecedented—in three years the installed base of WiFi clients has reached over 60 million, and more than 1000 devices have been certified by the WiFi Alliance [source, WiFi Alliance 2006].

- **VoWiFi**

Wireless VoIP (Voice over Internet Protocol) enables people to use a wireless Internet connection as the transmission medium for telephone calls. Wireless VoIP commonly uses Wi-Fi, a type of wireless local area network (WLAN), as its operating network. Other common terms for wireless VoIP are VoWLAN, VoWiFi, or WiFi VoIP. Wireless VoIP requires a voice-enabled wireless device, such as a PDA or Wi-Fi handset, or a software-based phone. As reported in October 2005, industry analysts expect the number of companies deploying wireless VoIP to triple in the next two years, from 10 percent in 2005 to 31 percent in 2007. Wireless VoIP is most common in the retail, manufacturing and health care industries. Mobile also offers a number of different ways for advertisers to reach their target market, including:

- Direct ad images in the general use of phone navigation.
- Results from a search request.
- Inside a game or other application (via "sponsorships")
- Messaging via SMS or MMS.

- **Cellular and Data 3G**

There are now over 2M cellular base stations worldwide, including over 300K WCDMA. There are currently over 2.3B cellular subscribers worldwide, and by 2010 this number will be 3.6B. Over 100M current subscribers connect via a 3G technology and by 2010 it will be 816M. [Sources: ABI, Forrester, in-stat]



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2.4. Market Leaders

- EarthLink has joined forces with Wireless Philadelphia to undertake an historic mission—create the nation's first major metropolitan city with a ubiquitous mixed-use (government and consumer) wireless broadband network. EarthLink has since won the awards at several other cities.
- Verizon is delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon also offers Broadband Access and National Access for staying connected coast to coast on laptops, PDA's and handsets; V CAST Music for downloading music, listening to tunes and watching music videos; V CAST for video clips, 3D games and other multimedia services;
- Sprint Nextel estimates the capital expenditures for its 4G WiMAX network will be \$1.0 billion in 2007 and between \$1.5 and \$2.0 billion in 2008. Sprint's annual Productivity Survey found that 93 percent of wireless phone subscribers bring work-related phones on vacation with them, 73 percent say they have achieved work-life balance and 67 percent say they are more productive now than they were two years ago.
- Vonage is a leading provider of broadband telephone services with over 2 million subscriber lines as of September 30, 2006. Vonage's service is sold on the web and through national retailers including Best Buy, Circuit City, WalMart and Target and is available to customers in the U.S., Canada and the United Kingdom. Our Residential Premium Unlimited and Small Business Unlimited calling plans offer consumers unlimited local and long distance calling, and popular features like call waiting, call forwarding and voicemail - for one low, flat monthly rate.
- Cbeyond is the leader in the emerging VoIP and broadband Internet services market and the first service provider to build a pure Voice over Internet Protocol (VoIP) local telephone company. Cbeyond is the voice and broadband Internet provider built exclusively to serve small businesses.
- T MobileUSA has big plans for wVoIP both in the enterprise and for their regular subscribers, now the carrier has announced its using UMA technology for the service.
- Time Warner Cable delivered a superior financial performance in 2005, including double-digit increases in revenues and earnings over the previous year. Driving this success was the company's best-ever growth in subscriber relationships with 2.5 million net additions — including significant increases in its basic, digital, residential high-speed data and Digital Phone services. Time Warner Cable achieved one of the highest digital penetration rates of any cable company, with 49% of its nearly 11 million managed video customers subscribing to the digital tier at the close of 2005. Its residential high-speed data service, led by Road Runner, totaled 4.8 million subscribers at year end, representing a 25% penetration level of broadband-eligible homes passed. By the end of 2005, Digital Phone signed up 1.1 million customers — five times the total at the end of 2004 — making it one of the most successful product rollouts in Time Warner Cable's history.



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- Comcast Corporation is the nation's leading provider of cable, entertainment and communications products and services, with 24.1 million cable customers, 11 million high-speed Internet customers and 2.1 million voice customers. Comcast is principally involved in the development, management and operation of broadband cable networks and in the delivery of programming content.

Products: Comcast provides a wide variety of consumer products and services primarily in three areas:

Video - Comcast is the nation's largest video provider offering interactive services packed with the best content on Digital Cable, video on demand and high-definition television.

Online - As the nation's number one broadband provider, Comcast offers the best content, reliable service and faster speeds.

Voice - Comcast is rolling out an IP-enabled Digital Voice service that offers consumers the quality they expect in a phone service combined with new interactive features for a low price.

- Clearwire provides a simple, "off-the-shelf" wireless broadband Internet solution. Establishing Clearwire service involves a plug-and-play installation — no need for a technician to configure additional hardware and no need for software to be loaded onto computers to make it work. Customers can establish an Internet connection in minutes. Customers use Clearwire to connect to the Internet using licensed spectrum, thus eliminating the confines of traditional cable or phone wiring. The tower equipment transmits radio signals from a base site to a small, wireless modem the size of a paperback book, which easily connects a user's computer to the Internet. The fully mobile Clearwire service can be moved from place-to-place inside Clearwire's coverage area, which allows customers to use the service throughout their home, office or favorite coffee house. Clearwire launched its VoIP (voice over internet protocol) service on April 10, 2006. The company currently offers Clearwire Internet Phone Service in 13 markets across the United States.

2.5.IT Industry Leader's Positioning

- **Intel**

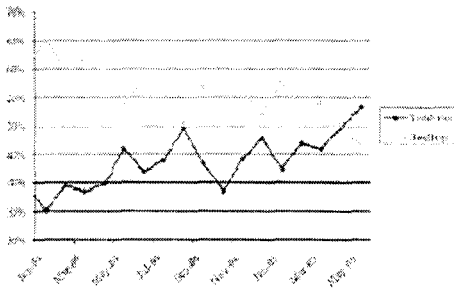


Figure 11: Intel & IDC mobile PCs overtaking desktops

Intel reports that wireless Internet access is growing nationwide. HP Notebook PCs, Tablet PCs, iPAQs, and other handheld devices have become indispensable tools for the busy professional. Per the chart above (Figure 11), mobile PC's are overtaking fixed desktop machines- mobile PC sales drive WiFi Notebook CAGR 14% ('03 -'07) [Source: IDC & Intel].

- **Google**

Google (GOOG) has invested in networks in Mountain View and San Francisco in 2006. Google's AdSense allows advertisers to target users based on browsing habits as well as the other data like location, age, gender, etc.

- **IBM**

City of Fresno has been built by IBM using Alvarion wireless broadband wireless systems and IBM's WebSphere Everyplace Connection Manager, the network provide wireless communications with government-grade wireless encryption, roaming and data compression for the city's 250 police vehicle fleet. IBM is also involved in building wireless broadband in several other cities.

- **HP**

City of St. Cloud has been built by HP and is one of the first municipalities to offer city-wide WiFi network. HP is also one of the leading industry manufacturers of the Wireless gear called Procurve.

- **Microsoft**

Microsoft announced that the company will sponsor and provide content for the municipal WiFi network being built in the city of Portland, Ore. The deal states that Microsoft will bring MSN content and services to the network that MetroFi is building. This is Microsoft's (MSFT) first foray into the world of free municipal wireless networks. Microsoft will provide targeted content



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to the service's users through its new online platform adCenter--a rival platform to Google's AdSense. AdCenter allows advertisers to target users based on browsing habits and other data like gender, age and location.

Networks Being Built/Big Companies in Wireless Broadband Access Marketplace

Seattle is in the early stages of considering a wireless broadband network capable of bringing voice, video and data into each home by 2015. Federal Sources Inc., McLean, Va., estimates the contract to be worth about \$50 million and anticipates an RFP release in early 2007. Houston, TX has a request for proposals that carries an estimated value of \$15 million.

Motorola and Intel have both invested in Clearwire, and we have every reason to expect them to invest in the Sprint Nextel 4G company.

A high-speed wireless network that covers most of downtown Seattle is being rolled out by Internet service provider Speakeasy. In August, Intel invested an undisclosed amount in Speakeasy as a way to help the Internet service provider develop its WiMAX strategy. The Santa Clara, Calif., semiconductor giant is one of the biggest backers of the technology. Last month, it invested in Clearwire -- a Kirkland startup led by billionaire Craig McCaw that is throwing its weight behind WiMAX networks.

3. Business Overview

e-Path Communications, Inc. is a developmental stage Wireless Internet Service Provider ("WISP"), providing regional Wireless Broadband ("WBB"), or high speed managed and integrated public Internet access, Voice over Internet Protocol ("VoIP"), Local and Long Distance Telephone Service, IP Mobile, Cellular and Enhanced Data Centric value-added services to residents, visitors, occasional users, municipal government and business customers in densely populated Tier 2-3 small regional markets. We are a facilities based "carrier class" communication company that owns, develops and builds in partnership with municipalities, Next Generation Municipal Wireless City-Wide Networks. Our networks are "Built for Mobility" providing Anytime-Anywhere Internet Access to our customers within the markets we serve.

Our technology operates on an IT Protocol platform, which seamlessly integrates voice and data packets providing dynamic bandwidth allocation using Wireless Fidelity ("WiFi") Mesh 802.11 Gh unlicensed spectrum and Worldwide Interoperability for Microwave Access ("WiMAX") for customer access, wireless customer premise equipment ("CPE") modems for enhanced quality, integrated access devices ("IAD") for voice connections and a soft switch for routing.

We offer integrated managed communications services delivered over our innovative wireless broadband network. Our primary service offering is Wireless Broadband Internet Access. We leverage our network to bundle our core mobility wireless Internet access with VoIP local and long distance telephone service, mobile IP and cellular products. We offer Wireless Broadband at speeds up to 3 Megabits (Mg). We offer a high quality differentiated portfolio of value priced products and services to residential, municipal and small business markets.



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Our bundled offerings give our customers the convenience of "One Stop Shopping" for all critical communication needs provided by a single vendor with one monthly bill.

Our comprehensive service packages provide feature rich applications to our customers. We deploy best in class applications that enhance our customers' experiences. Our Internet applications are business class services, that include mobile, fully mobile and fixed wireless high speed Internet access, domain services, custom home or start pages, unlimited high capacity email accounts, fax transfer to email, IP addresses, Virtual Private Network ("VPN") configuration, web hosting, storage backup and file sharing, managed fire wall, state of the art security protection with the use of spam and pop-up blockers, spy ware and virus detection and elimination, parental controls, web browsing and a 24x7 live answer help desk. Our local VoIP phone service includes enhanced calling features that provides calling card, conference calling, toll free service, voicemail, caller identification, real time and call accounting. All packages include six voice lines. Our residential offerings include 200 long distance minutes per month. Our business packages offer 1,600 minutes per month. Our mobile package includes two dual mode phones, which provide IP Mobile and cellular calling services. We include unlimited IP Mobile wireless broadband voice calling within our service area. Customers are permitted to use two of the six lines included for mobile service and can share VoIP and mobile minutes. Our plans are competitively priced between \$24.95 and \$595 per month. In addition, we offer municipal government specialized city-wide wireless network access for data, voice and video services by field workers, emergency service personnel and utilities. We also provide wholesale services to carriers. We custom brand our Wireless Broadband Internet access and sell either a 1 or 3 megabit product to carriers for resale to their customers. Carriers can also purchase dedicated wireless access circuits between their facilities and a customer location. Our wholesale dedicated access typically replaces T-1 circuits that are part of the Unbundled Network Elements ("UNE") offered by Local Exchange Carriers ("LEC"). Our pricing model for this offering is significantly lower than Local Exchange Carriers tariff rates.

Our sales are achieved in several methods. Wireless Broadband Internet Access services are purchased by our customers through the Internet. Most portable, notebook and laptop computers, smart phones and PDA devices are equipped with internal chips, which access our network electronically. We transmit a home page with our service plans, terms and pricing to these IT devices. Customers self direct the ordering process. They choose a service plan, accept the terms, pay by credit card and are furnished access to the network with in minutes of their order. After the original order we typically bill the customer monthly until the service is terminated. We also employ and train a consultative direct sales force for our VoIP Telephone and mobile service for both residential and small business applications. This activity is highly regimented and is focused on market penetration. In addition, we utilize an extensive indirect sales campaign using channel partners, affinity programs, original equipment manufacturer, point of sale administration and eCommerce selling.

We derive a substantial amount of our revenues from service packages and related wireless Internet access fees. Our revenues consist of recurring monthly fees charged to customers for wireless Internet access, VoIP telephone service, and IP mobile and cellular services. We charge one- time activation fees, early termination fees, and usage fees of \$.06 per minute in



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excess of plan allocations. We also charge for mobile phones and wireless Internet access devices and fees for shipping and handling of the devices and other equipment. This equipment is subsidized to remain competitive in the marketplace.

We also generate advertising and other value-added services revenues by leveraging the value of our customer base and user traffic through paid placements for searches, powered by the various search engine companies. In addition, we generated fees through revenue sharing arrangements with online partners whose products and services can be accessed through our network, commissions received from partners for the sale of their services and sales of target advertising on our various online landing pages, such as our Start Page and the municipal home pages for our wireless municipal networks. The remaining revenue is obtained from our wholesale carrier products.

Our customer service experience and back office is fully automated. Customers can access several account and network management functions by using our on-line systems. We provide real time account activity. We bill and receive payments on-line. We do not provide or send paper bills.

We negotiate with municipal markets to obtain franchise authority to build our networks. We are focused on organic growth of our customer base and plan to replicate our business model in new markets. Within 5 years we expect to be in 10 regional markets and pass approximately 2 Million households. We typically cluster adjacent small markets in a region to provide sufficient critical mass, which we estimate at 200,000 households. Our concentration will be in Florida, New York, New Jersey and Connecticut. Our value proposition is to provide our customers the mobility to access the Internet from anywhere in our market area at a price point where our cost per megabit is less than the competition. Our network infrastructure is carrier grade and anticipates 99.999% reliability. We offer our customers a competitive advantage to legacy telecommunications services and a competitive fully mobile alternative to DSL and Cable Internet access.

The market for our services is strong. Wireless Broadband Internet access is supported by portable PC purchases, which has experienced significant growth. According to Forrester Research, "Mobility is the core of the next big thing in the IT industry".

They expect mobile workers to significantly increase beginning in 2008. Broadband or high speed access is growing and the estimated number of broadband access grew from 29 million in 2004 to 38 million in 2005. During 2006, the market for broadband access is expected to continue to grow. Wireless Broadband city-wide municipal networks are under development in several United States markets. The market penetration of approximately 20% is validated in various markets. The market forecasts predict that wireless will be the "third pipe" to the Internet.

4. Mission

e-Path's mission is to provide its shareholders with financial returns and it's stakeholders with increased value by building and operating city-wide "next generation municipal wireless broadband networks" in partnership with local government by helping the municipalities it



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serves deliver fully mobile and affordable wireless broadband access to their citizens, businesses and visitors with benefits that include convenience, public safety, economic development and bridging the digital divide.

e-Path commits to the following values for our stakeholders:

- EXCELLENCE
We are committed to excellence and it is our intent to exceed our stakeholders' expectations and be the leader in our industry. We embrace innovation and creativity, seek different perspectives, and risk pursuing new opportunities.
- RESPECT
We treat each other with respect and dignity, valuing individual and cultural differences. We provide a safe work environment where employees are provided an opportunity for growth and advancement, compensated appropriately, and treated equally and fairly. We give individuals the authority to use their capabilities to the fullest to satisfy their customers.
- INTEGRITY
We are honest, ethical and professional in dealing with all stakeholders. Our personal conduct ensures relationships that are worthy of trust.
- TEAMWORK
We join together to work toward a common interest, directing individual accomplishments toward organizational objectives. We celebrate both individual and team contributions. We communicate frequently and with candor in a manner that encourages and values input from all of our stakeholders.
- EFFICIENCY
We strive to exceed the value expectation of our stakeholders. We control costs and are prudent with our resources.

e-Path's vision is to profitably provide market-leading, high value next generation municipal high speed wireless broadband Internet service, bundled managed VoIP and data services to residential, small business users at prices they can afford. e-Path's strategy is to eliminate capital investments required by municipalities to deploy such networks and the on-going costs required to manage and service them.

5. Strategy

Our strategy is to build wireless broadband networks in selected small to medium metropolitan municipalities and cluster them regionally. Typically, our approach is to negotiate with local governments to obtain rights to build networks. After our networks are constructed we intend to become a total communications provider by introducing new products and services to enhance our competitive position and generate additional revenue and profits. We plan to increase our customers within our markets by organic growth and replicate our approach in additional markets. To achieve our goal of profitably delivering fully mobile and affordable communications tools to residential and small businesses in our current and future markets, the Company has adopted a strategy with the following principal components:



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- Focus solely on municipal regional clusters in densely populated small metropolitan areas. We select markets on a regional basis. Our objective is to negotiate with municipalities for the rights required to build markets. We do participate and respond to RFP's but this is not our preferred method of market acquisition. Negotiated contracts are more likely to occur in second and third tier markets.

Our strategy to achieve a negotiated agreement works best in smaller regional markets. We therefore target several smaller markets in a region and form market clusters of a critical mass of approximately 200,000 households in a limited geographic area so that we achieve maximum density. Within our regions we also target larger markets, which we determine could select us after a smaller adjacent market is operational. We rank our targeted markets by density per square mile and size. We focus in Florida, New York, New Jersey and Connecticut.

The goals of our business plan is to build networks to pass approximately 2 Million households in 10 markets made up of regional clusters or stand alone markets. The typical markets we select have a geographic area of 30 square miles and have approximately 21,600 small businesses.

- Focus solely on residential and the small-business market in municipalities that we serve. We target residential accounts and small businesses, most of which do not have dedicated in house resources to address their communications requirements fully and place a high value on customer support. By focusing exclusively on residential and on small business customers, we believe we are able to differentiate ourselves from larger service providers and deliver superior service that residential and small business customers will value.
- Offer wireless broadband access via wireless broadband and/or WiMAX, and a comprehensive package of managed IP and mobile communications services. We seek to be the single-source provider of our customers' wireless broadband access, local and long distance voice services and data communications needs. We will introduce new products and services to enhance our competitive position and generate additional revenues and profits.
- Market high quality, differentiated products and services. We will focus significant resources on attracting and retaining subscribers by providing them with fast and reliable primary service offering, Wireless Broadband Internet Access and leveraging our network to bundle our core mobility wireless internet access with VoIP local and long distance telephone service, mobile IP and cellular products. We are focused on deploying products and services that enhance customers' experiences. We are devoted to delivering innovative products, services and applications that customers can use to enhance their Internet and communications experiences and believe customer adoption of these innovative products and services improves customer loyalty and reduces churn.
- Increase penetration of enhanced services to our customer base. We will seek to achieve higher revenue and margin per customer, increase customer productivity and satisfaction



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and reduce customer churn by providing enhanced services in addition to our wireless broadband Internet access service.

- Focus sales and marketing resources on achieving significant market penetration. Sales and marketing will be focused exclusively in only those markets that the Company builds and operates municipal wireless broadband access networks.
- Replicate our business model in new markets. Each time we expand into a new market, we will adhere to the same process for choosing, preparing, launching and operating in those markets. In launching in each new market, we will use the same disciplined financial and operational reporting system to enable us to closely monitor our costs, market penetration and provisioning of customers and maintain consistent standards across all of our markets.

6. Strengths

6.1. Lead-Entry into Explosive Industry Segments Fueling Growth Momentum.

e-Path plans to be the first company to build Wireless Broadband networks in selected markets. This Lead-Entry approach will position the company to gain access to "pent up" demand for fully mobile wireless broadband services in markets where the services, prior to e-Path's entry, were not available. This will accelerate and increase market penetration.

6.2. Ownership of All-IP Network

We are able to provide a wide range of enhanced communications services in a cost-efficient manner over a single network, in contrast to traditional communications providers, which may require separate, incremental networks or substantial network upgrades in order to support similar services. Our all-IP network architecture allows us to provide a comprehensive package of managed communications services including VoIP, with high network reliability bundled with wireless broadband access and a high quality of service.

6.3. No Cost of Access

We are a facilities based carrier. This provides us the ability to deliver products over a network infrastructure owned by the Company. We do not need to lease transport or dedicated circuits to provide connections between our customers and our network. Therefore, we have no cost of access for customer connectivity. We are not reliant upon third party communications providers, which eliminates costs associated with these connections. Control of the "last mile" assures that we can be cost effective and that our business will not be negatively affected by any access charge increases. Regulatory change that may result in the imposition of increased access charges or other costs would not adversely affect us as it would many of our competitors.



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6.4. Capital Efficiency

We believe that our business approach requires lower capital and operating expenditures to bring our markets to positive cash flow compared to communications carriers using legacy technologies, operating processes and dependence on another party's last mile connectivity.

6.5. Experienced Management Team

Our experienced management team is focused on operating excellence and the senior management team has substantial industry experience. Our top three executive officers have an average of over 20 years of experience in the communications industry and have worked at a broad range of communications companies, both at startups and mature businesses, including local telephone companies, long distance carriers, competitive carriers, and Internet and data providers.

6.6. Replicate Our Business Model In New Markets

Each time we expand into a new market, we will adhere to the same process for choosing, preparing, launching and operating in those markets. In launching our business in each new market, we will use the same disciplined financial and operational reporting system to enable us to closely monitor our costs, market penetration and provisioning of customers and maintain consistent standards across all of our markets.

7. Value Proposition

Have you ever heard the word "Millennials? If you haven't, you will. The largest Global IT companies know them well and predict "Millennials" are driving the next transformation in the Digital Information Age: "Ubiquitous Computing," simply termed "Mobility."

They realize in life, family, home and business time will converge. Their lifestyle requires Mobility. They need access to information when they want it not when they can get it. They like things to be simple yet comprehensive. Conveyance is a priority, and value is a must. They need fast and reliable information at work, home and play, and all the times in between.

"Mobility" has already started, and will reach market saturation in the next decade. Who are the Millennials? You should know them. It's us!

e-Path understands "Mobility". We build "Next Generation Municipal Wireless Broadband Networks." Our "Built for Mobility" networks give customers "Anytime - Anywhere" high speed access to information over the Internet. To insure reliability, our technology's cornerstone is a carrier-class all IP infrastructure. We simplify life by packaging VoIP local and long distance telephone service, IP Mobile and cellular with our high speed Internet offerings. We offer the conveyance of one stop shopping and a single bill sent electronically.

We developed fresh insights, new perspectives and better approaches to realize the benefits of Wireless Broadband by adding simple value and enhanced data application features designed to provide a "Mobility Connected" lifestyle. Our applications include a fax transfer to email, network configuration and Virtual Private Networking (VPN), which can provide a single



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telephone number for business, home and mobile connections. Our IP Mobile application provides unlimited free calling. Our calling features include calling card, conference calling, toll free service and voicemail integration. We include IP Addresses, domain service, web hosting and unlimited email accounts. We provide a managed firewall with the best security in the market giving automatic storage file backup and sharing. If your PC or PDA is lost your data is saved. We do this with a "Managed Services" business model which means we manage our customers IT and communications with access to a 24x7 live addressed help desk.

The genesis of our offerings, applications and technology is to provide Mobility to support the lifestyle of our residential and business customers. We're changing broadband from a limited wired experience to an "Anytime-Anywhere" personal experience for use at home, office or away. Leveraging innovative technologies with the power of Mobility will give our customers a truly wireless experience.

8. Customers

8.1. Residential and Small Business Customers

We are targeting residential consumers and entrepreneurial-class businesses, which have two segments: Very Small Businesses (VSB's) with 5-29 employees, and Small Businesses (SB) that have between 20 and 99 employees. The majority of our target customers currently do not have existing fully mobile wireless broadband services. They may purchase limited wireless broadband at "Hot Spots" or use low speed cellular wireless broadband. They purchase other communications services from the incumbent Local Exchange Company ("LEC"), Competitive Local Exchange Company ("CLEC"), Cable Television Company, Internet Service provider (ISP), cellular companies or a VoIP provider.

Some residential customers, and most VSB's and SB's have more than one provider for their communications services. In addition, they typically have additional company's provide enhanced data services for domain, email accounts, fax transfer to email, IP Addresses, Virtual Private Network ("VPN") configurations, web hosting, storage backup and file sharing and managed firewall services. Further, they may have a company manage their IT services.

The residential accounts, VSB's and SB's we target, in most cases, do not receive the focus and personalized attention that larger enterprises enjoy and often lag behind larger businesses in the adoption of productivity-enhancing and cost-effective service offerings. The small businesses we target typically lack affordable access to a T-1 broadband connection and typically do not have dedicated in house resources to manage their communications needs. A majority of our anticipated customer base will use 3 to 6 local voice lines.

While residential customers will comprise the largest percentage of our customer base, we anticipate that business customers which we target such as legal offices, physicians and architecture firms will each make up greater than 10% of our customer base, while other services-related segments such as retail, real estate, banking and accounting firms will



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average 7% to 10% of our customer base. Other sectors such as insurance, not-for-profits, consulting and software development firms will also purchase our services.

We believe that VSB's and SB's look for competitive pricing, focus on small-business solutions, dedicated customer care, a simplified, single bill, comprehensive offering and managed services. Our business bundled offerings facilitate this market segment by providing a "One Stop Shopping" experience for all communications needs.

8.2. Enterprise Customers

We define enterprise customers as businesses with over 100 employees. We do not directly target enterprise customers for our bundled packages. However, we do expect this market segment will purchase from our core fully mobile wireless broadband service. Typically, enterprise customers should purchase our Premium business 3 mg wireless broadband service for their employees. We also believe that this segment may purchase our dedicated access products to replace T-1 connections.

8.3. Government, Municipalities and Utility Customers

We target government, municipalities and utility companies. This segment within the cities we serve can improve efficiency and quality of government services with high speed fully mobile in-field data access for municipal police, fire, EMS, homeland security and routine business functions. Our network supports real time voice, data and video communications.

e-Path's wireless broadband networks help cities reduce operational costs by providing fully mobile and convenient widely available broadband connectivity for public-safety and other agencies within city government. Cities and towns deploy municipal wireless broadband for economic development and better, more efficient communication among public safety and other government agencies, and to offer more affordable Internet service to their residents. Our wireless broadband networks provide network and operating infrastructure to enable municipalities to improve their competitiveness; enabling new social and business opportunities, worker productivity, IT and related communications cost savings, while dramatically aiding public safety police, fire and emergency service. Municipalities can remotely manage applications such as traffic signal control, remote sign management, and digital utility meter readings. Our proven, reliable wireless broadband services enable municipal agencies to connect seamlessly and efficiently with its residents to help communities bridge the "Digital Divide."

Some applications available to government customers are:

- Response-critical data access to first responders, reduce crime and secure critical infrastructure
- Video surveillance of troubled areas
- Streaming video for mobile command centers
- Backup and contingency infrastructure for disaster response and recovery.
- Instant ad-hoc network setup for emergencies and events



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- Improvement in the experience for visitors, tourists and business travelers.
- Computer aided dispatch
- Improvement in the efficiency of government services, including enhanced interoperable public safety communications
- Vehicle to vehicle messaging
- Mug shot and Amber Alert transfer
- Real-time field reporting
- Online building blueprints and schematics for firefighters and emergency workers

We expect city departments will purchase competitively priced high-speed broadband wireless access to communicate with one another and to provide mobile connectivity to building inspectors, public works and utility workers, planning and zoning officials, public school teachers and students to enable the following:

- Mobile access to GIS data
- On-site access to building inspection and permit forms
- Automated water reading
- Wireless parking meters
- Intelligent transportation systems
- Online asset management and tracking
- Video surveillance of school playgrounds, parks and other common areas
- Electronic monitoring for children in after school and parks programs
- Field reporting and real time access to work orders and databases
- Mobile access to time and attendance systems
- Mobile classrooms and distance learning programs
- Digital Inclusion initiatives

8.4. Wholesale Customers

We market wholesale wireless broadband access to major communications companies. The offering is branded for resale. In our markets we expect to provide this offering to companies that provide other communications products, such as Verizon, ATT, Time Warner and Comcast. This is possible since we anticipate being the only wireless broadband provider in our markets.

8.5. Carrier Customers

We sell dedicated access transport services to communications carriers. This product replaces wireline T-1 circuits, which carriers use to connect to their customers.

8.6. Search Engine Customers

We sell access to our network to search engine companies. These companies purchase access to our internet customers and we share in the point and click, pop up, and advertising revenues relative to this segment.



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8.7. Business Advertising Customers

We market advertising to local businesses. This segment purchases local, regional and neighborhood advertisement space on our network. Our network design gives us the ability to offer advertising in neighborhoods, which is unique to our business.

9. Service Offerings

Our core product offering is a fully mobile Wireless Broadband (WBB) internet access service that we provide at two different speeds. Our basic service is delivered at 1.5Mbps and our premium service at 3.0 Mbps with synchronous uploads and downloads. We include "Best in Class" internet features and applications with both packages. In addition, we include a fully managed service enhanced data offering at no additional charge. The combination of a fully mobile wireless service, "Best in Class" internet services with an integrated fully managed enhanced data IT offering is unique to the marketplace. This package is the same for residential and our small business customers.

We bundle with the basic and premium packages two optional services; a local and long distance voice service delivered over our facility based internet network using VoIP protocol and an IP Mobile service which provides unlimited local on net calling delivered over our WIFI network and a cellular resale and branded service for off - net calling. Our residential offering includes 200 minutes per month that can be shared between VoIP and mobile calls and our business package includes 1,200 minutes per month. Our VoIP and IP Mobile service are feature and application rich providing "State of the Art" innovation.

We brand our offerings as Consumer Advantage Solutions and Business Advantage Solutions.

9.1. Advantage Solutions Consumer and Business Products

Our Advantage Solution Consumer and Business Wireless High Speed Broadband Fully Mobile Internet Access Products are offered as a "Basic Package" delivered at 1.0 Mbps and a "Premium Package" at 3 Mbps with synchronous uploads and downloads. Both offerings include our "Best in Class" Internet and Enhanced data applications and features.

9.2. "Best in Class" Internet Applications and Features

Watch Guard, Supervisory Lock and Address Monitor

Our "Watch Guard" software provides our customers with the ability to restrict access to selected web sites. It also controls time slots for access and provides IT managers and parents with logs of all sites visited and time spent at each site.



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User Security Control Center

This software provides a portal for Internet access control, which allows a password layer of security to access Internet and Extranet sites or libraries.

Fast Track Web Enhancer

This application provides a platform for search application acceleration.

Internet Call Waiting

This feature provides prompts to users if voice calls or emails are incoming and gives the user the capability to switch applications to accept the call or read the email in a separate window.

Email Virus Protection

Provides a premium feature to detect and remove incoming email viruses before they can damage hard drives or other applications.

Pop-Up Blocker

Pop-Up Blocker is software designed to block advertising pop-up windows from appearing. Our customers can allow or disallow the advertisement on a one time basis or permanently.

Spam Filter and Blocker

This software enables subscribers to eliminate junk email with a command to block all unrecognized email addresses.

Spyware Blocker

Spyware installs on a computer without the user's knowledge or permission and can corrupt the user's hard drive, track online activities, steals personal information or allows strangers to access a user's computer. Our software removes all common forms of spyware found on a user's computer and blocks new spyware before it installs.

Intruder Blocker

This application identifies and blocks potential intruders from accessing your computer.

Virus Blocker

This feature prevents the spread of a virus on your computer during operating and non-operating modes.



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Personal Home Page

We provide a custom home page for each user.

Dashboard

Our dashboard is an enhanced feature rich, simple to use toolbar.

Instant Messaging

This application provides portals to PDA's and other mobile devices.

Security Guard

This application monitors our applications to insure they are operational. If an application error is detected notification is provided to the user.

9.3. "Best in Class" Enhanced Data Applications

We provide our customer a "Managed Services" for enhanced data applications integrated with our basic and premium offering. Our enhanced data applications are feature rich "State of the Art" innovated offerings.

Domain Service

Our customers can have their email and Web domains hosted by e-Path, saving time and money and giving them the convenience of working with one company and getting a single bill for all their communication needs.

Storage Backup and File Sharing

Customers are protected and don't risk loss of critical information, insuring security and productivity by storing their critical data files electronically off premise. Files can be accessed anytime from any location.

Email

Our email is built for mobility with security as the number one design solution. We provide "Best in Class" features that make our email the email of choice for your business.

Fax to Email Transfer

We provide the ability to receive and send fax transmission on your PC.



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IP Addresses

Public IP addresses will meet our customer's needs to set up their network using our virtual forwarding configuration.

Managed Firewall

We build our customers network with security in mind and a managed firewall administration. It protects network components, stops unwanted Internet traffic, and restricts non - authorized applications.

Network Configuration

We provide assistance to our customers to design networks for both residential and small business applications.

VPN

Our Virtual Private Network connects multiple sites. We build secure networks for data and file sharing between home and/or offices and provide remote managed access.

Web Development and Hosting

We host web sites on our servers and can provide site development and management.

Help Desk

Help with software applications network configuration is provided.

9.4. Local and Long Distance VoIP Services Bundle

We market a Local and Long Distance VoIP vertical product to our existing customer base. We bundle this product with our "Advantage Solutions Consumer and Business Basic and Premium services. The residential offering is a flat rate service including 200 long distance minutes. The business service is a flat rate service including 1,600 minutes of long distance service. Our customers can keep their existing telephone number with our voice service.

Our VoIP service is connected to all service providers and includes fee based 411 directory assistance and 911 Emergency calling. We have several calling features competitive with Local Exchange Companies, Competitive Local Exchange Companies, Cable Television Companies and other VoIP providers.

We provide the following calling features with this product:



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Local VoIP Phone Service

We provide unlimited local calling to our customers. Our product includes Six (6) virtual lines with individual numbers and ring options.

Long Distance Phone Service

Our Long Distance plans are included in our bundled offerings. Customers can control their long distance calling costs by managing the minutes we allocate to each plan. Our allocations are designed on typical calling patterns and offer flat rate charges. Customers who use more than their allocated minutes will pay competitive overage rates. Our residential plan includes 200 free minutes and our business plan includes 1,600 minutes.

Toll Free Service

Our Toll-Free service gives our customers free calling to home or business locations. We provide one toll free number. The time used is taken from the plan minutes.

Voicemail

Our Voicemail manages incoming calls, provides notification when important calls come in and diverts unwanted calls. We also integrate several management tools for user specific applications. We provide unlimited voice mail accounts.

Calling Card

Our Calling Cards let customers make affordable long distance calls in the US and abroad. The time used is taken from the plan minutes.

Conference Calling

Conference calling service lets customers talk with employees, vendors and customers at the same time anytime and from anywhere. Our service provides a private circuit to use for conference calls so there is no need for reservations or scheduling time slots. The time used is taken from the plan minutes.

Call forwarding

Provides the ability to forward calls to another telephone line.

Call hunting

Provides the ability to receive multiple calls on a single telephone number.



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Call transfer

Gives the customer control to transfer calls to another number after call is answered.

Call waiting

Provides the ability to hold more than one call at a time.

Caller ID

Identifies the name and telephone number of the calling party. This also provides the ability to restrict calls from terminating on your line.

Single Number Termination

Gives customers the ability to receive business, residential and cellular calls on a single telephone number.

Three-way calling

Provides the customer the ability to have a three way conversation controlled by the handset.

9.5. IP Mobile Service Bundle

We bundle an IP Mobile Service with our core Wireless Broadband products. Our IP Mobile offers wVoIP voice, which provides our customers with the same calling features included with our fixed VoIP service. This includes, conference calling, calling card, voicemail, local and long distance calling.

Our package includes two dual mode cellular phones, which can be upgraded to a PDA or smart phone, typically a "Blackberry". One mode transmits and receives IP calls delivered over our WIFI/WiMAX network. These calls are provided on a flat rate basis and plan minutes are not charged for this use. This mode facilitates on-net calling. Our second mode is a typically cellular service, which we charge plan minutes for each call. This service is provided as a branded cellular resale offering.

We provide two cellular lines in this bundle and allow our customers to share minutes from their long distance allocations.



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9.6. Product Pricing

Product Plans	Consumer Basic	Consumer Premium	Business Basic	Business Premium
Plan A				
Wireless Broadband Internet Access				
Wireless High Speed Internet Access	1.0 Mg	3.0 Mg	1.0 Mg	3.0 Mg
Domain Services	Free	Free	Free	Free
Email	Free	Free	Free	Free
Fax Transfer to Email	Free	Free	Free	Free
IP Addresses	Free	Free	Free	Free
Virtual Private Network (VPN)	Free	Free	Free	Free
Web Hosting	Free	Free	Free	Free
Storage Backup & File Sharing	Free	Free	Free	Free
Managed Firewall	Free	Free	Free	Free
Help Desk	Free	Free	Free	Free
Network Configuration	Free	Free	Free	Free
Monthly Recurring	\$24.95	\$54.95	\$24.95	\$54.95
Non-Recurring Installation	\$24.95	\$54.95	\$24.95	\$54.95
Plan B VoIP Bundle				
Local VoIP Phone Service	8 lines	6 lines	6 lines	6 lines
Long Distance Phone Service	200	200	1600	1600
Calling Card	20 Minutes	20 Minutes	100	100
Conference Calling	Free	Free	Free	Free
Toll-Free Service	Free	Free	Free	Free
VoiceMail	Free	Free	Free	Free
T1				\$150.00
Monthly Recurring	\$30.00	\$30.00	\$300.00	\$450.00
Non-Recurring Installation	\$30.00	\$30.00	\$300.00	\$450.00
Plan C IP Mobile Bundle				
IP Mobile	Free	Free	Free	Free
Cellular	Share Minutes	Share Minutes	Share Minutes	Share Minutes
	Share Lines	Share Lines	Share Lines	Share Lines
	2 Dual Mode Phones	2 Dual Mode Phones	2 Dual Mode Phones	2 Dual Mode Phones
Monthly Recurring	\$95.00	\$95.00	\$95.00	\$95.00
Non-Recurring Installation	\$95.00	\$95.00	\$95.00	\$95.00
Plan A-B Total Bundled Revenue				
Total Bundled Revenue				
Monthly Recurring	\$54.95	\$84.95	\$324.95	\$504.95
Non-Recurring Installation	\$54.95	\$84.95	\$324.95	\$504.95
Plan A - B - C Total Bundled Revenue				
Total Bundled Revenue				
Monthly Recurring	\$149.95	\$179.95	\$419.95	\$599.95
Non-Recurring Installation	\$149.95	\$179.95	\$419.95	\$599.95

All Overage Minutes Billed at \$.06



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Premium Cellular Handset add \$300 to installation fee

9.7. Advertising Revenue

e-Path will generate advertising and other value-added services revenues by leveraging the value of its customer base and end user traffic through paid placements for searches, fees generated through revenue sharing arrangements with online partners whose products and services can be accessed through e-Path properties, commissions received from partners for the sale of partner services to e-Path subscribers, sale of advertising on our various online properties, and fees associated with services that are incremental to our wireless Internet access service, such as mail storage and security. The industry average for advertising revenue is between 5-7% of total revenue. Source: Forrester Research www.forrester.com

9.8. Carrier Access Transport Revenue

e-Path will generate revenue charging for terminating access minutes to competitors for using its "last-mile" network. Carrier pays us to terminate calls from its customers on our network. In addition, dedicated wireless point to point and point to multipoint circuits are leased monthly typically to carriers. Terminating access revenue is approximately \$.003 per minute and dedicated wireless point to point circuits are approximately \$80 per month recurring and \$80 installation charge. Point to Multipoint is priced at \$80.00 for first termination at \$60.00 for all other points of termination.

9.9. Municipal Revenue

We are targeting the municipal government in the cities we select to be an anchor tenant on our network. Prices for services are negotiated on a case by case basis.

9.10. Wholesale Revenue

Our carrier wholesale branded circuits typically sell for 50% off list prices. We also are mandated by some municipalities a "Digital Divide" wholesale rate for low-income families in certain geographic areas of our markets. This rate is typically \$9.95 per month.

9.11. Carrier Access Transport

e-Path will generate revenue charging egress minutes to competitors for using its "last-mile" network to terminate calls to its customers.



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10. Sales & Marketing

A significant percentage of our residential sales will have consumers signing up for our service themselves via the web. Wireless Broadband Internet Access services are purchased by our customers through the Internet. Most portable, notebook and laptop computers, smart phones and PDA devices are equipped with internal chips, which access our network electronically. We transmit a home page with our service plans, terms and pricing to these IT devices. Customers self direct the ordering process. They choose a service plan, accept the terms, pay by credit card and are furnished access to the network within minutes of their order.

We focus our marketing resources on our direct and indirect sales efforts and programs that support those efforts. We will launch focused marketing campaigns of targeted direct mail, print and online media but do not plan on committing our resources to traditional brand advertising.

Our direct sales representatives meet face-to-face with customers each day as part of a transaction-oriented but personalized and consultative selling process. We will adhere to the same sales and operating procedures in every market we enter. We will track the performance of our sales team by maintaining detailed activity measurements in each of our markets. We offer our customers a comprehensive communications solution that is simplified into three packages sold at fixed, predetermined prices. We will permit our sales people to sell only our offered packages and will not allow them to make discounted sales or alter the e-Path packages (other than to add enhanced services or in connection with company-wide promotions). We believe that value is the primary motivating factor for our customers. We believe that our commitment to offering integrated packages of services will help to simplify the entry of orders into our automated provisioning and installation process. Through our strategy of offering bundled services, we seek to become the single-source provider of our customers' broadband access, "wireline" and mobile communications services. We believe these factors will contribute to a very low customer churn rate.

e-Path intends to develop broad distribution channels within each market it serves. The Company will build a variety of distribution channels, which will rely on a consultative, solution based selling model.

10.1. Direct Sales

The cornerstone of our sales efforts will be our direct sales force in each of the markets we serve. We will require our sales personnel to maintain a regimented daily schedule of training, appointment setting, and face-to-face meetings with customers that we believe will result in a transaction-oriented, but personalized and consultative selling process. A substantial part of the compensation for our sales force will be based on commission. We will reinforce our clear expectations of success through a system of increasing quotas and advancement for those who succeed. We will



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promote from within and develop our own sales management talent from promising sales representatives, who have the opportunity to advance as we grow.

10.2. Municipal Partnership

e-Path senior management, with the aid of referral agents and political lobbyist, intends to secure Municipal rights to build and/or Franchise Agreements. We are looking to secure franchise agreements with densely populated municipalities with greater than 5,000 residents per square mile. We cluster small municipalities where necessary to form a typical e-Path market, which has approximately 200,000 households, is about 30 square miles, and has about 21,600 small to medium businesses.

10.3. Inside Sales

As part of our direct sales strategy, we plan on establishing an inside sales group in order to respond to web-based and telephone inquiries from customer prospects. In addition to telephone-based sales to these prospects, the inside sales group will evaluate and forward potential customer prospects to our direct sales representatives and sell additional applications to existing customers. Direct Sales Account Executives will focus on selling more complex business customer opportunities. Many of their leads will be created by the inside sales group. e-Path will utilize a variety of marketing methods to stimulate prospects to call its inside sales team. Online search marketing and direct mail are some examples of marketing tactics. The majority of the Company's data and home VoIP sales will be the result of prospect calls driven from these marketing techniques.

10.4. Channel Partners

We will supplement our direct sales force and our inside sales force with channel partners, who leverage their preexisting business relationships with the customer and act as sales agents for us. The channel partners include value-added resellers, local area network consultants and other IT and telecommunications consultants to small businesses. As compensation for their services, our channel partners will receive ongoing residual payments on their sales. These consultants are the trusted advisor for business communications and represent the IT department for many small businesses and will refer customers to e-Path. We will service its partner channel through a combination of inside and regional outside partner sales teams. Inside partner sales will be responsible for driving sales with new partner recruitment and existing partner account management. The regional outside partner sales group will have local Partner Managers to drive growth through face-to-face, consultative selling and account management of partners. The Company will focus its distribution efforts on Telecom Agents, VARs, System Integrators, and other similar service providers.

10.5. Referral Program

Throughout all e-Path marketing endeavors, the Company will implement viral marketing techniques to generate new customers through a combination of direct marketing and referrals from existing customers. A viral member-get-member



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campaign is an innovative and whimsical way to drive awareness of the product, encourage referrals and new customers. e-Path will allow customers to forward "served" html emails to their friends and family to help customers communicate the e-Path service. Included with the html emails will be offers and incentives for their friends, family and colleagues to also utilize e-Path services. When doing so, the new subscriber and referring e-Path customer will receive discount coupons for their next e-Path transactions. We will build a culture of referrals that benefits both our direct and indirect selling efforts.

10.6. Affinity Marketing

Our products gain traction through sales by third party Affinity Groups. The price point and consumer demand for our products can support affinity sales. We plan to establish a network of religious organizations, social groups, and professional organization to sell our product to their members.

10.7. Wholesale

e-Path provides wholesale services to carriers. We custom brand our Wireless Broadband Internet Access and sell either a 1 or 3 megabit product to carriers for resale to their customers. Carriers can also purchase dedicated wireless access circuits between their facilities and a customer location. Our wholesale dedicated access typically replaces T-1 circuits that are part of the Unbundled Network Elements (UNE) offered by Local Exchange Carriers (LEC). Our pricing model for this offering is significantly lower than Local Exchange Carriers tariff rates.

In addition, we may wholesale bulk services to Hotels, gated communities, existing apartments and condos, new apartments and condos and major developments who may brand and resell our services.

10.8. Original Equipment Manufacturers

e-Path will develop marketing arrangements with a number of leading hardware and software manufacturers to include its Internet access software pre-installed on or included with their products. Upon reaching critical mass in a particular region, we anticipate our hardware and software manufacturing partners to include among numerous others, Dell and HP.

10.9. Advertising

e-Path will market through telephone, Internet and print advertising such as direct mailings, e-mailing, targeted Internet advertising, online search marketing and local and regional print media. The Company's marketing efforts will be designed to generate qualified leads through its campaigns that target high concentrations of SMEs within the markets it serves. In addition, e-Path's marketing efforts will include seminars, trade shows, and co-marketing and co-branding with partners. The Company will engage in the following marketing programs to attract retail end user customers when time is appropriate. e-Path will use television and newspaper advertisements to trigger calls to its call center, and the highly predictive direct mail



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model will be integrated with television and newspaper to maximize the overall marketing plan effectiveness.

10.10. eCommerce

e-Path will leverage its online capabilities, including its website and its online care portal/platform to form the core of its online customer acquisition strategies. e-Path will use the Internet and its benefits to reach qualified prospects for e-Path's wireless broadband products and drive those prospects to the Company's web property or Call Center with a singular focus on acquiring customers. With direct emphasis on generating consumer sales/subscriptions of e-Path, the Company will explore the following online tactics:

- Search Engine Marketing on a cost per click basis
- Performance Marketing on a cost per sale basis
- Lead Generation on a cost per lead basis
- Co-registration and Online Promotions on a cost per registration basis, and
- Contextual Advertising on a cost per click basis

10.11. Public Relations Outreach

e-Path will ramp up media relations efforts in the municipalities it serves to ensure that e-Path is included in the media. There are dozens of business articles, trend pieces and other media mentions of this growing market every day. Inclusion in this coverage will not only raise awareness, but can drive sales, relationships with new partners and agents and much more. By combining news releases, contributed articles, white papers, newsletters and speaking engagements, e-Path can greatly enhance its image and brand awareness among key audiences. We will use elected officials to write op-ed's, visit editorial boards and create an on-going series of events for television and print to cover.

10.12. Seeding Program

e-Path will conduct an aggressive seeding program with the local municipalities by offering free "trial" services to carefully selected key influential people and/or organizations that represent and/or have significant influence towards the buying pattern of our targets.

10.13. Attending Community Events / Guerrilla Marketing

Whether as part of events or separate guerrilla marketing initiatives, viral techniques like "a free hour of wireless broadband Internet access" and "celebrity customers" create a lot of buzz for a little expense, and also drive subscriptions to and brand awareness of e-Path. Although the process can be time consuming, the rewards are tremendous and create powerful new business opportunities. In addition to opening a visible local office, we will be visible at local events and before local organizations and neighborhood groups. We will attend city-sponsored festivals throughout the year, with an attractive booth for fairs and events. e-Path personnel will be trained to sell subscriptions and pass out informational materials.



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11. Technology

11.1. Technology Overview wireless broadband, WiMax with VoIP Hybrid Strategy

We will deploy, as feasible and desirable, a fully converged wireless broadband /WiMax broadband mesh network in the locations we serve. Mesh-network topology extends the range of traditional LANs and WLANs. In a mesh-network topology, each node is connected and communication protocols are shared across the nodes. A wireless broadband mesh infrastructure is formed when a collection of 802.11a, b, or g-based nodes are interconnected by wireless 802.11 links. The 802.11a standard is most commonly used in AP-to-AP links because of its performance and non-channel overlap with 802.11b or 802.11g transmissions. Mesh networks automatically learn and maintain dynamic path configurations. Wireless devices in a mesh-network topology create a seamless path for data to one another over a license-exempt spectrum at 2.4 or 5 GHz, with speeds up to 54 Mbps. The ratification of 802.11s will standardize the wireless broadband mesh-network topology. The 802.11s standard is estimated to be ratified in 2007. Wireless broadband mesh-network topologies can be used as a last-mile solution but are better suited to blanket large areas with 802.11 access. Mesh networking is sometimes referred to as “multi-hop” networking. Mesh topologies provide a flexible architecture that can move data between nodes efficiently. Within the mesh network, small nodes act as simple routers. The nodes are installed throughout a large area. Each node then transmits a low power signal capable of reaching neighboring nodes, each of which in turn transmits the signal to the next node, with the process being repeated until the data arrives at its destination. An advantage of this topology is the ability for the deployment to navigate around a large obstacle, such as a mountain, which can otherwise block a subscriber from reaching a base station. In a mesh network, blocked subscribers can get to the base station indirectly by going through other nodes. Even a small amount of meshing can greatly improve a base station’s coverage if sufficient small nodes are in place. Mesh networks provide advantages over direct line-of-sight implementations because they can adapt to changes in network topology. Nodes can be readily added and removed, and their location changed. Benefits of the mesh-network topology include lower initial costs, balanced traffic, mobility and availability.

- Lower Initial Costs. Mesh networks provide lower costs to our customers because they already have a client (such as a laptop with embedded wireless broadband technology).
- Balanced Traffic. Mesh networks provide greater redundancy and can be used for traffic balancing. In dense networks, such as crowded offices or apartments, each device can have many neighbors creating multiple paths between two communicating devices. In the presence of localized interference, our multi-hop network can route data along an alternate path.

If only one node requires a large amount of bandwidth, then the network can

dynamically route traffic to other network nodes, avoiding the congested node. Mesh networks have advantages over the single-hop and directional last-mile alternatives, such as Robustness, Resiliency, and Spatial reuse.

- Robustness and Resiliency.** Mesh-network topologies (Figure 12) are more robust than single-hop networks because they are not dependent on the performance of a single node for operation. In a single-hop network, if the node goes down, so does the network. In mesh-network architecture, if the nearest node goes down or if localized interference occurs, the network continues to operate; data is simply routed along an alternate path. A good example of an application needing both robustness and resiliency is email, which is divided into data packets that are sent across the Internet via multiple routes then reassembled into a coherent message that arrives in the recipient's mailbox. Using multiple routes to deliver data increases the effective bandwidth of the network.

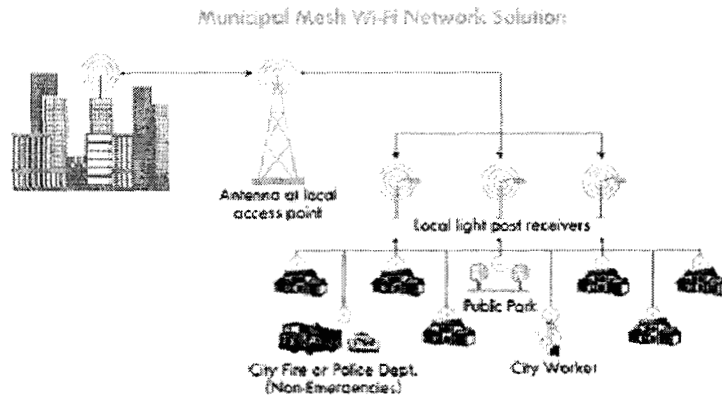


Figure 12: Mesh networking

- Spatial Reuse.** Mesh networks use available bandwidth efficiently. In a single-hop network, devices must share a node. If several devices attempt to access the network at once, a traffic jam occurs and the system slows. By contrast, in a mesh network, many devices can connect to the network at the same time through different nodes, without degrading system performance. The shorter transmission ranges in mesh network limit interference, allowing simultaneous, spatially separated data flows. WiMax is a worldwide certification addressing interoperability across IEEE 802.16 standards-based products. The IEEE 802.16 standard with specific revisions addresses two usage models: Fixed, and Portable.

- Fixed.** The IEEE 802.16-2004 standard (which revises and replaces IEEE 802.16a and 802.16REVd versions) is designed for fixed-access usage models. This standard may be referred to as "fixed wireless" because it uses a mounted antenna at the subscriber's site (Figure 13). The antenna is mounted to

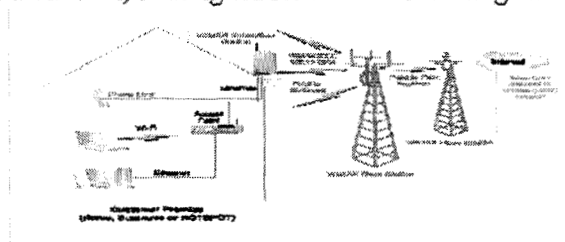


Figure 13: WiMax 802.16



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a roof or mast, similar to a satellite television dish. IEEE 802.16-2004 also addresses indoor installations. The 802.16-2004 standard is a wireless solution for fixed broadband Internet access that provides an interoperable, carrier-class solution for the last mile. The WiMAX solution for fixed access operates in the licensed 2.5-GHz, 3.5-GHz and license-exempt 5.8-GHz bands. This technology provides a wireless alternative to the cable modem, digital subscriber lines of any type (xDSL), transmit/exchange (Tx/Ex) circuits and optical carrier level (OC-x) circuits. It is our intent to deploy all of our wireless networks within the license exempt bands.

- Portable. The IEEE 802.16e standard is an amendment to the 802.162004 base specification and targets the mobile market by adding portability and the ability for mobile clients with IEEE 802.16e adapters to connect directly to the WiMAX network to the standard.

Our wireless broadband mesh network will drive demand for us to deploy WiMAX as a cost-effective backhaul solution and as a last-mile performance medium for our VoIP business customers. Whereas our wireless broadband mesh-network offers mobility, our WiMAX deployment offers a long-distance backhaul from our mesh coverage area to our central hub, (POP) and a last-mile solution at carrier grade performance levels to our customer's premises. Therefore we believe that our solution allows for us to immediately address the existing wireless broadband market while reducing our network cost utilizing WiMax and overlaying a robust product offering with carrier grade performance for a wireless last mile platform for our voice service (VoIP). Each deployment can be tailored to meet the network needs of its local market area and unique technical challenges.

11.2. VoIP Technology Platform

Voice over Wireless (VoFi) - the merging of VoIP and wireless broadband - promises higher voice quality and more reliable coverage indoors than traditional cellular service and is quickly gaining stature as a competitor to mobile broadband data (cellular data). WiMAX is a last mile wireless broadband access as an alternative to cable/DSL/T1. It provides fixed/fully mobile/mobile non-line-of-sight wireless broadband from our base station with a cell radius up to 6 miles point-to-multipoint and a non-line-of-sight throughput of 40 Mbps per channel for fixed and fully mobile access applications. The WiMAX standard is based on the DOCSIS (data over cable service interface specification) standard. As a WiMAX service provider, it is our intent to undercut competitors by offering a less expensive local loop alternative to telco T1/DS3 local loop charges. As such, our VoIP service partnered with our WiMAX platform is free of its dependence on the incumbent telco for UNE-P, UNE-L, installation delays, billing problems, etc.

In support of our VoIP services, we will deploy a softswitch. The softswitch is an (API) that is used to interface the traditional PSTN and our VoIP network. The softswitch will link the PSTN to our IP Network while managing traffic that contains a mixture of voice, fax, data and video. Our Softswitch is able to process the

signaling for all types of packet protocols. Therefore, it is a software-based switch platform, which is opposed to traditional hardware, based switching technology.

11.3. Softswitch-based architecture for IP Centrex

We install an Integrated Access Device on the customer premise and connect it to a broadband, wireless broadband link. Voice calls travel over a dedicated IP connection and never travel over the public Internet allowing e-Path to manage the Quality of Service to 99.999%. Our Integrated Access Device connects with our customer's existing phone and LAN systems to provide a complete package of high quality local, LD and high-speed Internet.

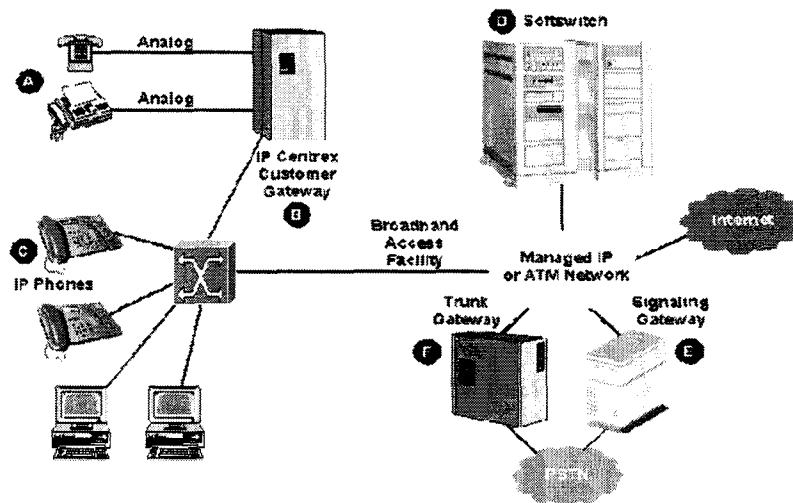


Figure 14: Softswitch architecture

- Ordinary analog telephone sets and fax machines may be served through a Customer Gateway. On behalf of the analog devices, the Customer Gateway performs voice digitization and packetization. It also converts analog signaling into IP telephony messages.
- The Customer Gateway has an Ethernet interface for connecting to the LAN. It also provides jacks to connect analog devices (telephones, fax machines) and/or ISDN telephone sets. The Customer Gateway sends IP telephony messages across the LAN, over the broadband access facility, and through the managed backbone network to the Softswitch. The Softswitch provides the customer gateway with the IP address of the other party. The Customer Gateway uses this information to send packetized voice streams directly to the destination. The destination may be another Customer Gateway or IP Phone on the same LAN, a Customer Gateway or IP Phone on a different LAN across the backbone network or the Trunk Gateway (for parties served by traditional lines on the PSTN).
- The IP Phone combines the customer gateway functionality and telephone set functionality into one device. The IP Phone has an Ethernet interface to the LAN.

The IP Phone sends IP telephony messages across the LAN, over the broadband access facility, and through the managed backbone network to the Softswitch. The Softswitch provides the IP Phone with the IP address of the other party. The IP Phone uses this information to send packetized voice streams directly to the destination. The destination may be another IP Phone or Customer Gateway on the same LAN, an IP Phone or Customer Gateway on a different LAN across the backbone network or the Trunk Gateway (for parties served by traditional lines on the PSTN).

- The Softswitch (Figure 14) provides the call control and service logic for the IP Centrex service. The Softswitch exchanges IP Telephone messages with Customer Gateways, IP Phones, Signaling Gateways, Trunk Gateways, and other Softswitches.
- When a call must pass between the backbone packet network and the PSTN (e.g., an IP Centrex customer calls a traditional analog customer), the Softswitch uses the Signaling Gateway to exchange SS7 messages with PSTN Class 4 and Class 5 switches through Signal Transfer Points.
- When a call must pass between the backbone packet network and the PSTN (e.g., an IP Centrex customer calls a traditional analog customer), the Softswitch directs the call to a Trunk Gateway. The Trunk Gateway packetizes/depacketizes the voice stream so that it can be transmitted over a DS1 trunk to PSTN Class 4 and Class 5 switches.

11.4. Mobile VoWiFi

In addition to our fixed wireless solution for VoIP customers, our hybrid wireless broadband and WiMax network will enable us to provide mobile phone services (Figure 15). Where VoIP consists of the hardware and software that enables people to use the Internet as the transmission medium for telephone calls, VoWiFi is the wireless version of this technology that is designed to work on wireless devices such as a laptop or PDA. e-Path's customers will take advantage of decreased communications cost while having a mobile system that offers reliable coverage indoors and outdoors while delivering high voice and data quality. In addition to wireless broadband ready devices, WiMax ready devices such as mobile phones are expected to become available at the consumer level beginning in 2007.

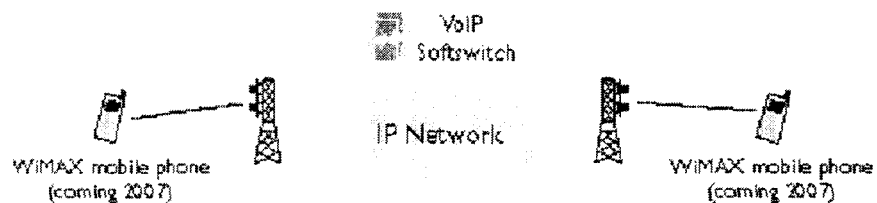


Figure 15: Mobile phones on WiMax:



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12. Operations

12.1. Network Operations Center

e-Path will provide technical support to end users as well as proactive network monitoring via our Network Operations Center (NOC). The NOC's physical location is designed to withstand extended power interruptions via back-up battery and generator power. The building location is strategically positioned to minimize the risk of downtime due to natural or man-made disasters.

The NOC is comprised of three separate but integrated support units: Customer Service, Technical Services, and Network Monitoring. The NOC is staffed 24x7x365 by qualified personnel in all aspects of support, inclusive of managerial staff. By having these three units closely aligned and in shared physical space, network outages are quickly identified and closely communicated between cross functional organization layers. Therefore, support to the end user is maximized and proactively managed.

Our broadband mesh networks consist of multiple WiMax nodes and hundreds or thousands of mesh routers that supply secure, ubiquitous 802.11 and coverage over metropolitan areas. Harnessing the power of these metro-scale networks requires specialized management systems inclusive of robust network monitoring and management features.

Our management systems will allow for network operators to perform a plethora of important functions, including over the air configuration and updates of mesh routers, whole network performance monitoring and statistical capture, including simple point-and-click graph creation, and user-defined functions such as MAC address filtering and rogue client blacklisting.

Our network control system will utilize the inherent intelligence of the mesh routers to allow very efficient network monitoring and management. Each backhaul node acts as a proxy for the wireless routers in its cluster, collecting all performance information for that part of the network. The combination of the remote monitoring capability with its very efficient operation makes our control systems architecture a valuable tool for our Network Operations Center (NOC).

12.2. Provisioning / Activation

Our control system is also designed as a powerful element manager, allowing network operators to perform a range of important functions, including over the air configuration and updates of routers and real-time link state and client connectivity monitoring. Our system is built from the ground up to deploy, provision, monitor and manage our networks.

Our system provides for our technical staff to configure any combination of routers added to the network by utilizing a simple process at both initial installation and in



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subsequent moves, adds and changes. It also allows routers to be provisioned over the air using a simple profile, highly customized profiles, or multiple profiles, and enables policy-based user management for access and security tailored to the applications running on the network and the kinds of users connected to it. It also supports allow/deny lists, MAC address filtering, and rogue client deny lists.

12.3. Billing

We plan to deploy the best billing and revenue management solution for the telecom industry, the Oracle Communications Billing and Revenue Management System, which is built on over a decade of innovation and experience. Oracle and Siebel have partnered to deliver a pre-integrated solution that reduces the initial costs and risks of deployment while enabling the rapid deployment of new services, pricing plans, and customer offers thus enabling a full 360-degree view of the customer. Our billing and revenue management system is designed for proven and reliable integration to the network which will enable us to comprehensively manage our entire subscriber base, providing a converged view of customers for all their services, balances, devices, and relationships. It also provides a scalable, carrier-grade architecture to meet the needs of our long-term growth and expanding operational environment. Highlights of our system are as follows:

- Offers pricing flexibility and time-to-market performance
- Supports convergent prepaid and postpaid services in a single subscriber account
- Connects new service partners securely, enabling profitable revenue share and settlements to be created
- Manages revenues in real-time
- Rates events, updates account balances, and posts financial information in real-time.
- Is pre-integrated with Siebel, SAP and Microsoft software
- Allows customers to share revenue with and pay or collect royalties from third-party partners
- Patented real-time billing technology supports diverse customer segments
- Allows processing of roaming calls and data interchange with other network operators
- Offers managements of carrier relations and wholesale operations
- Provides multi-currency financial management, payments and collections capabilities which support A/R, G/L, payment processing and payment terms, collections and dunning
- Provides real-time verification, reporting, analysis, and control of all events and actions which help maximize revenue and minimize loss associated with fraud and revenue leakage

Our customers will have complete web based access to their account statements; they will receive invoices via the internet and have the ability to pay their bill electronically, thus speeding the accounts receivable process while providing enhanced service features.



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12.4. 99.999% Reliability

e-Path's goal of service reliability is to deliver VoIP services at availability levels approaching those of PSTN, e.g., less than one minute downtime a year. Our WiMax and wireless broadband hybrid networks are designed with state of the art Carrier Class of Service. The IEEE 802.16 broadband wireless access system (BWA) offers advantages of fast deployment and cost-effective solution to the last-mile wireless connection problem in metropolitan areas. Our large-scale deployment of BWA systems supports Quality of Service (QoS) for real-time and high bandwidth applications. The recently adopted 802.11e specification for wireless broadband is expected to allow packets to gain priority by defining four traffic classes, each with its own queue. By default, these are voice, video, best effort and background. Therefore, our VoFi services will adopt the same QOS standards as our WiMax service offerings once they become available.

12.5. Local Number Portability / SS7 Clearinghouse

Local Number Portability (LNP) is a serving arrangement that provides end users with the ability to change local service providers and retain their telephone numbers while remaining at the same serving area. In order to implement LNP, e-Path deploys functionality that enables the network to identify a specific service provider for a dialed telephone number. The e-Path network determines the service provider of a telephone number by performing a query to the LNP database, a storage facility containing network routing information for ported telephone numbers.

We will interconnect with Verizon for regional or national Local Number Portability (LNP) database query service, giving us the advantage of using Verizon's existing LNP network infrastructure to obtain Location Routing Number (LRN) information to facilitate call routing. By using Verizon's network it will position us for faster speed-to-market, eliminates our need to negotiate access with multiple service providers, and allows us to preserve capital for growing our network.

As a Local Service Provider (LSP), e-Path will initiate LNP query service via SS7 interconnection. We will also purchase our SS-7 links from Verizon. Our switch launches a LNP query to the Verizon database via the SS7 interconnecting facilities. The Verizon network performs the query and returns the response containing the routing instructions for the dialed number to the originating point code. The LSP then routes the call based on the information included in the SS7 message returned from the Verizon LNP database. The source of the LNP information contained in the LNP database is a central database called the Number Portability Administration Center (NPAC).

12.6. Directory Assistance

We will connect to Verizon's platform via the nearest service switch to minimize transport costs for our Directory Assistance services. Verizon operators search the databases, which are updated daily, using a variety of parameters to give our customers the information requested. Verizon's operators are professionally trained to answer in 10 seconds or less and treat our customers courteously to help maintain their allegiance to our company. Verizon's redundant network is reliable to ensure



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that listings are available for our customers' convenience. Our company's name is announced when calls are answered to reinforce our brand.

12.7. E-911

The 911 emergency communication system allows anybody dialing 911 from a telephone to be connected to a Public Safety Answering Point. Every telephone service provider must input its end user telephone numbers and service addresses into the 911 database system.

e-Path will interconnect with Verizon to obtain E-911 services for our customers. The point of interconnection is at the Verizon E-911 Tandem. Within the Verizon E-911 Tandem central office, we will interconnect via a dedicated E-911 trunk port via dedicated interconnection transport facilities from our switch to the serving-appropriate Verizon E-911 Tandem switch.

13. Government Regulation

The regulatory environment relating to our business and operations is evolving. Significant areas of regulation for our business include general telecommunications industry regulation, broadband regulation, regulation of voice over internet protocol ("VoIP") and Internet taxation.

13.1. Federal Regulation

The FCC retains jurisdiction over all interstate services. The provision of telecommunications services is governed by the Telecommunications Act of 1934, as amended by the 1996 Telecommunications Act (the "Telecom Act"). In particular, Title II of the Telecom Act provides for regulation of all common carriers, including requirements that telecom carriers pay access charges and charges for the termination of local traffic on third-party networks, contribute to the Universal Service Fund, maintain certain record keeping requirements, provide access to their networks by law enforcement, maintains the confidentiality of certain customer information, and complies with other legacy regulations. The 1996 amendment to the Telecom Act incorporated new market opening provisions targeted at the local market. Specifically, it created a deregulatory framework by requiring incumbent local exchange carriers ("ILECs") to open their networks for use by competitive carriers on a forward-looking long-run incremental cost basis. These provisions require, among other things, that ILECs interconnect their networks with CLECs, offer certain unbundled network elements for use by CLECs, provide local number portability, offer telecommunications services on a total resale basis at rates below those offered at retail, and provide non-discriminatory access to poles, conduits and rights away. In addition, the FCC has exercised jurisdiction over "information services", formerly referred to as enhanced services, which include, among other things, broadband internet services, and arguably certain forms for VoIP services, albeit imposing significantly less regulation than for traditional telecom services. Based on the VoIP and broadband internet services we plan to provide, we believe we are able to avoid traditional Title II regulations, thereby reducing our overall operating costs and barriers to entry into our chosen markets. With that said, we may



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find it necessary or desirable to enter certain markets as a certificated Title II telecommunications carrier in order to avail ourselves of certain of the rights afforded competitive carriers under the Telecom Act. A discussion of the relevant regulations under both schemes is thus presented below.

13.2. Classification of Broadband Internet Access

In 2002, the FCC initiated a proceeding to examine whether it should classify incumbent local exchange carriers' provision of broadband Internet access services as information services subject to Title I of the Telecom Act, instead of telecommunications services subject to the common carrier obligations of Title II. In a recent case, *National Cable & Telecommunications Assoc. v. Brand X Internet Services*, the U.S. Supreme Court upheld an FCC decision to classify cable modem service as an information service exempt from common carrier regulation under Title II. In light of the *Brand X* decision, the FCC has applied the same regulatory treatment to incumbent local exchange carrier ("ILEC") broadband internet access services. Accordingly, in August 2005, the FCC voted to reclassify ILEC broadband Internet access services as Title I information services that are not subject to common carrier regulation. As a result of the FCC's decision, the ILECs no longer have to provide access on a stand-alone basis to certain broadband transmission inputs used to provide broadband internet access. We do not believe the FCC decision will have a material impact on our ability to provide our broadband services, as we will be doing so primarily through our proprietary wireless broadband technology rather than relying on ILEC wireline facilities. However, notwithstanding the FCC's decision, as more fully discussed in the TRRO section below, the ILECs' obligation to provide unbundled network elements ("UNEs") at cost-based forward looking rates for the provision of certain local retail service offerings, such as T-1 loops and EELs, are not impacted.

Additionally, on March 20, 2006, a Verizon Petition for Forbearance from Title II requirements for broadband transmission facilities used to serve large business customers was granted by default due to inaction by the FCC. Thus, Verizon has now been relieved of common carrier obligations for these broadband transmission facilities. Again, while the relief granted to Verizon does not have a direct impact on the availability of UNE facilities or on use of our wireless broadband technology, it will impact access rights to higher capacity transmission facilities in the future, the impact of which is currently unknown.

As a result of the FCC's decisions regarding the treatment of broadband internet access as an information service, most regulations that apply to traditional telephone companies and other common carriers will not apply to e-Path related to its wireless broadband Internet access services. In this regard, we will not be required to contribute a percentage of gross revenues from our Internet access services to Universal Service funds used to support local telephone service and advanced telecommunications services for schools, libraries and rural health care facilities, or otherwise be subject to access or other charges and regulatory taxes.



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In addition, the classification of Internet access services as “information services” generally precludes states from regulating ISPs as telecommunications carriers or imposing similar subsidy obligations. While some state commissions may continue to review potential regulation of these services, and their legal authority and ability to do so is unlikely, Internet-related regulatory policies are continuing to develop, and it is possible that the Company could be subject to regulation in the future.

Moreover, while our wireline competitors could be negatively affected by pricing and access changes to the last mile broadband access facilities currently provided by ILECS, CLECS and cable providers, e-Path will not be so impacted, as we will be bypassing in most instances such facilities through use of our propriety wireless broadband network, utilizing unlicensed spectrum for access/egress to our managed telephone products and services. The term “last mile” generally refers to the element of telecommunications networks that are directly connected to homes and businesses. e-Path’s wireless broadband networks provide a mobile, and thus competitive, alternative to DSL, Cable, and fiber-based high speed Internet services that could be affected by regulation, as well as ILEC provisioning obstacles. As such, regulatory decisions affecting last mile facilities is more likely to adversely affect our competitors ability to offer a competitive broadband strategy and could provide the Company with a significant competitive differentiator.

13.3. Voice (VoIP) and data services

e-Path’s voice and data services are subject to federal and state regulation. The FCC has jurisdiction over interstate telecommunications services and imposes regulations on carriers such as ILECs that have some degree of market power and are engaged in the provision of interstate services. The FCC imposes less regulation on carriers without market power, such as the Company, although in recent years regulation of traditionally dominant carriers, such as ILECs, has also been significantly relaxed.

Due to the growing acceptance and deployment of VoIP services, the FCC and state public utility commissions are conducting regulatory proceedings that could affect the regulatory duties and rights of companies such as e-Path that provide IP-based voice applications. At issue is whether VoIP services should be subject to regulation similar to traditional telecommunications services, including the imposition of access charges, inter-carrier compensation arrangements, contributions to Universal Services, and other taxes, fees and surcharges on VoIP services that use the PSTN, or otherwise treated similarly to the more lightly regulated information services, such as broadband internet access.

The implications of classifying VoIP as an information service include:

- VoIP remains exempt from access, USF and E911 charges, certain federal, state and local taxes, tariff filings and other record-keeping requirements, financial regulatory reporting, certain imposed pricing restrictions, and customer service and billing/invoice requirements;



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- VoIP service providers may enjoy significant cost advantages through avoidance of these regulatory surcharges as well as certain filings otherwise required of Title II providers;
- Increased competition for the ILECs as they experience pricing pressure from VoIP providers who will have greater control of their pricing due to more advantageous cost structure; and
- Customers benefit from greater choice of communication providers, and reduced operating costs as network efficiency savings can be passed on to end users as well as reinvested into new, innovative technologies.

Like a growing number of carriers, we plan on utilizing IP technology for the transmission of a portion of our network traffic. The regulatory status and treatment of IP-enabled services, however, remains unresolved. The FCC has determined that VoIP services and similar offerings by several providers, including Vonage, are subject to the FCC's interstate jurisdiction, preempting state efforts to regulate VoIP providers as intrastate telecommunications providers. Several state commissions have appealed this ruling. The FCC, however, has yet to finally determine whether VoIP providers provide basic telecommunications services pursuant to Title II of the Telecom Act, or enhanced information services pursuant to Title I. The regulatory difference is significant, as traditionally regulated telecommunications services under Title II are subject to a litany of various state and federal regulations, while most information services remain essentially free from such regulations. The FCC has initiated a rulemaking proceeding to address the classification of VoIP and other IP-enabled service offerings, but has yet to make any final determinations. At this time, it is not possible to predict the outcome of that proceeding or its affect on our operations.

On June 3, 2005, the FCC imposed 911 regulations on interconnected VoIP services requiring them within 120 days to enable all of their customers to reach emergency services by dialing 911. Interconnected VoIP providers were also required to deliver notices to their customers advising them of limitations in their 911 emergency services and to make certain compliance filings with the FCC. The term "interconnected VoIP services" remains somewhat ambiguous, but was defined by the FCC as any service that: (1) enables real-time, two-way voice communications; (2) requires a broadband connection from the user's location; (3) requires Internet protocol-compatible customer premises equipment; and (4) permits users generally to receive calls that originate on the public switched telephone network and to terminate calls to the public switched telephone network. The FCC relied upon its ancillary jurisdiction under Title I of the Telecom Act of 1934, as amended to impose the 911 regulations without classifying interconnected VoIP Services as telecommunications or information services. Currently, the FCC is considering whether to adopt additional 911 regulations, and Congress is considering whether to adopt VoIP 911 legislation, which could include statutory immunity for lawsuits relating to VoIP 911 services. It is not possible to predict if, when, or how the FCC's 911 rules will be amended or if Congress will adopt VoIP 911 legislation, or its affect on our operations. The services e-Path intends to provide, would on face value, fall within the FCC's definition for interconnection VoIP services, and as such we plan to



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comply, in good faith, with the FCC's orders requiring 911 functionality with respect to our own VoIP service offerings.

In addition, on September 23, 2005, the FCC took a significant step to apply CALEA, the Communications Assistance for Law Enforcement Act, obligations to new technologies and services that are increasingly used as substitutes for conventional services. Specifically, the FCC found that (1) all facilities based broadband Internet access service providers and (2) providers of interconnected VoIP services must meet the same CALEA requirements that apply to providers of traditional services currently subject to wiretap rules, including circuit-switched telephone voice service and dial-up Internet access. While the future scope of these, or any new regulations regarding the application of CALEA to VoIP service is uncertain, we currently plan to comply, in good faith, with the FCC's current regulations in this regard.

On April 21, 2004, the FCC released an order denying AT&T's request that the FCC find that certain of AT&T's VoIP transport services are exempt from switched access charges. The FCC held that an inter-exchange service that uses ordinary customer premises equipment that originates and terminates on the PSTN, that provides no enhanced functionality, and that undergoes no net protocol conversion, is a telecommunications service and subject to switched access charges pursuant to Title II of the Telecom Act. The AT&T order apparently places inter-exchange VoIP services similar to those offered by AT&T in the same regulatory category as traditional telecommunications services and, therefore, potentially subjects such VoIP services to access charges and other regulatory obligations including Universal Service fees. The FCC, in this ruling, however, clearly based its decision on the fact that AT&T's use of the VoIP technology was solely for transport, without any "net protocol conversion" or other enhancements, to transport traffic across the PSTN, which traffic originated and terminated on traditional phone equipment.

Like ISP services, which are unregulated information services, in part due to the fact that the data transmission undergoes some form of net protocol conversion, VoIP traffic, which undergoes similar enhancements apparently, remains free from the regulations imposed in the AT&T case. As the services offered by the Company are of the type that require specialized CPE and undergo some form of protocol conversion in order for customers to make and receive calls, we do not believe that we would be subject to the restrictions imposed in the AT&T order. The ultimate issue of whether access charges, and other Title II regulations, will apply to other forms of VoIP and other IP traffic that originates or terminates on the PSTN remains uncertain, however, and is potentially significant for us and other carriers.

Future regulatory requirements impacting VoIP services remain unclear and the FCC and Congress are continuing to consider whether to impose other obligations on VoIP providers. The FCC has already demonstrated its willingness to impose traditional common carrier regulation on VoIP service when it essentially mimics traditional telephone services. However, to the extent the FCC or Congress is willing to impose additional costs on VoIP providers remains uncertain. One of the more critical issues



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currently pending, in addition to the recent promulgation regarding 911 functionality and access by law enforcement, is whether VoIP providers should contribute to the cost of the FCC's Universal Service program. If the FCC or Congress were to impose such a requirement, it could have a negative affect on our, as well as our competitors, cost structure.

13.4. The Telecom Act's Local Competition Framework

While we believe that most of the services to be offered by the Company will be exempt from the heavy-handed regulation imposed by Title II of the Telecom Act, there may be situations where we find it necessary or desirable to voluntarily subject ourselves to such regulation and in some cases may be required to do so. This may be in the case where we desire to interconnect with a particular ILEC network or require certain pole attachments from a local utility (discussed in more detail below). The Telecom Act, while falling under the more onerous Title II obligations, also creates certain rights that we may wish to take advantage of to ensure the availability of cost-effective services. In this regard, we summarize below the current regulatory framework established by the Telecom Act's local competition provisions.

One of the key goals of the Telecom Act is to encourage competition in the provision of local telephone service. The following is a summary of the major interconnection and other requirements imposed by the Telecom Act:

- interconnection with the networks of incumbents and other carriers, which permits our customers to exchange traffic with customers connected to other networks;
- requirements that the ILECs make available access to UNEs, including local loops and transport at prices based upon their forward-looking economic costs, thereby enabling CLECs to serve customers not directly connected to our networks;
- compensation obligations, which mandate reciprocal payment arrangements for local traffic exchange between us and both incumbent and other competitive carriers and compensation for terminating local traffic originating on other carriers' networks;
- requirements concerning local number portability, which allows customers to change local carriers without changing telephone numbers, thereby removing a significant barrier for a potential customer to switch to other carriers' local voice services;
- access to assignment of telephone numbers, which enables CLECs to provide telephone numbers to new customers on the same basis as incumbent carriers;
- nondiscriminatory access to poles, conduits and rights-of-way;
- requirements that ILECs permit CLECs to purchase their services for resale to the public at a wholesale rate that is less than the rate charged by the ILECs to their retail customers; and
- collocation rights allowing CLECs to place telecommunications equipment in ILEC central offices, which enables us to have direct access to local loops and other network elements.



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A key advantage of the Telecom Act is the requirement that ILECs negotiate, in good faith, agreements with requesting CLECs to interconnect their networks, which agreements set forth terms governing interconnection, access to UNEs, resale, number portability, access to rights of way, and other material terms.

13.5. The FCC's Triennial Review And Remand Orders (TRO/TRRO)

In a series of orders and related court challenges that date back to 1996, the FCC has promulgated rules implementing the market-opening provisions of the Telecom Act, including the requirement that the ILECs lease UNEs to competitors at cost-based rates. At the core of the series of FCC orders is the FCC's evolving effort to define which ILEC network facilities must be made available as UNEs. Initially, the FCC defined a broad list of UNEs, consisting of most of the elements of the ILECs' networks. Under pressure from the ILECs, the FCC has subsequently reduced the list, while preserving access to several of those network elements. The current list of UNEs was promulgated by the FCC in two orders. The first is the Triennial Review Order, or TRO, which was released on August 21, 2003. Several carriers and other entities appealed the FCC's TRO decision, which appeals ultimately resulted in the FCC releasing the second of its two currently controlling orders, the TRRO, on February 4, 2005. As of March 11, 2005, the effective date of the TRRO, the ILECs are obligated to provide as UNEs in certain geographic areas as follows:

UNE Loops

DS0 loops. A DS0 loop is a single, voice-grade channel. Typically, individual business lines are DS0 loops. The ILECs must make DS0 loops available at UNE rates on an unlimited basis.

DS1 loops. A DS1 loop is a digital loop with a total speed of 1.544 megabytes per second, which is the equivalent of 24 DS0 circuits. Multiple voice lines and Internet access can be provided to a customer over a single DS1 loop. The ILECs must provide DS1 loops at UNE rates at the majority of their central offices. Competitors, however, are limited to no more than 10 DS1 loops to any particular building.

DS3 loops. A DS3 loop is a digital loop with a total speed of 44.736 megabytes per second, which is the equivalent of 28 DS1 circuits. ILECs must provide DS3 loops at UNE rates at the majority of their central offices. Competitors, however, are limited to no more than one DS3 loop at UNE rates to any particular building. ILECs are not required to provide optical capacity loops or dark fiber loops as UNEs. Optical capacity loops, referred to as OCn loops, are very high-capacity digital loops ranging in capacity from OC3 loops, which are the equivalent of three DS3s to OC192.

The ILECs are also not required to provide certain mass-market broadband loop facilities and functionality as UNEs. Under the TRO, the ILECs are not required to make newly-deployed fiber-to-the-premise, or FTTP loops available as UNEs and are only required to provide the equivalent of DS0 capacity on any FTTP loop built over an existing copper loop.



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As it is our intent to bypass the last mile loop facilities whenever possible through the use of our wireless broadband technology, these FCC orders should not have a material impact on our ability to provide broadband internet access or VoIP services in most markets. It is possible, however, that the ILECs will seek additional broadband regulatory relief in future proceedings, or that we may be required to avail ourselves of the rights granted under the Telecom Act in order to successfully provision our services in certain markets.

UNE Transport

DS1 transport. Whether transport is available as a UNE is determined on a route-by-route basis. ILECs must make transport at UNE rates available at DS1 capacity levels between any two ILEC central offices unless both central offices either (1) serve more than 38,000 business lines or (2) have four or more fiber-based co-locators. On routes where DS1 transport must be made available, each individual competitor is limited to no more than 10 DS1 transport circuits at UNE rates per route.

DS3 transport. Access to DS3 capacity-level transport is more limited than access to DS1 transport. ILECs must make transport at UNE rates available at DS3 capacity levels between any two ILEC central offices unless both central offices either (1) serve more than 24,000 business lines or (2) have three or more fiber-based co-locators. On routes where DS3 transport must be made available, each individual competitor is limited to no more than 12 DS1 transport circuits at UNE rates per route.

Dark fiber transport. Dark fiber transport is available under the same conditions as DS3 transport. ILECs are not required to provide access to UNE transport at greater-than DS3 capacity levels. ILECs are also not required to provide dark fiber transport at any capacity level to connect an ILEC central office with a competitor's facilities.

Again, we do not believe the requirements of the TRO and TRRO materially impact our ability to reach our customers. However, to the extent we are either required or elect Title II regulation as a telecom carrier in certain jurisdictions, these FCC orders give us the right to require the ILECs to interconnect with our network and provide us DS-1 and DS-3 loops and transport and cost-based forward looking rates. Having our wireless technology in addition to the TRO/TRRO requirements should give us additional flexibility, and hence, competitive advantage over many of our wireline-only competitors who do not have the wireless last-mile option and who could become capacity constrained under the FCC's rules.

Enhanced Extended Links (EELs). An EEL is essentially an extended loop, which combines unbundled interoffice transport with UNE loops. EELs currently must be made available by ILECs at cost-based forward looking rates, provided the requesting carrier certifies that the EEL is to be used for carrying local traffic. Whether we will find it necessary or desirable to utilize EELs will be based on our ability to successfully deploy our wireless broadband solution and provide services in each market without the need to become a certificated telecom carrier. The



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availability of EELs thus provides us yet another potential option for reaching our customers in certain markets.

13.6. State Regulation

In general, state regulatory commissions have regulatory jurisdiction when facilities and services are used to provide local and other intrastate services. Under the Telecom Act, state commissions continue to set the requirements for providers of local and intrastate services, including quality of services criteria. State regulatory commissions also can regulate the rates charged by CLECs for intrastate and local services and can set prices for interconnection by new telecommunications service providers with the ILEC networks, in accordance with guidelines established by the FCC. In addition, state regulatory commissions in many instances have authority under state law to adopt additional regulations governing local competition and consumer protection, as long as the state's actions are not inconsistent with federal law or regulation.

Most state regulatory commissions require companies that wish to provide intrastate common carrier services to register or be certified to provide these services. These certifications generally require a showing that the carrier has adequate financial, managerial and technical resources to offer the proposed services in a manner consistent with the public interest. As we are planning to offer services not regulated at the state or federal level, we believe in many cases that we will not be required to become certified by the state jurisdiction. However, there may be certain states where we are compelled, based on the services we plan to offer, to become so certified. In those cases, we will be subject to the full litany of state regulatory requirements, including the requirement to file tariffs, or price lists, setting forth the terms, conditions and prices for services that are classified as intrastate, and to update or amend our tariffs as rates change or new products are added. We may also be subject to various reporting and record-keeping requirements.

13.7. Municipal Franchises

Where we choose to deploy our own transmission facilities, we may be required, in some cities, to obtain street opening and construction permits, permission to use rights-of-way, zoning variances and other approvals from municipal authorities. We also may be required to obtain a franchise to place facilities in public rights-of-way. In some areas, we may be required to pay license or franchise fees for these approvals. We cannot provide assurances that fees will remain at current levels, or that our competitors will face the same expenses, although the Telecom Act requires that any fees charged by municipalities be reasonable and nondiscriminatory among telecommunications carriers.

13.8. Pole Attachments

The Telecom Act requires public utilities to provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. The Telecom Act also requires the FCC to regulate the rates, terms and conditions imposed by public utilities for use of utility poles and conduit space unless state authorities have certified to the FCC that they

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adequately regulate pole attachment rates. In the absence of state regulation, the FCC will regulate pole attachment rates, terms and conditions only in response to a formal complaint. The Telecom Act does not regulate municipally owned or cooperatively owned utilities. The FCC's original rate formula governs the maximum rate certain utilities may charge for attachments to their poles and conduit by cable operators providing cable services and other non-telecommunications services. The FCC also adopted a second rate formula that governs the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators; this newer telecommunications rate formula generally produces higher pole attachment rates.

The U.S. Supreme Court has upheld the FCC's jurisdiction to regulate the rates, terms and conditions of cable operators' pole attachments that are simultaneously used to provide high-speed Internet access and cable services, and a federal appellate court confirmed that the FCC's rate formulas, as applied in a specific case, provide "just compensation" under the Federal Constitution. Several other federal appellate court decisions have also upheld various aspects of the FCC's pole attachment regulations and policies.

Despite the regulatory framework that mandates CLEC and cable company access to poles, conduits, rights of way, e-Path's election to offer its services on an essentially non-regulated basis does not allow us to take advantage of these rules. As such, if e-Path continues to offer services without becoming a certificated Title II telecommunications carrier, we may be at a disadvantage in our negotiations with certain utilities and ILECs that own facilities necessary for us to provide our wireless broadband last mile services, and possibly could be required to become certificated in certain jurisdictions in order to obtain access to necessary facilities at reasonable rates. In addition, each municipality retains the option to impose additional requirements for approval of pole attachment arrangements, or use of municipal rights of way, including the possible added oversight of the state commission, as in the case of New Jersey, one of the first states in which we are planning our deployment.

13.9. Future Changes

The foregoing does not purport to describe all present and proposed federal, state and local regulations and legislation affecting the telecommunications industry. Other existing federal regulations are currently the subject of judicial proceedings, legislative hearings and administrative proposals that could change, in varying degrees, the manner in which communications companies operate in the United States. The Regional Bell Operating Companies ("RBOCs") have periodically introduced federal and state legislation to relieve them from some or all of their obligations to provide us with access to their networks. While we believe our strategy to offer services by avoiding legacy Title II regulations provides us some level of insulation from these potential regulatory changes, it would not be unreasonable to expect that the RBOCs will seek additional state and federal legislation that, if enacted into law, could nonetheless adversely affect our business.



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14. Customer Support/Fulfillment

A service desk that acts proactively is critical to any business with e-services because every disruption to e-commerce is immediately visible to the customer. These disruptions can result in a tremendous loss of revenue and customers to competitors. e-Path will adopt the Service Oriented Architecture (SOA) approach as our customer support and Fulfillment OSS standards.

SOA is an architectural style that has been embraced by enterprise IT architects because it simplified the structure and management of existing IT systems and data management through integration and interconnection and software and component reuse, while supporting the creation of new custom applications on an ongoing basis. SOA has become practical more recently because of universally accepted industry standards, such as XML, and the maturation of a range of enabling technologies, such as AJAX. SOA is an enabler for our business to launch a process-oriented approach to business management, as well as a way to move away to prevent traditional reliance on territorial structures and siloed roles, responsibilities and applications.

One possible vendor solution under consideration for our OSS platform is HP OpenView Service Desk 5.0; it is a comprehensive, scalable IT service desk solution based on a unified configuration management foundation. Using the HP OpenView Service Desk solution, our IT organization can easily streamline IT service processes as well as manage the IT service life cycle through comprehensive service level management capabilities. Built on ITIL principles and leveraging industry best practices, Service Desk will enable us to manage IT services and provide effective controls for our critical service support and service delivery processes.

The solution has standards-based open interfaces and adapters that we can use to integrate to other solutions. The HP OSS has powerful functionality, an intuitive user interface and drag-and-drop customization. Additional features are as follows:

- Integrated IT Service Desk solution built on an unified and open Configuration Management Database (CMDB)
- Based on the ITIL and HP ITSM best practices
- CMDB graphical viewer, offering an amazing flexibility in browsing and searching the CMDB
- Complete Help Desk Management solution handles end user calls as well as automated alerts and events from infrastructure management solutions
- Comprehensive Change Management solution to control IT infrastructure change and improve service availability
- Management of the whole life cycle of SLAs and OLAs, enabling enterprises and service providers to successfully manage service levels from a customer experience perspective and run IT like a business
- Help Desk, Change and Service Level smart reports
- New Java GUI, with Webstart-enabled easy deployment



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15. Culture & Employees

e-Path employees are hard working and loyal representing a spectrum as large and diverse as the markets that e-Path serves. Every e-Path employee has one thing in common-a total commitment to customer satisfaction. It's an important part of the e-Path culture, involving every action we take, and every decision we make. We look for people who understand the value and importance of extraordinary customer service, and who practice it in their daily business life. This gives rise to a positive, ethical, employee-oriented working environment, encouraging excellent productivity and reduces costly attrition.

We are passionate about the success of our customers, our shareholders and our employees. We foster a working environment that rewards enthusiasm, teamwork, and individual initiative. Our brand represents compelling value for the municipalities we serve and for our customers and inspires pride in our employees. We make it exceptionally easy for our customers to do business with us. Our infrastructure and business processes provide a sustained competitive advantage. Our team of diverse, highly talented individuals is aligned in the relentless pursuit of our common goal.

e-Path is committed to upholding the following values as we pursue our mission and vision:

- **Integrity**- We conduct ourselves at all times in an ethical and professional manner. We embrace honesty, truthfulness and trust and treat our customers, suppliers, colleagues and others with the utmost of respect and dignity. We deliver what we promise in both our business and personal relationships.
- **Teamwork**- We recognize the value of teamwork and assume accountability. We listen to and respect the opinions of others and encourage open dialogue. Together we create an enthusiastic and synergistic environment where team members are respected for their individual contributions, yet it is understood that success is best achieved in working together. We display teamwork and protect, in all decisions made, the reputation and financial interests of the Company.
- **Excellence**- We are leaders in our field with the intent to always exceed customer expectations and by engaging in fair and honest business practices. We are responsive to the needs of our customers and take a proactive and innovative approach to resolving problems. We believe that the customers we seek to serve must be able to benefit from our unique level of service. We are customer driven and are Serious about Service.
- **Adaptability**- Success in rapidly changing markets requires that we continuously learn and grow as individuals and as an organization. We therefore embrace change, welcome opportunity and strive for continuous improvement on a personal and corporate level.
- **Innovation**- We value people who are capable of extending themselves significantly beyond what they and the company are today – people who can generate and implement new ideas, possibilities and innovative solutions. We demonstrate creativity and flexibility in pursuit of corporate excellence.
- **Agility**- We move quickly, embracing change and seizing new opportunities.

We exhibit positive attitude and are enthusiastic. Enthusiasm brings results- and that's what pays salaries, commissions, and bonuses. We operate as corporate entrepreneurs - with



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creativity, flexibility and spontaneous ideas, and believe that the past is only important if it propels us into significant future achievements!

- We will grow through satisfying customer needs with our performance and by offering bundled telephone products and services that are profitable for us and beneficial for our customers.
- We will expand our customer base strategically through tactical marketing and acquisition, targeting the demographic that will give us the biggest return on investment.
- We will provide increasingly higher quality service to meet our customers' needs and expectations. We will strive to make every contact with a customer a positive one.
- We will improve financial strength and profitability exceeding our investors' expectations.
- We will empower and recognize each employee's contribution, setting clear expectations and establishing a performance based culture
- We will respect individuals and their role on the team- whether they are customers, partners, suppliers or employees.
- Our employees will experience opportunities for personal growth and satisfaction.
- We prefer, to the extent possible, to develop employees so that promotion and other opportunities can be filled from within the firm. We need therefore, to build and maintain an environment in which development occurs and innovation and initiative are encouraged.
- We will demonstrate commitment and diligence in performing our objectives.

16. Management

e-Path's Executive Management Team is comprised of successful and determined leaders with extensive telecommunications and Internet experience. Our executives lead by example, and their influence is key to forging a dynamic employee community that generates outstanding business results. The e-Path management team successfully built and operated a very similar business in the early 90's. At FiberNet, Inc. and FiberNet USA, Inc. the e-Path management team built fiber optic Metropolitan Area Networks in Buffalo, Rochester, and Albany that were sold to MFS/MCI, and in Cincinnati, St. Louis, Huntsville and Raleigh Durham that were sold to Intermedia Communications, by way of acquisition all now are part of Verizon Communications. In addition, FiberNet Telecom Group, Inc., (NASDAQ FTGX) an integrated leader in complex telecommunication interconnection, was founded by members of our management team. They also coordinated its Initial Public offering (IPO). Working together since 1989 in various successful start-up telecommunications ventures the e-Path management team is at it again, this time building similar Metropolitan Area Networks based upon next generation wireless broadband and WiMAX technology.

Joseph A. Tortoretti- President & Chief Executive Officer. Mr. Tortoretti was a founding principal, President and CEO of New Horizons Computer Learning Centers Gulf Coast Florida, the leader in IT training in Tampa Florida as published by the Tampa Bay Business Journal. Before joining New Horizons, Mr. Tortoretti was the founder, President and CEO, and a Director of FiberNet, Inc., FiberNet USA, Inc., and FiberNet Telecom Group, Inc., (NASDAQ: FTGX) a metropolitan area network provider and a leader in complex interconnection services, named as a Deloitte Technology Fast 50 company. Prior to his retirement in 1999, under his direction the company's market cap grew to over \$500 Million.



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He successfully implemented its Initial Public Offering, and negotiated various private placements and institutional debt and equity financing with ATT, Northern Telecom, Comdisco, Tomen America Corporation and Gerard Klauer Mattison and Company, Inc. He directed the carve-out of the Rochester, Buffalo, Albany, Raleigh Durham, Cincinnati and St. Louis networks and the subsequent acquisitions of FiberNet, Inc., and FiberNet USA, Inc., by MFS Communications, Inc., and Intermedia Communications, Inc., now a part of Verizon. Mr. Tortoretti directed the development of FiberNet's initial network in Rochester, New York partnering with Time Warner. This was one of the nation's first initiatives by a competitive local exchange carrier (CLEC) to introduce competition in a second tier local telephone monopoly. Many principles in the business plan became part of the landmark national Telecommunications Reform Act of 1996. The business and technology model was the nation's first in partnership with a cable television company, offering competitive local exchange services. This served as Time Warner's model for national deployment to offer competitive telecommunications services. Prior to FiberNet, Mr. Tortoretti held various management positions at Rochester Telephone Corporation and RCI, now a part of Frontier Communications and Citizens Utilities, Inc. Mr. Tortoretti has over 35 years experience in telecommunications and is recognized as an expert in competitive telecommunications ventures. Mr. Tortoretti received his bachelor's degree with honors in Finance from Rochester Institute of Technology. He attended the William E. Simon Graduate School of Business at the University of Rochester. Mr. Tortoretti has served as a lecturer at the John H. Sykes College of Business at the University of Tampa.

David B. Hurwitz- President Business Development. Mr. Hurwitz has more than 21 years experience in the competitive telecommunications industry, encompassing business development, general management, strategic sales and marketing initiatives, and M&A. During the three-and-a-half years prior to joining e-Path, David served as the COO at Yak Communications and President of Yak's VoIP initiatives. Prior to joining Yak, David co-founded an integrated communications provider focused on Internet-based private label systems and distribution of traditional voice, data and Internet services, Intandem Communications that was acquired by Cognigen Networks, Inc. Prior to co-founding Intandem, David served as President and CEO of Capsule Communications, Inc., a \$54MM publicly traded local and long distance carrier that was acquired by Covista Communications, formerly TotalTel. From 1995 to 1996, David served as EVP of Sales and Marketing of Commonwealth Long Distance and for RCN Corporation, when it acquired CLD. Before the position with Commonwealth, David served as EVP and COO of Internet Communications Services, Inc. and as General Manager of FiberNet, Inc. from 1992 to 1999, an affiliated entrepreneurial start-ups. From 1985 to 1992 David held sales and sales management positions with RCI Long Distance, a subsidiary of Rochester Telephone, which became Frontier Corporation and then Global Crossing. David has a BA from Hobart College. During his career, David has served on the Board of Directors for several communications companies and currently sits on the Board of Directors of The Hills of Northampton Home Owners Association, Transcard International, LLC., and the Council Rock Lacrosse Association.

Michael E. Martin- Chief Operations Officer. Mr. Martin is President of M.E. Martin Enterprises, Inc., a telecommunication management company founded in 1993 where he provides strategic management direction to various telecommunication organizations. Prior



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to establishing his own firm, Mr. Martin was VP of Engineering & Operations for Network Telephone Corporation (NTC), VP of Engineering USLEC (CLEC, NASDAQ), VP Engineering for FiberNet Telecom Group (FTGX, NASDAQ), and VP Operations & Customer Services for Call-Net Enterprises Inc. (TSX: FON, FON.B), where he was instrumental in establishing a competitive (non-monopoly) telecommunications environment in Canada. In addition, Mr. Martin has held various director and management level positions in engineering and operations with ACC Long Distance (ACCC, NASDAQ), and Rochester Telephone Company (Frontier) now Citizens Utilities (NYSE, CZN). Mr. Martin is also co-founder of Inter-Access, Inc., one of the first ISP's in operation in the United States. Mr. Martin's career in telecom spans 25 years rooted in hands-on technical positions as Switch Technician, Microwave Radio Technician, Fiber Optic's Engineer, and Private Line Installer. Mr. Martin spent six years in the United States Army as a NCO Squad Leader in a combat ready infantry unit. Mr. Martin has an A.S. Degree in Electronics Engineering from Berkshire College as well as countless industry certifications.

Bobby Ceklic- Vice President of Sales and Marketing. Mr. Ceklic brings extensive experience in the areas of account development, major account management, direct sales, strategic planning and competitive analysis. Mr. Ceklic has more than 10 years of IT sales and consulting experience in large market areas implementing successful and profitable sales programs with start-ups to leading industry companies. Mr. Ceklic was responsible for leading and overseeing Wireless deployment projects at GSA, Glaxo Smith Kline, Suny Maritime museum, Ft. Myers Police Department, City of Largo, Halifax Health Systems. He is an Industry Certified MCP, CCNA, Security+, Cisco Wireless SE, Cisco Wireless LAN, Certified Wireless Network Administrator, McAfee, WatchGuard, and other leading Industry Certifications.

17. Market Research

17.1. Competitive Environment

The communications industry is highly competitive. A number of factors over the past eight years have increased the number of competitors in the market:

- The Telecommunications Act of 1996 created opportunities for emerging providers to enter the marketplace
- The capital markets responded by making funding more available to new and existing competitors
- Enthusiasm over the early evolution of the Internet led the capital markets to overestimate the rate at which demand for communications services would grow
- Emergence of new IP-based services has created prospects for new entrants with non-traditional business models to compete with incumbent communications service providers

The Company's primary competitors for its service offerings include,

- Incumbent local exchange providers such as Verizon, SBC, Bell South and Qwest
- Competitive local exchange providers



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- Long distance providers such as AT&T, MCI and Sprint
- Cable operators
- VoIP upstarts such as Vonage, Covad, Packet 8, and other VoIP resellers.

Despite incumbent telecommunications operators investing significant capital to upgrade their networks, such providers will continue to face intensive competitive pressures. As wireless WiFi and VoIP gains traction, ILECs and long distance providers face the possibility of losing considerable market share and a significant portion of their switched voice revenues, which currently constitute up to 50% of their telecommunications revenue.

- Internet Access Services- While we operate in the Internet services market, which is extremely competitive and is likely to continue increasing, it is our intent to be the only wireless WiFi Internet access provider in many of the markets we build and operate municipal WiFi networks. We expect the benefits of mobility when combined with the managed telephony products we overlay to provide the Company with a competitive differentiator. While competition generally tends to negatively impact the pricing of services and the costs to acquire new subscribers, we believe that our bundled service offerings will allow the Company to maintain high margins with low customer churn.
- VoIP Services- While the market for VoIP services is emerging as intensely competitive and generally offered by traditional telecommunications carriers and cable providers, we believe our bundled residential VoIP offering with wireless broadband service and managed bundled business solutions will provide a competitive edge. Competitors for our VoIP services include established telecommunications and cable companies: Internet access companies including AOL, MSN and Skype, leading Internet companies including Yahoo!, eBay and Google, and companies that offer VoIP-based services as their primary business, such as Vonage. e-Path's bundle of wireless WiFi Internet access services bundled with managed VoIP services is a competitive differentiator.
- Other Services- e-Path will compete for advertising revenues with major ISPs, content providers, large web publishers, web search engine and portal companies that facilitate Internet advertising. Competition in the market for advertising services may impact the rate we are able to charge.
- Voice Services- e-Path's primary competitors are the traditional local phone companies. We assume that the majority of our target customers at the time of activation will be using a traditional local telephone company for local telephone service prior to signing with us, with the remainder using a competitive local telephone company. Many of our customers will have used multiple vendors for local and long distance voice services and broadband Internet access and will enjoy the convenience of the sole-sourced service with the mobility that e-Path will sell. In addition to the local telephone companies, we will compete with other competitive carriers in each of our markets. However, we do not anticipate any of these competitors to be in a position to offer WiFi service. These competitive carriers include XO Communications, Inc., NuVox



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Communications, USLEC Corp., McLeod USA, Inc., Eschelon Telecom, Inc., and ITC^Deltacom, Inc., among many others. While we believe that in the future many of our communications competitors will adopt the use of VoIP technology similar to ours, we believe strongly that our next generation WiFi advantage will remain a virtual monopoly in the markets we deploy. Furthermore, there are other providers using VoIP technology, such as Vonage Holdings Corp., Skype Technologies SA, Deltathree, Inc. and 8x8, Inc., which offer service using the public Internet to access their customers, again, not wireless WiFi. We do not currently view these companies as our direct competitors because they will be unable to serve the markets in a wireless fashion like e-Path.. Certain cable television companies, such as Cox Communications, Inc., Comcast Cable Communications, Inc., TimeWarner Cable, Inc. and Cablevision Systems Corp., have deployed VoIP primarily to address consumers and to compete better against local telephone companies for residential customers, although each of these companies does offer packaged managed services to small business customers. Certain other VoIP-based companies, such as Net2Phone, Inc. and iBasis, Inc. have built business models based on wholesale VoIP services to companies that do not wish to develop or operate completely their own VoIP services. We do not view Net2Phone and other VoIP wholesalers as competitors, given their consumer focus.

We expect that, in the future, other companies may be formed to take advantage of our VoIP-based business model. Existing companies may also expand their focus in the future to target small business customers. In addition, certain utility companies have begun experimenting with delivering voice and high speed data services over power lines.

Managed Services Provider- e-Path will broadly compete with companies that could provide both voice and enhanced services to small businesses in our markets. As a provider of voice services, our primary competitors are the traditional local phone companies, competitive local exchange carriers, cable television carriers and System Integrators who again do not offer wireless WiFi Internet access.

17.2. Competition

The following information was collected from the competitor’s websites and it contains their published pricing and any additional services they may provide as part of a “bundle” offering. Information collected is used to assist e-Path’s management team as part of market intelligence to better position its products, services and to aid in e-Path’s overall strategy and long-term planning.

Service	Provider	Monthly Fee	Start-up Cost	Max Download Speed	Max Upload Speed
	Verizon	\$37.95	\$39.95	3.0 Mbps	128 kbps-384kbps
	Covad	\$39.95	\$99.00	1.5 Mbps	128 kbps
	Speakeasy	\$39.95	\$99	728 kbps	128 kbps
ADSL	Earthlink	\$44.95	varies	3.0 Mbps	128 kbps - 384 kbps



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	ATT/SEC	\$49.95	\$39-\$349	1.5 Mbps	128 Kbps
	Atlantatech	\$59.00	varies	1.5 Mbps	128 Kbps
	Bell South	\$45.95	\$0-\$115	1.5 Mbps	256 Kbps
	Bell South DSL lite	\$34.95	\$0-\$115	256 Kbps	128 Kbps
			\$39.90-		
Cable Modem	Comcast	\$42.95	\$149.90	4.0 Mbps	384 Kbps
	RoadRunner	\$44.95	varies	5.0 Mbps	384 Kbps
	Charter	\$42.95	\$74.00	3.0 Mbps	256 Kbps
	Earthlink	\$45.95	varies	4.0 Mbps	384 Kbps
	Cox	\$49.00	varies	4.0 Mbps	512 Kbps
	TW	\$41.95	varies	5.0 Mbps	384 Kbps
	Adelphia	\$43.95	varies	4.0 Mbps	384 Kbps
Satellite	Direc Way	\$59.99	\$600.00	500 Kbps	50 kbps
	WildBlue	\$69.95	\$478.95	1.0 Mbps	200 kbps

Figure 16: Prices based on customer subscribing to additional services

Note: Cable line speeds can vary due to bandwidth sharing. Speeds are max without sharing. Prices are based on customer subscribing to additional services such as cable TV or phone service (as shown in Figure 16).

The New York Times reports that Hughes, Starband, and WildBlue have over 390,000 consumers subscribing between them by year's end (240K, 30K, 150K, respectively); WildBlue is adding 15,000 home users and HughesNet 8,000 each month. Installation costs can run \$500, with monthly service at \$50 to \$130 per month. The installation costs can be reduced through long-term commitments. Satellite broadband reaches 463,000 households and businesses in all, but will double by 2010.

Figure 8: Broadband Adoption by Area

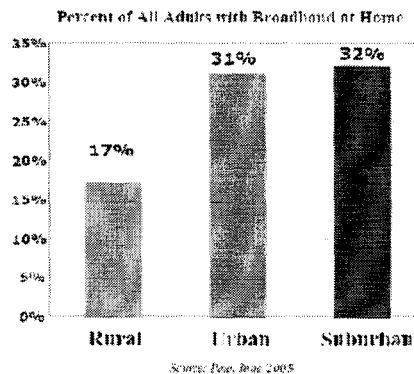


Figure 17: Broadband adoption by Area

Not Every ZIP Code Has Full Broadband Coverage. The decisive gap between rural and urban America is masked in the FCC's conclusions about broadband penetration. In the FCC data, a ZIP code is "covered" by broadband if it contains at least one broadband subscriber. That



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means if broadband is available for only a small percentage of households in the ZIP code, it still counts. It also counts if the only service available is a very costly and very slow satellite connection. So long as one person has purchased a connection, the ZIP code meets the single subscriber test. As illustrated in Figure 17, Broadband adoption by area, over 30 % of adults have broadband access at home. Study by FCC (Figure 18) shows steady increase in market share by high-speed technology over the past 6 years.

Residential and Small Business High Speed Line Market Share by Technology	Source: FCC, 2005					
	1999	2000	2001	2002	2003	2004
ADSL	16.30%	30.80%	32.90%	31.90%	34.30%	37.20%
COAX CABLE	78.20%	63.70%	64.10%	65.30%	63.20%	60.30%
OTHER WIRELINE	2.60%	3.40%	1.30%	1.20%	1.10%	1.20%
FIBER OR POWERLINE	0.10%	0.00%	0.00%	0.10%	0.10%	0.10%
SATELITE OR WIRELESS	2.80%	2.00%	1.80%	1.50%	1.30%	1.20%
TOTAL LINES	1,792,219	5,170,371	11,005,396	17,356,912	25,976,850	35,266,281

Figure 18: Market share by technology

In many markets, consumers face a duopoly, forced to choose between a single cable provider and single DSL provider — many of which bundle broadband with television or telephone service for a pricier package. A recent FCC decision prevents states from requiring phone companies to sell DSL service as a stand-alone product. This will negatively impact consumers, as it translates into a minimum of \$15 to \$20 per month in additional costs for a DSL connection. (It also ignores the growing reality that some consumers choose to have their cellular telephone as their sole phone and have no use for a wired landline connection.) To avoid paying higher fees, cable modem users must purchase their broadband as a “bundle” along with cable TV service. This can add an additional \$20 to \$70 per month to the cost of broadband.

Verizon

	Basic 3Mbps/768Kbps	Up to 3Mbps	Up to 7.1 Mbps
Dynamic IP	\$39.95	\$59.95	\$79.95
Static IP	N/A	\$79.95	\$149.95
Verizon FIOS			
	up to 5Mbps/2Mbps	Free install	\$34.95
	up to 15Mbps/2Mbps	Free install	\$44.95
	up to 30Mbps/2Mbps	Free install	\$179.95

Figure 19: Verizon – standard monthly fee based on one-year contract

The recent “price-wars” in the broadband market, which have received much media attention, are little more than bait-and-switch gimmicks to lure customers back and forth between the duopoly DSL and cable carriers. As illustrated in Figure 19, Verizon is offering rates based on the annual agreement with monthly fee from



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\$39.95 for a basic service to \$179.95 for up to 30Mbps Verizon FIOS. SBC began this pricing competition with the announcement of a \$14.95 per month rate for their "DSL-express" service, available in certain areas to new customers who sign up online. But to get this price, customers must bundle DSL with phone services and sign a one-year contract with a \$200 early-termination penalty. After the one-year introductory period, the rate reverts to the standard monthly fee, currently \$49.95 (plus the cost of phone service and taxes/fees). When amortized over three years, the true cost of the SBC offer is \$47.17 per month, not including the cost of the phone line. As the competition heats-up amongst the providers, companies are offering services starting at \$9.95 (BellSouth as shown in the figure 20).

Some Current Price Specials		
	from \$19.99 per month	Comcast Cable Internet
	from \$25.99 per month	Charter Cable Internet
	from \$29.95 per month	Verizon DSL Service
	from \$9.95 per month	BellSouth DSL Service
	from \$19.95 per month	EarthLink Cable Internet
	from \$29.95 per month	Adelphia Cable Internet
	from \$29.95 per month	Road Runner Cable Internet

Figure 20: Current price specials by Internet Service Providers

Cellular Providers Offering Data Products

	Cingular/AT&T Wireless	Nextel	Sprint	Verizon Wireless	T-Mobile
Plan Name	Data Connect (unlimited)	Unlimited Wireless PC Access	PCS Connection	Unlimited Broadband Access	Internet Unlimited
Network type	EDGE	GPRS	1xEV-DO	1xEV-DO	GPRS
Maximum connection speed	320Kbps	56Kbps	2Mbps	2Mbps	56Kbps
Coverage map	Click Here	Click Here	Click Here	Click Here	Click Here
Cost (stand-alone plan)	\$80	\$55	\$80	\$80	\$30
Cost (add-on to voice plan)	\$80	\$55	\$80	\$80	\$30
Cost of adding unlimited WiFi	\$20	N/A	\$50	N/A	\$30



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Figure 21: Cellular Providers offering data

Cellular providers offering data are also competing for the market share and are aggressively pursuing subscribers with additional offerings (as shown in Figure 21).

Broadband Phone-Broadband Phone Service

Company	Type of Service		plans available				
AT&T CallVantage	Broadband Phone Service	ATT Broadband Phone Service	\$24.95 Unlimited local and long distance	\$19.99 Unlimited local calls and \$0.04 per min long distance	2-line plan - #1: unlimited local and long distance #2: unlimited local and 500 long distance mins		
Lingo	Broadband Phone Service	Lingo Broadband Phone Service	\$21.95 unlimited local and long distance	\$19.99 unlimited local/long distance			
Packet 8	Broadband Phone Service	Packet8 Broadband Phone Service	free to Skype users				
Skype	Broadband Phone Service	Skype Broadband Phone Service	\$24.95 unlimited local/long distance				
Verizon VoiceWing	Broadband Phone Service	Verizon Broadband Phone Service	free pc to pc				
Vonage Digital Voice	Broadband Phone Service	Vonage Broadband Phone Service	\$24.99 premium unlimited	\$14.99 basic 500 mins	\$49.99 small biz unlimited	\$39.99 small biz basic 1500	
Earthlink	Broadband Phone Service	Earthlink True Voice	\$24.95 unil local/l/d	\$14.99 basic local plus 500 1d mins			

Figure 22: Broadband Phone service providers

Broadband phone service providers are battling for the market share by adding additional offerings as part of the bundle packages to attract subscribers; from free PC to PC calls to offering unlimited local and long distance minutes as shown in Figure 22.

Hot Spots

Provider	rate	included mins	Add'l mins	includes data transfer	other
GoMobile	\$39.99	Unlimited	N/A	Unlimited	Term is month-to-month
	\$9.99 Prepay	24 hours	N/A	Unlimited	no min commitment
	\$6.00 Hourly	N/A	\$0.10 per additional min		min user session is 60 mins
T-Mobile	\$29.99	\$6.00 pay as you go first 60 mins - \$0.10 per min		\$9.99 day pass	



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	annual	thereafter	
Boingo	\$21.95		
	annual	\$7.95 day pass	
	\$29.95		
Wayport	annual	\$49.95 month-to-month	\$25.00 pre-paid 3 connections

Figure 23: Hot Spots Providers

As illustrated in Figure 23, largest Hot Spots providers competing for subscribers nationwide by offering unlimited minutes with monthly subscription (GoMobile – Figure 23).

Bandwidth Service	Speed	Description and Approximate Costs / Price
DSL	128 Kbps - 1.5 Mbps	128Kbps to 1.5 Mbps downstream. 64Kbps to 1.5 Mbps upstream. Consumer class is approx. \$40-\$50/month. Business class is approx. \$90-\$400/month, depending on bandwidth speed required.
Fractional T1	128 Kbps - 1.0 Mbps	128 Kbps to 1.0 Mbps T1 speed with some of the 24-64 Kbps channels turned off. Prices are approx. \$220-\$500/month depending on fractional bandwidth speed required, which includes local loop. Hardware and installation costs vary.
T1 / DS1	1.544 Mbps	1.544 Mbps digital circuit. Can be dedicated internet access, point-to-point or integrated (voice & data). Prices are approx. \$500-1000/month which includes local loop. Hardware and installation costs vary.
Frame Relay	56Kbps & Up	56 Kbps & Up. Prices vary greatly depending on bandwidth speeds required.
E1 Europe	2.048 Mbps	European equivalent of the T1. Prices vary depending on service and location.
Fractional T3	3 Mbps - 44.736 Mbps	3 Mbps to 44.736 Mbps basic T3 with some of the 67-264 Kbps channels turned off. Prices are approx. \$3000-\$5000/month, depending on fractional bandwidth speed required.
T3 / DS3	44.736 Mbps	44.736 Mbps digital circuit. Can be dedicated internet access, point-to-point or integrated. Prices are approx. \$5000-15,000/month + local loop + set up costs.
E3 Europe	34.368 Mbps	European equivalent of T3. Carries 16 E-1 signals. Prices vary depending on service and location.
OC1	51.84 Mbps	51.84 Mbps optical fiber sometimes called SONET. Uses ATM Switches (as do ALL OC-x). Prices are approx. \$10,000-20,000/month + local loop + set up costs.
OC3	155.52 Mbps	155.52 Mbps optical fiber sometimes called SONET. Uses ATM Switches. Prices are approx. \$30,000-50,000/month + local loop + set up costs.



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OC12	622.08 Mbps	622.08 Mbps optical fiber sometimes called SONET. Uses ATM Switches. Prices are approx. \$80,000-100,000/month + local loop + set up costs.
OC24	1.244 Gbps	1.244 Gbps optical fiber sometimes called SONET. Uses ATM Switches. Prices over \$100,000/month + local loop + set up costs.
OC48	2.488 Gbps	2.488 Gbps optical fiber sometimes called SONET. Uses ATM Switches. Prices into the \$100,000's/month + local loop + set up costs.
OC192	9.6 Gbps	9.6 Gbps optical fiber sometimes called SONET. Uses ATM Switches. Costs are extremely high.
OC255	13.21 Gbps	13.21 Gbps optical fiber sometimes called SONET. Uses ATM Switches. Costs are extremely high.

Figure 24. Bandwidth service cost comparison

As shown in Figure 24, bandwidth cost varies from basic DSL service offering speeds from 128Kbps (starting at around \$40 for consumer class to \$400 for business class depending on a speed required) to OC255 offering blazing speed of 13.21 Gbps. OC255 uses ATM switches and costs are extremely high.



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MUNICIPAL WiFi PROVIDERS			
CITY	PROVIDER	COST/SPEED	PREMIUM
Moorhead	Moorhead Public Service	\$19.95 / up to 1Mbps \$5.95 per day CPE: lease \$5 per month or \$99.99 to purchase	\$34.95 up to 1.5Mbps
St. Cloud	HP/MRI	Free – City owns the network. \$179.95 for Wireless Bridge if needed	n/a
Jacksonville	Clearwire	\$24.99/ up to 768kbps	n/a
San Francisco	EarthLink/Google	\$21.95/up to 1Mbps	n/a
Philadelphia	EarthLink	\$21.95/up to 1.5Mbps	n/a
Tempe	MobilePro	\$29.95/up to 1Mbps	n/a
Chaska	US Internet	\$16.95/up to 1Mbps	n/a
Portland	MetroFi	\$20.00/up to 1Mbps	n/a

Figure 25: Municipal Wi-Fi providers

Due to phenomenal growth and advancement of wireless technology, major industry players such as Earthlink/Google, MetroFi/Microsoft are teaming up in offering wireless internet access for the entire municipality. As shown in Figure 25, current monthly subscription fees and speed varies by the providers.

17.3. Future Competition

We believe that Clearwire Communications (www.clearwire.com) will be our most significant future competitor over the next few years.

- **Broadband Internet Access.** Clearwire uses WiMAX technology that is NLOS (Non-line of sight). WiMAX technology requires CPE that Clearwire sells through Best Buy and Circuit City. CPE is available in 30 countries plus the Best Buy stores in the US. It is a true plug-n-play using OFDM protocol, which is preferred over CDMA. More info available at: <http://www.nextnetwireless.com/products.asp>

Clear Value	Clear Premium	Clear Business
\$24.99	\$34.99	\$49.99
Now \$19.99	Now \$19.99	
Save \$5 for the first 3 months	Save \$15 for the first 3 months	
Free activation – save \$50	Free activation – save \$50	Free activation– save 50
Free shipping	Free shipping	Free shipping
Down: 768Kbps	1.5Mbps	1.5Mbps
Up: 256Kbps	256Kbps	256Kbps
Email addresses: 3	5	8
Web: -	10Mb	25Mb
Static IP: -	-	1

Modem: Lease is \$4.99 per month or \$99.99 to purchase



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Optional:

- 1. Additional email accounts are \$3 per each additional
- 2. Additional Static IPs are \$10 per static IP

Note: Same plans are offered in Stockton, CA only at \$14.99 instead of \$19.99

Phone service: Unlimited local and long distance calling at \$34.99

Clearwire Phone adapter: was \$49.99 NOW \$15.00

Note: Clearwire phone adapter is required for Clearwire Phone service.

■ Clearwire VoIP

Base line rate: \$29.99 (requires Wireless Broadband)

- | | |
|---|--|
| <ul style="list-style-type: none"> ■ Local calling:
Included ■ Long Distance:
Included ■ Online Account
Management:
Included ■ Basic Features
included: | <ul style="list-style-type: none"> ■ Voice mail ■ Call forwarding ■ Caller ID ■ Call Screening ■ Caller ID Block ■ Visual Call Waiting ■ 3-Way calling ■ Do Not Disturb ■ Call Blocking |
|---|--|

- What is different about Clearwire. They operate in licensed 2.5GHz frequencies. Licensed frequencies and OFDM give more secure connections. Standard WiFi operates in unlicensed 2.4 GHz frequencies. In order to operate in 2.5 GHz they have either purchased or leased. 2.4 GHz is a freebie and unlicensed.

- Clearwire markets e-Path will stay clear of Clearwire markets

Florida

Jacksonville
 Daytona Beach

Washington

Aberdeen
 Tacoma
 Seattle
 Everett
 Bellingham
 Tri-Cities

Idaho

Lewiston
 Boise

Nevada

Reno

California

Redding
 Chico (Target Winter 2007)
 Stockton
 Modesto
 Merced
 Visalia

Alaska

Anchorage



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Hawaii
Honolulu
Maui

Minnesota
St. Cloud and vicinity
Duluth

Wisconsin
Eau Claire

Texas
Amarillo
Midland/Odessa
Wichita Falls
Abilene
Waco
Killeen/Temple

North Carolina
Winston-Salem
Greensboro
Burlington
Durham
Raleigh

17.4. Competitive Advantages

We believe the e-Path business model provides major advantages over our competition. We have studied the pricing, service offerings, and technology, delivery and market presence of our major competition. We face significant competitors. Our direct competition for our core wireless broadband service will be cellular companies operating in our markets. Indirect competition for Internet access will come from local exchange companies, cable companies and Internet Service providers. Our voice products will compete with these providers and other VoIP companies.

We believe we have several advantages in the marketplace, which will position us to gain traction for our products. Summarized below are the major advantages.

Fully Mobile WISP

We provide mobility to our customers. Literally every facility and every person in the coverage area can benefit from anywhere-anytime broadband Internet access. Our wireless broadband services are for people, not places. Our customers can take their Internet just about everywhere they go within the municipalities we serve, often at higher speeds than our competitors. e-Path Internet access, unlike our competitors, is available anytime and anywhere without the limitations of being connected by a wire.

Managed Service Provider

We provide a fully integrated managed services plan. Not only do we provide all the communications products a customer needs we also provide management of their



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critical communications. Our customers benefit by not having to hire IT or telecommunications staff. We are available 24x7 to manage their systems.

More Robust Applications

Our comprehensive service packages provide feature rich applications to our customers that include portable, fully mobile and fixed wireless high speed Internet access, domain services, custom home or start pages, unlimited high capacity email accounts, fax transfer to email, IP addresses, Virtual Private Network ("VPN") configuration, web hosting, storage backup and file sharing, managed firewall, state of the art security protection with the use of spam and pop-up blockers, spyware and virus detection and elimination, parental controls, web browsing and a 24x7 live answer help desk. It's the most comprehensive offering in the industry.

Integrated Communications Bundle

We believe we are the only company in our markets providing a complete integrated communications bundle offering mobile wireless broadband, VoIP local and long distance calling and an IP Mobile WiFi and cellular package. Our bundled offerings give our customers the convenience of "One Stop Shopping" for all critical communication needs provided by a single vendor with one monthly bill.

Price per Bit

Our intended price per bit is lower than most of the competition so our customers get a faster speed for a lower cost. The networks we build cost less to construct and maintain than many of our competitors.

Faster Sustained Speed

We believe our network operating sustained speed is engineered to be more robust than our competition. This is possible due to the design of our access points. We design our network to have more access points than many of our competitors. Our networks are not as negatively affected by peak time usage as other networks such as cable. Our network sustained speeds will have little deviation from our typical transmission rates of 1 to 3 Mbps.

VoIP

World-class network technology coupled with vast experience allows us to deliver the highest level of quality and reliability of VoIP services at competitive rates. The most advanced data protocols on our high-speed wireless network are key to providing comprehensive solutions that our customers need, with maximum security, reliability, and availability. Our VoIP services include wireless Internet access and more enhanced features than our competitors.



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Reliability

The mesh topology network design is ideal for large municipal networks. Our solutions provide load-balancing with automatic failover from the multiple gateways to the Internet. High reliability requires both high throughput and robust traffic management capabilities to support multi-use voice, video and data applications. We expect to have a reliability rate of 99.999 which rivals the highest in the communications industry. We expect our data transmission reliability to exceed the levels of cellular and be equal to cable and fiber networks.

18. Key Differentiators

Our business has key differentiators, which will give us a recognized brand in our market. Customers will know that we are the mobility company providing the least cost, most comprehensive bundled packages in the marketplace. We intend to be the only wireless broadband company in many of our markets. By identifying key markets where we can be the sole provider of wireless broadband services, then customers who want the freedom and convenience of wireless broadband will choose us. When they do, we will aggressively market our other products. We believe we will be able to compete with other competitive service providers due to our low capital requirements and our goal of providing the best customer service experience in the market.

18.1. Differentiate Through Mobility

Our value proposition is to provide our customers the mobility to access the Internet from almost anywhere in our market area. Our customers can connect to the Internet without being confined by a cord or cable coming out of the wall, or a hot spot only, a distinct limit with our competitors.

Our customers can enjoy high-speed broadband Internet connections on their own terms, with solutions that are simple, flexible, reliable, mobile and affordable.

Wireless communications are fast, dependable, secure and affordable. Wireless is also remarkably flexible, allowing for scalable, ubiquitous coverage that is a true differentiator. Wireless will be the "third pipe" to the Internet and in the markets it operates, e-Path expects to be the primary wireless broadband service provider.

18.2. Capital Efficiency

We believe that our business approach requires lower capital and operating expenditures to bring our markets to positive cash flow compared to communications carriers using legacy technologies and operating processes. Deploying its own wireless broadband network eliminates the need to lease lines or excavate civil infrastructure for cabling, thereby delivering broad coverage at a reduced cost in a much shorter time period.

18.3. Sole Provider

It is our intent to be the only mobile WISP in many of the markets we serve. As such, we expect to have no direct competition in those markets. We also expect to be the only wireless broadband Internet access provider in the markets we build and operate municipal wireless broadband networks. We will



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deploy a full coverage wireless broadband mesh network in the locations we serve. Customer's interested in taking their Internet to any room within their homes and/or any place within our service area will thus need to come to e-Path.

18.4. Markets

We select markets with no wireless broadband providers. Once built, we intend to utilize unlicensed frequencies for transmission. We also plan to partner with the municipalities we serve. We are differentiated by the markets we serve. Based on our market selection criteria, it is thus unlikely a competitive company would overbuild our network.

18.5. Differentiate Service Bundle

e-Path's core value proposition is delivering a single, bundled, simplified communications solution. We eliminate the need for our customers to manage multiple communication suppliers as well as invest in extensive infrastructure and systems. We seek to be the single-source provider of our customers communications needs.

We achieve this by providing our customers with a comprehensive full service communications bundle. e-Path's customers will take advantage of decreased communications cost by integrating their communications purchase.

18.6. Differentiated Customer Experience

Our customer care is built from the ground up using service orientated architecture (SOA). We have extensive training programs for our customer care representatives. They know the answers to our customers' requests and solutions occur quickly. Ease and speed, caring for and responding to our customer's questions, comments and concerns, is the company's primary competitive differentiator.

Customers can choose to speak with one of our representatives on a real time basis, or navigate e-Path Online primary channel for customer care. We offer a broad range of capabilities online, including functions allowing customers to review their requested services and accept their installation order, view, pay and analyze their bills, view and modify their services and account features and information, research products and troubleshoot issues using the section of our web site devoted to frequently asked questions. We have deployed state-of-the-art network monitoring and diagnostic tools to provide our care representatives and network operations center personnel with real time insight into problem areas and the information needed to address them. We provide on line billing and send no paper bills to our customers.

19. Target Markets

To foster market dynamics we target several smaller markets in a region and form market clusters of a critical mass of approximately 200,000 households in a limited geographic area so that we achieve maximum density. Within our regions we also target larger markets, which we determine could select us after a smaller adjacent market is operational. We rank our targeted markets by density per square mile and size. We focus in Florida, New York, New Jersey and Connecticut.



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Our business plan is to build networks to pass approximately 2 Million households in 10 markets made up of regional clusters or stand alone markets. The typical markets we select have a geographic area of 30 square miles and have approximately 21,600 small.

Our objective is to negotiate with municipalities for the rights required to build markets. We do participate and respond to RFP's but this is not our preferred method of market acquisition. Negotiated contracts are more likely to occur in second and third tier markets.

We believe our strategy to Focus on municipal regional clusters in densely populated small metropolitan areas is unique in the industry. The following US map indicated our targeted markets.

We rank markets based on density and size. The chart below ranks our targeted regional markets and clusters in order of highest density and market size. It shows eleven (11) markets that meet our selection objective.

Figure 26: Map showing e-Path Target Markets





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Target Market Summary

Location	Population	Households	Square Miles	Household Density Per Square Mile	Density per Square Mile Multiplied by Households	Ranking	Top 200,000 Households Markets
Connecticut							
Stamford	116,903	56,668	37.7	1503.13	85,179,369	26	10
Darien	19,607	6592	14.9	442.42	2,916,407	43	10
Norwalk	82,919	33,747	22.8	1480.13	49,950,000	29	10
Milford	52,305	21,962	22.3	984.84	21,629,123	38	10
Westport	25,749	9586	22.4	427.95	4,102,294	42	10
Bridgeport	139,446	54,358	16	3397.38	184,674,510	17	10
New York:							
White Plains	923,459	337,142	9.8	34402.24	11,598,441,649	1	1
Suffolk County	1,419,369	469,299	102.9	4560.73	2,140,345,495	3	3
Nassau County	1,339,641	458,151	287	1596.34	731,367,034	6	6
Albany	145,676	61,669	21.4	2881.73	177,713,344	18	5
Syracuse	231,763	103,830	26	3993.46	414,641,112	13	5
Rochester	488,423	195,425	35.8	5458.80	1,066,785,772	5	5
New Jersey							
Newark	273,424	100,113	24.14	4147.18	415,186,942	12	8
Trenton	265,459	99,496	7.7	12921.56	1,285,643,379	4	4
Jersey City	240,055	93,648	14.92	6276.68	587,798,117	9	4
Atlantic City	40,517*	20,219	11.3	1789.29	36,177,696	33	4
Brigantine	12,594	5473	6.4	855.16	4,680,270	41	4
Passaic	67,861	20,194	3.11	6493.25	131,124,642	22	8
West Orange	44,852	16,825	12.15	1384.77	23,298,817	36	8
Union City	67,088	23,741	1.27	18693.70	443,807,150	11	4
West New York	45,768	17,360	1.02	17019.61	295,460,392	15	4
Ocean Grove	4,256	3,156	0.36	8766.67	27,667,600	34	4
North Bergen	58,092	22,009	5.2	4232.50	93,153,093	25	4
Lodi Borough	23,971	9,908	2.26	4384.07	43,437,373	30	8
Irvington	60,695	24,116	2.96	8147.30	196,480,222	16	8
Harrison	14,424	5,254	1.22	4306.56	22,626,652	37	4
Guttenberg	10,807	4,650	0.19	24473.68	113,802,632	23	4
Maywood	9,523	3,777	1.3	2905.38	10,973,638	40	8



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Garfield	29,786	11,698	2.13	5492.02	64,245,636	28	8
Elizabeth	120,568	42,838	12.22	3505.56	150,171,378	19	8
Cliffside Park	23,007	10,375	0.96	10807.29	112,125,651	24	4
Florida							
Sarasota	219,213	98,410	14.9	6604.70	649,968,329	7	7
Tampa	636,107	256,821	24	10700.88	2,748,209,418	2	2
Venice	56,154	34,770	9.1	3820.88	132,851,967	21	7
Bradenton	184,086	78,581	12.1	6494.30	510,328,393	10	7
Ft Myers	48,208	21,836	32	682.38	14,900,341	39	9
Naples	20,979	16,960	12	1413.33	23,970,133	35	9
Ft Lauderdale	167,380	68,468	31.7	2159.87	147,882,241	20	9
Delray Beach	64,000	26,787	16	1674.18	44,846,460		10
Boca Raton	78,449	31,848	27.2	1170.88	37,290,261	32	9
Pensacola	253,113	96,236	22.7	4239.47	407,989,766	14	11
Tallahassee	239,842	104,141	95.7	1088.20	113,326,519		11
Mobile (Alabama)	274,059	115,771	117.9	981.94	113,680,445		11
Florida Counties							
Hills Borough							
Pinellas	906,530	340,500	836	407.30	138,684,510	19	
Sarasota	903,268	414,792	280	1481.40	614,472,869	8	
Manatee	366,256	201,379	572	352.06	70,897,730	27	
Lee	306,779	154,424	741	208.40	32,181,878	34	
Collier	544,758	292,830	804	364.22	106,653,494	23	
	307,242	174,564	2025	86.20	15,048,193	38	
Totals	11,432,984	4,662,697	6,251	745.91	3,477,956,892		



20. Relationship with Key Vendors

20.1. Cisco Systems

Cisco Systems is a finalist to supply the Company's networking technology. Although the Company expects to purchase only Cisco Systems network components, management believes that the risk of integrating competing products is minimized by advances in technology standards. Therefore, the Company will deploy those products with the best combination of price and performance whether from Cisco Systems or competing manufacturers.

20.2. Metaswitch

Metaswitch is selected as the Company's softswitch vendor. Metaswitch has more than 280 systems deployed with a capacity for 6 million subscribers. With their base of systems in place worldwide, Metaswitch has an active user community and is anchored by an annual customer forum event, which enhances support of their product. They are the market leader in Packet Class 5 switching technology with an estimated 58% market share. They deployed the first Class 5 packet switch in 2001.

20.3. Motorola

A leading provider of end-to-end infrastructure, integrated voice and data communications, and information solutions, Networks & Enterprise delivers mission critical secure two-way radio, cellular and wireless broadband systems to meet the needs of public safety, government, private, service provider and enterprise customers worldwide. Networks & Enterprise is advancing seamless mobility with innovative technology solutions and a services business that helps our customers integrate, optimize and manage their networks to keep people connected as they move about their daily lives. The Canopy Advantage platform is the next generation of Motorola's wireless broadband access infrastructure. With this new platform, Canopy equipment users can simultaneously enjoy the strengths of the original Canopy product coupled with dramatic improvements in throughput and latency. Motorola is actively engaged with the WiMAX Forum in the development of profiles for both licensed and unlicensed frequencies. It is Motorola's vision to ultimately enable Canopy users to enjoy the benefits of WiMAX in the unlicensed frequency band as these capabilities become available.

20.4. Tropos

Tropos® Networks is the market leader in delivering metro-scale WiFi mesh network systems. Tropos® MetroMesh™ architecture delivers the maximum scalability, high capacity at low cost and great user experience demanded by carriers, municipalities and network users. The MetroMesh architecture combines the industry's most sophisticated metro-scale mesh routing intelligence with carrier-grade tools for centralized visibility, analysis and control and purpose-built hardware platforms with peerless WiFi radio performance. MetroMesh enables carriers, municipalities and public safety agencies to deliver city-wide fixed and mobile multi-megabit connectivity for IP-based voice, video and data applications. MetroMesh networks deliver residential broadband access and serve small businesses and nomadic users. These networks support mission-critical broadband applications in mobile public safety environments, such as mobile database access, video surveillance, and GIS inquiries. Finally, they are enabling new in-field applications for municipalities and enterprises such as automated meter reading and automated vehicle tracking.



20.5. Strix Systems

Strix Systems is the worldwide manufacturer of the Access/One® Outdoor Wireless System (OWS) and Indoor Wireless System (IWS) and Edge Wireless System. Strix Access/One® products are the industry's Only Modular (chassis-based) mesh systems delivering the largest capacity, highest throughput and lowest latency for the new generation of broadband mobility and reach-ability to support voice, video, and data applications. According to industry analysts, "It's not every day that a test produces data that reverses a widely accepted belief: Effective throughput on wireless mesh networks is supposed to taper off to little more than 7 Mbps when traffic is backhauled over four or more nodes. In Iometrix's first-ever series of independent IEEE 802.11 mesh tests, Strix Systems showed that their outdoor hardened OWS 2400 nodes spiked with multiple radios raise that bar fivefold to a steady 35 Mbps." e-Path's management believes that Strix System will provide a competitive advantage over other radio solutions with respect to throughput, functionality, and upgradeability.

20.6. HP

HP is the overall market leader in telecom service management Solutions. e-Path's management evaluated all the major vendors and their importance in the fast-growing, worldwide operations support systems (OSS) market, including mobile, broadband and business services and has identified HP as the Company's potential OSS vendor. For the four fiscal quarters ended Oct. 31, 2006, HP revenue totaled \$91.7 billion. The HP OSS Software Portfolio products are part of the HP Integrated Service Management blueprint, which integrates OSS and BSS (business support systems), and will provide us with the comprehensive, highly adaptive, service-oriented approach needed to effectively manage our networks and services, mediation and billing, and assure quality of service for customers.

21. Risk Factors

The following risk factors and other information included in this document should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may adversely impact our business operations. If any of the following risks occur, our business, financial condition, operating results and cash flows could be materially adversely affected.

- *We may not successfully develop or deploy products and services in a cost-effective manner to meet customer demand in the rapidly evolving market for Internet, wireless and IP-based communications services offered in connection with our voice and municipal broadband network initiatives.* The market for Internet and telecommunications services is characterized by rapidly changing technology, evolving industry standards, changes in customer needs and frequent new service and product introductions. We are currently focused on utilizing VoIP technologies to deliver voice services, developing security tools to enhance customers' Internet experiences, and utilizing technologies to deploy wireless networks to deliver broadband services, among others. Our future success will depend, in part, on our ability to use leading technologies effectively, to continue to develop our technical expertise to develop services that meet changing customer needs on a timely and cost-effective basis. We may not be able to adapt quickly enough to changing technology, customer requirements and industry standards. If we fail to use new technologies effectively, to develop our technical expertise and services on a timely basis, either internally or through arrangements with third parties, our product and service offerings may fail to meet customer needs, which would adversely affect our revenues and prospects for growth.



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We believe wireless and IP-based voice services and wireless broadband services represent significant opportunities and will require significant investment. These investments would be in the form of initial product development and infrastructure costs in addition to the sales and marketing costs to acquire customers who generate recurring revenues. We plan to invest in sales and marketing to gain customers who generate recurring revenues, while incurring customer support and telecommunications costs to provide the services. Losses are expected to result in the early stages of these products' life cycles until a sufficient amount of customers are added whose recurring revenues, net of recurring costs, more than offset sales and marketing expenses incurred to add additional customers.

Product development also involves a number of uncertainties, including unanticipated delays and expenses. Services, such as VoIP and wireless broadband services may have technological problems or may not be accepted by consumers. To the extent we pursue commercial agreements, acquisitions and/or strategic alliances to facilitate new product or service activities, the agreements, acquisitions and/or alliances may not be successful. If any of this were to occur, it could damage our reputation, limit our growth, negatively affect our operating results and harm our business.

- Our service offerings may fail to be competitive with existing and new competitors.
 - Competition for Internet Services. We operate in the Internet services market, which is extremely competitive. Current and prospective competitors include many large companies that have substantially greater market presence and greater financial, technical, marketing and other resources than we have. We compete directly or indirectly with the following categories of companies:
 - Established online services companies, such as Time Warner (AOL), Earthlink and the Microsoft Network (MSN);
 - Local and regional ISPs;
 - Free or value-priced ISPs such as United Online;
 - National telecommunications companies, such as AT&T Inc. and Verizon;
 - Regional Bell operating companies, such as BellSouth;
 - Content companies, such as Yahoo! and Google Inc., who have expanded their service offerings;
 - Cable television companies providing broadband access, including Comcast, Charter Communications, Inc. and Cox Communications, Inc.
 - Utility and local and long distance telephone companies.

Competition is likely to continue increasing, particularly as large diversified telecommunications and media companies continue to provide ISP services. Diversified competitors may continue to bundle other content, services and products with Internet access services, potentially placing us at a significant competitive disadvantage. The ability to bundle services, as well as the financial strength and the benefits of scale enjoyed by certain of these competitors, may enable them to offer services at prices that are below the prices at which we can offer comparable services. If we cannot compete effectively with these service providers, our revenues and growth may be adversely affected.



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As competition in the telecommunications market continues to intensify, competitors may continue to merge or form strategic alliances that would increase their ability to compete with us for subscribers. These relationships may negatively impact our ability to form or maintain our own strategic relationships and could adversely affect our ability to expand our customer base.

Because we operate in a highly competitive environment, the number of subscribers we are able to add may decline, the cost of acquiring new subscribers through our own sales and marketing efforts may increase, and/or churn may increase. Increased churn rates indicate more customers are discontinuing services, which results in a decrease in our customer base and adversely impacts revenues.

- **Competition in the Telephony Market.** The market for VoIP services is emerging and intensely competitive, and characterized by rapid technological change. Many traditional telecommunications carriers and cable providers offer, or have indicated that they plan to offer, VoIP services that compete with the services we provide. Competitors for our VoIP services include established telecommunications and cable companies, Internet access companies including AOL, MSN and United Online, leading Internet companies including Yahoo!, eBay and Google, and companies that offer VoIP-based services as their primary business, such as Vonage. In addition, some competitors, such as telecommunications carriers and cable providers, may be able to bundle services and products that we do not offer with VoIP telephony services. These services could include various forms of wireless communications, voice and data services, and video services. This form of bundling would put us at a competitive disadvantage if these providers can combine a variety of service offerings at a single attractive price. We can provide no assurance that our VoIP services will achieve significant consumer adoption or, even if such services do achieve consumer adoption that our VoIP services will generate growth in subscribers or revenues.

Many of our current and potential competitors for VoIP services have longer operating histories, are substantially larger, and have greater financial, marketing, technical, and other resources. Many also have greater name recognition and a larger installed base of customers than us. Because of their greater resources, many current and potential competitors may be able to lower their prices substantially, which could eliminate our ability to offer price-competitive services. As a result, our VoIP customer base and revenues would be adversely affected.

- **Competition for Other Services.** We compete for advertising revenues with major ISPs, content providers, large web publishers, web search engine and portal companies, Internet advertising providers, content aggregation companies, social-networking web sites, and various other companies that facilitate Internet advertising. Many of our competitors have longer operating histories, greater name recognition, larger user bases and significantly greater financial and sales and marketing resources than us. This may allow them to devote greater resources to the development, promotion and sale of advertising services.

The companies we compete with for Internet access subscribers also compete with us for subscribers to value-added services, such as email storage and enhanced data services. In certain cases, companies offer value-added services for free, and we can provide no assurance that our offerings will remain competitive or commercially viable. While the personal web hosting business is fragmented, a number of significant companies, including Yahoo!, currently compete actively for these users. In addition, the



personal web hosting industry is very application specific, with many of the competitors focusing on specific applications, such as photo sharing, to generate additional users. We can provide no assurance that any of these enhanced data services will remain competitive or will generate customer and revenue growth.

- Competitive product, price or marketing pressures could cause us to lose existing customers to competitors (churn), or may cause us to reduce prices for our services which could adversely impact average revenue per user.

Competition impacts our ability to price our services and retain customers. As the market for Internet access remains competitive, some providers have reduced and may continue to reduce the retail price of their Internet services to maintain or increase their market share, which would cause us to reduce, or prevent us from raising our prices, and potentially causing our subscriber base to decrease. As a result, our revenues may not grow at anticipated rates, and our business may suffer. Additionally, we may incur increased sales and marketing expenses in an effort to maintain our existing customers or to attract new customers, which would adversely impact our profitability.

- We may experience significant fluctuations in our operating results and rate of growth and may not be profitable.

Our results of operations have varied in the past and may fluctuate significantly in the future due to a variety of factors, many of which are outside of our control and difficult to predict. The following are some of the factors that may affect us from period to period and may affect our long-term financial performance:

- Our ability to attract customers and satisfy our customers' demands;
- Our ability to become profitable in the future;
- Our investments in longer-term growth opportunities;

- Our ability to enter into, maintain, renew and amend strategic alliance arrangements on favorable terms;
- Changes to service offerings and pricing by us or our competitors;
- Fluctuations in the size of our potential subscriber base, including fluctuations caused by seasonality, churn, our marketing efforts, and competitors' marketing and pricing strategies;
- Changes in the terms, including pricing, of our agreements with telecommunications providers;
- The effects of commercial agreements and strategic alliances and our ability to successfully integrate them into our business strategies;
- Our ability to develop an infrastructure to support and timely launch service offerings based on new technologies, such as VoIP, municipal wireless broadband or other advanced services;
- Technical difficulties, system downtime or interruptions;
- Changes in the demand and rates for Internet advertising;
- Increases or reductions in advertising and commerce revenues from significant customers;



- The effects of litigation and the timing of resolutions of disputes;
- The amount and timing of operating costs and capital expenditures;
- Changes in governmental regulation and taxation policies;
- Changes in, or the effect of, accounting rules on our operating results, including new rules regarding stock-based compensation.

- The market for VoIP services may not develop as anticipated, which would adversely affect our ability to execute our voice strategy.

The success of our VoIP service depends on growth in the number of VoIP users, which in turn depends on wider public acceptance of VoIP telephony. The VoIP communications medium is in its early stages, and it may not develop a broad audience. Potential new users may view VoIP as unattractive relative to traditional telephone services for a number of reasons, including the need to purchase computer headsets or the perception that the price advantage for VoIP is insufficient to justify the perceived inconvenience. Potential users may also view more familiar online communication methods, such as e-mail or instant messaging, as sufficient for their communications needs. There is no assurance that VoIP will ever achieve broad public acceptance.

- We may not generate the returns anticipated on our investments to construct and deploy municipal wireless broadband networks.

An important element of our business strategy is to deploy competitive alternatives to DSL and cable for delivering broadband Internet access services, reflected in our municipal wireless initiative. This initiative may result in significant capital expenditures in future periods to develop, implement and build wireless broadband networks in various municipalities, and we may not generate the returns anticipated on the capital expenditures and operating losses that may be incurred in this effort. We may not be successful in developing, implementing, and executing our municipal wireless strategy, and there can be no assurance that the municipal wireless broadband service offerings will be commercially successful.

- We utilize third-parties for technical and customer support and certain billing services, and our business may suffer if our partners are unable to provide these services, cannot expand to meet our needs, or terminate their relationships with us.

Our business and financial results depend, in part, on the availability and quality of our customer support services and billing services. We may outsource a majority of our technical and customer support functions. As a result, we may maintain only a small number of internal customer service and technical support personnel. We are not currently equipped to provide the necessary range of customer service functions in the event that our potential service providers become unable or unwilling to offer these services to us. We also plan to utilize third parties for certain billing services. If one or more of our service providers does not provide us with quality services, or if our relationship with any of our third parties terminates and we are unable to provide those services internally or identify a replacement vendor in an orderly, cost-effective and timely manner, our business, financial position and results of operations would suffer.

- Service interruptions or impediments could harm our business.



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- Harmful software programs. Our network infrastructure and the networks of our third-party providers are vulnerable to damaging software programs, such as computer viruses and worms. Certain of these programs have disabled the ability of computers to access the Internet, requiring users to obtain technical support in order to gain access to the Internet. Other programs have had the potential to damage or delete computer programs. The development and widespread dissemination of harmful programs has the potential to seriously disrupt Internet usage. If Internet usage is significantly disrupted for an extended period of time, or if the prevalence of these programs results in decreased residential Internet usage, our business could be materially and adversely impacted.
- Security breaches. We will depend on the security of our networks and, in part, on the security of the network infrastructures of our third-party telecommunications service providers, our outsourced customer support service providers and our other vendors. Unauthorized or inappropriate access to, or use of, our network, computer systems and services could potentially jeopardize the security of confidential information, including credit card information, of our users and of third parties. Some consumers and businesses may attempt to use our network, services and brand names to perpetrate crimes and may do so in the future. Users or third parties may assert claims of liability against us as a result of any failure by us to prevent these activities. Although we will use security measures, there can be no assurance that the measures we take will be successfully implemented or will be effective in preventing these activities. Further, the security measures of our third-party network providers, our outsourced customer support service providers and our other vendors may be inadequate. These activities may subject us to legal claims, may adversely impact our reputation, and may interfere with our ability to provide our services, all of which could have a material adverse effect on our business, financial position and results of operations.
- Natural disaster or other catastrophic event. Our operations and services depend on the extent to which our computer equipment and the computer equipment of our third-party network providers are protected against damage from fire, flood, earthquakes, power loss, telecommunications failures, break-ins, acts of war or terrorism and similar events. We plan to deploy technology centers at various locations in the U.S., which contain a significant portion of our computer and electronic equipment. These technology centers host and manage Internet content, email, web hosting and authentication applications and services. Despite precautions taken by us and our third-party network providers, over which we have no control, a natural disaster or other unanticipated problem that impacts one of our locations or our third-party providers' networks could cause interruptions in the services that we provide. Such interruptions in our services could have a material adverse effect on our ability to provide Internet services to our subscribers and, in turn, on our business, financial condition and results of operations.
- Network infrastructure. The success of our business depends on the capacity, reliability and security of our network infrastructure, including that of our third-party telecommunications providers' networks. We may be required to expand and improve our infrastructure and/or purchase additional capacity from third-party providers to meet the needs of an increasing number of subscribers and to accommodate the expanding amount and type of information our customers communicate over the Internet. Such expansion and improvement may require substantial financial, operational and managerial resources. We may not be able to



expand or improve our network infrastructure, including acquiring additional capacity from our third-party providers, to meet additional demand or changing subscriber requirements on a timely basis and at a commercially reasonable cost, or at all.

We may experience increases in our telecommunications usage that exceed our available telecommunications capacity. As a result, users may be unable to register or log on to use our services, may experience a general slow-down in their Internet connection or may be disconnected from their sessions. Inaccessibility, interruptions or other limitations on the ability of customers to access our services due to excessive user demand, or any failure of our network to handle user traffic, could have a material adverse affect on our reputation which could cause an increase in churn and would adversely impact our revenues. While our objective is to maintain excess capacity, our failure to expand or enhance our network infrastructure, including our ability to procure excess capacity from third-party telecommunications providers on a timely basis or to adapt to an expanding subscriber base or changing subscriber requirements could materially adversely affect our business, financial condition and results of operations.

- *Business failures and mergers in the telecommunications industry may inhibit our ability to manage our telecommunications costs, which would adversely affect our profitability.*

The intensity of competition in the telecommunications industry has resulted in significant declines in pricing for telecommunications services that we will purchase. However, the intensity of competition and its impact on wholesale telecommunications pricing will benefit us, but they have caused some telecommunications companies to experience financial difficulty. Our prospects for maintaining or further improving telecommunications costs could be negatively affected if one or more key telecommunications providers were to experience serious enough difficulties to impact service availability, if telecommunications companies continue to merge reducing the number of companies from which we can purchase wholesale services, or if telecommunications bankruptcies and mergers reduce the level of competition among telecommunications providers.

- *Government regulations could force us to change our business practices.*
 - *ISPs.* Changes in the regulatory environment regarding the Internet could cause our revenues to decrease and/or our costs to increase. Currently, ISPs as “information service” providers are largely unregulated, other than with respect to regulations that govern businesses generally, such as regulations related to consumer protection. As information services and telecommunications services converge, however, the FCC may seek to impose additional regulations, including the imposition of regulatory fees such as Universal Service Fund payments, on information service providers that could adversely affect our business.
 - *VoIP.* The current regulatory environment for VoIP services remains unclear. Our VoIP services are not currently subject to all of the same regulations that apply to traditional telephony. It is possible that Congress and some state legislatures may seek to impose increased fees and administrative burdens on VoIP providers. The FCC has already required us to meet various emergency service requirements (such as “E911”) and interception or wiretapping requirements, such as the Communications Assistance for Law Enforcement Act (“CALEA”). In addition the FCC may seek to impose other traditional telephony requirements such as disability access requirements, consumer protection



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requirements, number assignment and portability requirements, and other obligations, including additional obligations regarding E911 and CALEA. Such regulations could result in substantial costs depending on the technical changes required to accommodate the requirements, and any increased costs could erode our pricing advantage over competing forms of communication and may adversely affect our business.

- Tax. The tax treatment of activities on or relating to the Internet is currently unsettled. A number of proposals have been made at the federal, state and local levels and by foreign governments that could impose taxes on the online sale of goods and services and other Internet activities. Future federal and state laws imposing taxes on the provision of goods and services over the Internet could make it substantially more expensive to operate our business.

 - Other. Our business is also subject to a variety of other U.S. laws and regulations that could subject us to liabilities, claims or other remedies, such as laws relating to bulk email or "spam," access to various types of content by minors, anti-spyware initiatives, encryption, data protection, security breaches and consumer protection. Compliance with these laws and regulations is complex and may require significant costs. In addition, the regulatory framework relating to Internet services is evolving and both the federal government and states from time to time pass legislation that impacts our business. It is likely that additional laws and regulations will be adopted that would affect our business. We cannot predict the impact that future regulatory changes or developments may have on our business, financial condition, results of operations or cash flows. The enactment of any additional laws or regulations, increased enforcement activity of existing laws and regulations, or claims by individuals could significantly impact our costs or the manner in which we conduct business, all of which could adversely impact our results of operations and cause our business to suffer.
- We may not be able to protect our proprietary technologies or successfully defend infringement claims and may be required to enter licensing arrangements on unfavorable terms.

We regard our trademarks, service marks, copyrights, patents, trade secrets, proprietary technologies, domain names and similar intellectual property as critical to our success. We rely on trademark, copyright and patent law; trade secret protection; and confidentiality agreements with our employees, customers, partners and others to protect our proprietary rights. The efforts we have taken to protect our proprietary rights may not be sufficient or effective. Third parties may infringe or misappropriate our copyrights, trademarks, patents and similar proprietary rights. If we are unable to protect our proprietary rights from unauthorized use, our brand image may be harmed and our business may suffer.

The protection of our trademarks, service marks, copyrights, patents, trade secrets, domain names, proprietary technologies and intellectual property may require the expenditure of significant financial and managerial resources. Moreover, we cannot be certain that the steps we take to protect these assets will adequately protect our rights or that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights. Such events could substantially diminish the value of our technology and property, which could adversely affect our business.

- We may be accused of infringing upon the intellectual property rights of third parties, which is costly to defend and could limit our ability to use certain technologies in the future.



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Internet, technology and media companies often possess a significant number of patents. Further, many of these companies and other parties are actively developing or purchasing search, accelerator, security and other Internet-related technologies. We believe that these parties will continue to take steps to protect these technologies, including, but not limited to, seeking patent protection. As a result, disputes regarding the ownership of technologies and rights associated with online business are likely to continue to arise in the future.

From time to time, third parties have alleged that we infringed on their proprietary rights. We have been subject to, and expect to continue to be subject to, claims and legal proceedings regarding alleged infringement by us of the patents, trademarks and other intellectual property rights of third parties. None of these claims has had an adverse effect on our ability to market and sell and support our Internet access services. As we expand our business and develop new technologies, products and services, we may become increasingly subject to intellectual property infringement claims. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, injunctions against us or the imposition of damages that we must pay. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on acceptable terms or at all. In addition, we may not be able to obtain or utilize on terms which are acceptable to us, or at all, licenses or other rights with respect to intellectual property we do not own in providing and supporting our service offerings. Any of these could result in increases in operating expenses or could limit or reduce the number of our service offerings.

- We may be unable to hire and retain sufficient qualified personnel, and the loss of any of our key executive officers could adversely affect us.

We believe that our success will depend in large part on our ability to attract and retain highly skilled, knowledgeable, sophisticated and qualified managerial, professional and technical personnel. We may have limited or no experience in new product and service activities, making it more important to find qualified personnel. We anticipate significant competition in attracting and retaining personnel who possess the skills that we are seeking. As a result of this competition, we may experience a shortage of qualified personnel. In addition, the loss of any of our key executives could have a material adverse effect on us.

- We may have to raise additional capital on terms unfavorable to our stockholders.

The actual amount of capital required to fund our operations and development may vary materially from our estimates. Our operations require us to seek additional capital to fund our business from time to time. When we obtain additional funding in the future, we may have to sell assets, seek debt financing or obtain additional equity capital. In addition, the terms of the indebtedness we incur, could subject us to restrictive covenants limiting our flexibility in planning for, or reacting to changes in our business. If we do not comply with such covenants, our lenders could accelerate repayment of our debt or restrict our access to further borrowings. If we are unable to obtain additional capital when needed, we may have to delay, modify or abandon some of our expansion plans. This could slow our growth, negatively affect our ability to compete in our industry and adversely affect our financial condition.

- We may not be able to successfully negotiate service agreements with municipalities consistent with our marketing strategy.

It is our intent to establish under contract, service areas equal to two hundred thousand (200,000) households passed in ten (10) market areas over a five (5) year period within the states of Connecticut,



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New York, New Jersey and Florida. Each of these potential markets consists of multiple targeted municipalities controlled by an array of various forms of Government. Government officials are solicited via direct and indirect channels to negotiate and execute service agreements for their controlling area. If we fail to successfully achieve agreements in whole or in part with these municipalities we may not be able to execute our plan. Alternatively, we may need to find new market locations not yet anticipated where successful agreements can be reached.

- Technical interference inherent to unlicensed frequency spectrums could limit network reliability beyond acceptable performance standards. Licensed frequency spectrums are costly to obtain.
Technical difficulties arising from field level interference in the unlicensed frequency spectrums in which we intend to operate may require us to consider establishing spectrum capacity in the Advanced Wireless Services (AWS) auction (1700/2100 MHz) or other licensed spectrums. Failure to obtain sufficient spectrum capacity in this manner could inhibit our ability to introduce advanced wireless services and keep pace with our competitors. Prices in spectrum auctions can become high, posing challenges to the attainment of an attractive return on investment. Our financial projections, network deployment, product and service offerings are predicated on utilizing the unlicensed frequencies currently available.
- If we are unable to successfully negotiate Pole Attachment Agreements with public utility companies our ability to construct networks in our target market locations will be reduced or eliminated.
Our wireless broadband technology relies on equipment installations at intervals consistent with the distance between utility poles within a community. As such, in order to facilitate our technology deployment we need to negotiate and obtain Pole Attachment Agreements with the public utility providers in each of our markets. Failure to reach acceptable terms within time frames needed to construct our networks could materially impact our ability to perform our business.

In addition, some communities that we expect to operate within do not have traditional telephone pole and or street light poles conducive to our technology deployment standards. In such locations it is our intent to research and obtain ways to effectively deploy our networks within these conditions. If we are unable to devise an acceptable installation standard in these markets our coverage area may be reduced or entire serving areas may need to be abandoned until such technology advances occur that would allow us to deploy equipment in an effective manner.

- System failures due to natural or man-made disruptions could result in reduced user traffic and reduced revenues and could harm our reputation and results.
Our technical infrastructure (including our network infrastructure for wireless broadband network services and mobile telecommunications services and VoIP services) may be damaged or disrupted by fire, lightning, flooding and other calamities, technology failures, human error, terrorist attacks, hacker attacks and malicious actions, and other similar events. We will attempt to mitigate these risks by employing a large number of measures, including backup systems and protective systems such as firewalls, virus scanners, and building security. We cannot, however, be certain that these measures will be effective under all circumstances and that disruptions or damage will not occur. Damage or disruption to our infrastructure may result in reduced user traffic and revenues, increased costs, and damage to our reputation.



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22. Exit Strategy

e-Path Communications, Inc., business strategy of building and operating wireless broadband city wide internet access networks positions the company as a Wireless Internet Service Provider (WISP). However, the company's unique model integrates its core business of Wireless Broadband (WBB) with vertical products of wVoIP, IP Mobile and cellular resale. In addition, it bundles enhanced data and voice value added application offered in a fully managed service package.

The Wireless Internet access industry's fully mobile companies are in the early development stage of their business cycle. Within the last year it has experienced explosive growth due primarily to the award by several municipalities of franchise rights for WISP's to build city-wide networks. There are over 250 municipalities that have some type of activity in this market sector.

Based on this significant growth several viable exit strategies exist which should provide good returns to the early stage investors.

The opportunities for exit are as follows:

- Industry Consolidation
- Any early stage industry typically has consolidations. With activity in over 250 U.S. Markets, we can expect acquisitions of smaller companies by larger companies, regional consolidations and national consolidation occurring over the next several years.
- Initial Public Offering (IPO)
- The telecommunications industry IPO activity has increased in the past year. CBeyond Communications, Inc., a managed services VoIP company, has led the telecommunications IPO field in 2005. It's likely that the potential for additional IPO's in this sector will continue due to their success.
- Sale to a larger (WISP)
- Selective major players are beginning to enter the Wireless Broadband industry. Earthlink, one of the largest companies in this space is currently actively pursuing acquisitions of smaller Wireless Internet service providers. Clearwire, Craig McCaw's start up, has raised \$1Billion to build wireless City wide broadband networks. Citizens Utilities, a large utility company with several telecommunications holdings, have announced they plan to build wireless broadband in their markets. e-Path has selected markets that do not compete with either company or where our technology, products and customer dynamics are similar. Therefore, we believe we will be an attractive acquisition target as these companies mature and require expanded markets.
- Sale to municipalities we serve

Some municipalities own and operate WISP's today. In our markets a shift in policy may occur which can lead to an acquisition by the municipality we serve.

"Next Generation Municipal Wireless Broadband Networks"



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- *Sale to Cable Operator*

All cable companies offer internet access using a cable modem. Cable modems provide portable wireless broadband. Customers can access their business and residential networks by wireless within the premises they occupy if they purchase this feature. Cable companies also have established some selective “Hot Spots” in their markets. This supports that these companies have an interest in fully mobile wireless internet access and may have an interest in making acquisitions in their markets.

- *Sale to telecommunications common carrier or VoIP provider*

All telecommunications Local exchange carriers (LEC) offer internet access delivered over DSL or fiber. They offer customers portable wireless access using a wireless modem. This access is limited to the premise that has the service and can be accessed only at that location. Competitive Access Carriers (CLEC) and VoIP providers also offer a portable wireless access method. Most carriers typically have some hot spots in service in their markets. Carriers may have an interest in purchasing WISP in their markets to reduce competition and expand their product offerings.

- *Sale to a cellular or Hot Spot Company*

All cellular companies offer a wireless broadband service. Their service is a direct competitor to the WISP companies. Both provide a fully mobile access port to the internet. To eliminate competition in their markets, acquisitions of WISP may be attractive.

- *Sale to an IT Company*

Google, Microsoft, Intel, IBM and HP have significant investments in WISP’s today. There is a synergy between WISP’s and these companies, which may lead to further investments in this sector.

- *Sale to Defense Contracts*

Northrup Grumman, McDonald Douglas, Lockheed Martin have investments in WISP’s. They began this activity by building wireless broadband networks as part of Homeland Security requirements. They have investments in selected markets and may chose to increase their holdings in this industry.



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23. Investment Highlights

23.1. e-Path Financial Metrics

The following table (Figure 27) highlights e-Path's financial metrics. e-Path projects solid year over year revenue growth and gross profit as markets are added and sales penetration is achieved while keeping SG&A expenses down as a percentage of revenue. e-Path projects positive EBITDA on a monthly basis early in Year 3 and positive operating cash flow in Year 4.

EPATH Financial Projections (In 000's)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,089	\$13,205	\$33,024	\$55,967	\$88,260
Year over Year Growth Rate		1112%	150%	69%	56%
Gross Profit	(\$162)	\$4,923	\$20,247	\$37,376	\$61,291
Gross Profit Margin	-15%	37%	61%	67%	69%
SG&A	\$3,938	\$12,430	\$20,580	\$28,426	\$40,310
% of Revenue	362%	94%	62%	51%	46%
EBITDA	(\$4,100)	(\$7,607)	(\$552)	\$8,952	\$20,981
% of Revenue	-376%	-57%	-1%	16%	24%
Net Income Before Taxes	(\$5,575)	(\$9,893)	(\$4,543)	\$3,004	\$13,194
% of Revenue	-512%	-73%	-14%	5%	15%
Capital Expenditures	14,996	6,841	10,121	11,121	12,153
% of Revenue	1377%	44%	31%	20%	14%
Operating Cash Flow (EBITDA less Cap Ex)	(\$9,676)	(\$17,200)	(\$4,975)	\$11,957	\$34,175

Figure 27: e-Path Financial metrics



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23.2. Single Market Metrics

The following table (Figure 28) highlights e-Path's financial metrics for a typical market. Similar to its ten market rollout, e-Path projects solid year over year revenue growth and gross profit achieving positive EBITDA in Month 22 after commencement of sales activity and positive operating cash flow early in Year 3.

EPATH Financial Projections - Individual Market (in 000's)	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$3,869	\$8,781	\$11,470	\$14,066	\$16,312
<i>Year over Year Growth Rate</i>		127%	31%	23%	16%
Gross Profit	\$1,267	\$5,272	\$8,388	\$10,991	\$13,337
<i>Gross Profit Margin</i>	33%	60%	73%	78%	82%
SG&A	\$5,731	\$6,051	\$6,942	\$7,162	\$7,383
<i>% of Revenue</i>	148%	69%	61%	51%	45%
EBITDA *	(\$4,464)	(\$779)	\$1,446	\$3,828	\$5,954
<i>% of Revenue</i>	-115%	-9%	13%	27%	36%
Net Income Before Taxes	(\$5,687)	(\$2,097)	\$127	\$2,500	\$4,611
<i>% of Revenue</i>	-147%	-24%	1%	18%	28%
Capital Expenditures	6,439	502	500	500	500
<i>% of Revenue</i>	166%	6%	4%	4%	3%
Operating Cash Flow (EBITDA less Cap Ex)	(\$10,151)	(\$2,076)	\$1,573	\$6,328	\$10,565

*EBITDA positive in month 22 from operations commencement

Figure 28: metrics for a typical market



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23.3. Revenue Sources

The following table and graph (Figure 29) defines e-Path’s projected revenue distribution over its first five years of operation. Based on the addressable market size consumers represent about 50% of e-Path’s projected revenue with its mobile product garnering approximately 20% and advertising revenue approximately 15%.

e-Path Revenue (In thousands)	Year 1	Year 2	Year 3	Year 4	Year 5
Consumer Broadband & Voice	\$621	\$7,005	\$17,138	\$28,908	\$44,970
Business Broadband & Voice	\$69	\$1,139	\$2,951	\$5,569	\$9,304
Wholesale	\$50	\$668	\$1,699	\$2,152	\$3,338
Mobile	\$244	\$2,690	\$6,553	\$10,936	\$16,892
Advertising	\$105	\$1,702	\$4,684	\$8,402	\$13,755
Total	\$1,089	\$13,205	\$33,024	\$55,967	\$88,260

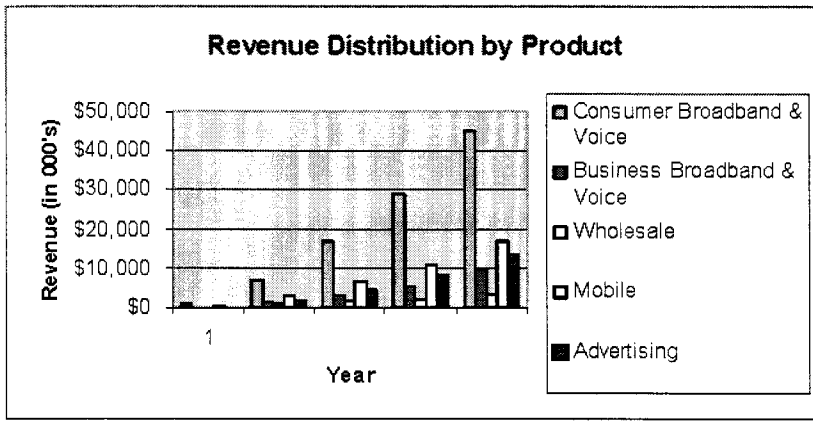


Figure 29: Projected Revenue Distribution



23.4. Market Highlights:

The following table (Figure 30) highlights e-Path’s market dynamics. e-Path’s roadmap is to have their initial market launch in year one followed by multiple market launches in years two through five. e-Path’s plans are to focus on continued sales productivity in the launched markets while implementing new networks in other markets. The typical e-Path market approximately 200,000 households, is about 30 square miles, and has about 21,600 small businesses. e-Path plans to have a cumulative (10 markets overall) market penetration in the residential household of 11% over five years and 12% in the business with ARPU in the \$280 to \$300 level (not including wholesale & advertising revenue), assuming 2% price erosion each year.

The following chart reflects the overall customer growth e-Path expects to achieve in ten markets over the first five years.

e-Path Market Dynamics

e-Path Market Dynamics	Year 1	Year 2	Year 3	Year 4	Year 5
Markets Launched Per Year	1	2	2	2	3
Average Coverage Area (Sq Mi) per Market	30	30	30	30	30
Standard Housing Units per Coverage Area	200,000	200,000	200,000	200,000	200,000
e-Path Cumulative penetration - Housing Units	4%	6%	8%	10%	11%
Businesses Units per Coverage Area	21,600	21,600	21,600	21,600	21,600
e-Path Cumulative penetration - Business Units	2%	5%	7%	10%	12%
Customers	6,366	34,297	75,251	129,723	205,435
Year over Year Growth Rate		439%	119%	72%	58%
Churn	3%	9%	11%	12%	12%
Net Additions	6,366	27,932	47,319	82,404	123,031
Total Capital per subscriber	\$2,356	\$608	\$411	\$324	\$264
Total Capital per household passed	\$75	\$35	\$31	\$30	\$27
ARPU(1)	\$116	\$257	\$290	\$282	\$280

Figure 30: Market Dynamics



24. Financial Highlights & Selected Metrics

24.1. Business Plan Assumptions

Input to the business case is based on market research and discussions with vendors. The model assumes full deployment of ten networks over a five-year period with incremental backhaul and peering bandwidth added as needed by subscriber counts and usage intensity. These networks deliver broadband throughput comparable to cable modem service.

24.2. Subscribers

The available number of subscribers determines the number of provisioned subscribers in the model for each service and projecting a penetration rate of the available subscribers.

The available subscriber set is determined by service as follows:

- Available Residential Broadband Subscribers. e-Path determined available broadband subscribers among households by multiplying the percentage of U.S. population who are Internet subscribers times the number of users (assumed one per household) within the boundaries of most towns and cities. The average used in our business plan assumes 200,000 households in a 30 square mile area. We assume one available subscriber per available household. The U.S. Census Bureau's City and County Data Book for the Year 2000 Census provide the number of households within the boundaries of most towns and cities.
- Available Broadband Businesses. e-Path determined both standard and premium business users by sourcing the total manufacturing, wholesale, and retail businesses from U.S. Census Bureau's City and County Data Book for the Year 2000 Census. The average used in our business plan assumes 21,600 businesses in the 30 square mile area with 17,000 considered standard small business enterprises and 4,600 premium, or higher bandwidth users. We focus our plan on the total number of businesses with less than 20 employees. Census data indicates that 70% of businesses have 20 or fewer employees. To be conservative, 47% of these available businesses are assumed to be part of our total available market. We also assume one available subscriber per business passed.

24.3. Penetration Rates (Market by Market Basis)

- Residential Subscribers. e-Path assumes that new subscriber take rates of remaining available subscribers is sufficient to achieve a penetration rate of 6% of homes passed in year 1 and ramping up to 19% in year 5. We assume subscriber churn rate is 18% in years 1 & 2 and 15% in years 3 through 5. The result is a very conservative service provider penetration of less than 1/2 of the forecast US broadband subscriber penetration in year 2006 for broadband enabled geographies.
- Residential Mobile Subscribers. We assume that new subscriber take rate is a constant 10% of residential subscribers.
- Business Subscribers. e-Path assumes that the new subscriber take rate of remaining available subscribers is sufficient to achieve a penetration rate of 3% of businesses passed in year 1



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ramping up to 12% of businesses passed in year 5. We assume subscriber churn rate is 30% in years 1 & 2 and 24% in years 3 through 5.

24.4. Plans & Pricing

See Section 9.5 Residential Pricing Plans and 9.6 Small Business Pricing Plans

24.5. Capital Expenditures

A typical network configuration has certain required elements. The capital expenses associated with this installation, NOC build out, etc., are included in the business plan. This business case scenario assumes a green field infrastructure deployment. The NOC is assumed to be hosted in a carrier neutral co-location facility. The network is a meshed cell deployment in a metropolitan area covering 30 square miles.

In the model, capital expenditures in year 1 are \$6.4M to build the NOC, soft switch for Voice over wireless broadband and for back office support. In subsequent years, additional capital investment per home passed supports incremental fixed wireless backhaul capabilities, software and equipment upgrades.

24.6. Operating Expenses

Sufficient operating expenses are employed to support network operation. The major cost drivers of operational expenses are public Internet peering, network support, and sales and marketing. The plan can and does incorporate a "build to order methodology" which adds incremental operational expenses as subscriber counts grow. Annual metrics ensure incremental expenses are only incurred as the subscriber base grows, network traffic increases, profitable operational scale achieved, and process improvement gained.

Network Operations Center (NOC) headcount is driven based on metrics similar to that which service providers use to manage NOC performance (i.e. average time per call handled and forecasting number of calls). NOC expenses are managed downward by driving incremental improvements in the average call time from 30 minutes down to 15 minutes in the later years of the model.

Marketing expenses are assumed to follow a market branding/awareness strategy through multiple mailings of marketing collateral to all homes passed and the use of professional doorknockers as a sales source similar to what Earthlink uses today. A third party fulfillment company will do fulfillment of product orders.



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25. Financial Statements

Demographic & Plan Assumptions Annual View Years 1-5

Demographic & Plan Assumptions Monthly View Year 1

Demographic & Plan Assumptions Monthly View Year 2

Balance Sheet Annual View Years 1-5

Balance Sheet Monthly View Year 1

Balance Sheet Monthly View Year 2

Cash Flow Statement Annual View Years 1-5

Cash Flow Statement Monthly View Year 1

Cash Flow Statement Monthly View Year 2

Debt/Capital Requirements Annual View Years 1-5

Debt/Capital Requirements Monthly View Year 1

Debt/Capital Requirements Monthly View Year 2

Income Statement Annual View Years 1-5

Income Statement Annual Monthly View Year 1

Income Statement Annual Monthly View Years 2

Results

Revenue Annual View Years 1-5

Revenue Monthly View Year 1

Revenue Monthly View Year 2



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Demographic & Plan Assumptions Annual View Years 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
Model Data Points					
Markets	1	3	5	7	10
Coverage Area (Sq Mi)	30	0	0	0	0
Standard Housing Units per Coverage Area	1.5	200,000	200,000	200,000	200,000
Number of standard business per coverage area	meg	17,000	17,000	17,000	17,000
Number of premium business per coverage area	3 meg	4,600	4,600	4,600	4,600
US Survey Data					
Number of US Households	102,000,000	105,060,000	108,211,800	111,458,154	114,801,899
Forecast % Population US Internet Users	90%	91%	92%	93%	94%
Forecast US Households Internet Subscribers (%)	91,800,000	95,499,540	99,348,171	103,351,903	107,516,984
US Broadband Sub Penetration	23%	28%	33%	39%	44%
Consumer Market					
Occupied Housing Units	200,000	600,000	1,000,000	1,400,000	2,000,000
Housing Unit Growth	0%	0%	0%	0%	0%
Total Homes Passed	200,000	600,000	1,000,000	1,400,000	2,000,000
Available Subs based on RF signal coverage	95%	95%	95%	95%	95%
Available Broadband Subscribers	171,000	518,130	872,186	1,233,270	1,779,433
Penetration of Remaining Available Sub Base	3.75%	7.0%	5.5%	5.5%	5.5%
New Unit Adds	6,410	30,217	47,970	67,829	97,868
Projected Churn	7.5%	18.0%	15.0%	15.0%	15.0%
Unit Disconnects	189	3,385	8,556	15,957	25,991
Residential Offer Subscribers	6,221	33,052	72,467	124,339	196,216
Residential Offer 1 Homes Passed Penetration Rate	3%	6%	7%	9%	10%
Residential Service Offer Mkt Share	4%	6%	8%	10%	11%
Product Distribution					
Consumer Basic	52.50%	52.50%	52.50%	52.50%	52.50%
Consumer Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%
Consumer Premium	22.50%	22.50%	22.50%	22.50%	22.50%
Consumer Premium Bundle With VoWiFi	7.50%	7.50%	7.50%	7.50%	7.50%
Gross Ad Breakdown					
Consumer Basic	3,365	15,864	25,184	35,610	51,381
Consumer Basic Bundle With VoWiFi	1,122	5,288	8,395	11,870	17,127
Consumer Premium	1,442	6,799	10,793	15,262	22,020
Consumer Premium Bundle With VoWiFi	481	2,266	3,598	5,087	7,340



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Net Customer Breakdown

Consumer Basic	3,266	17,352	38,045	65,278	103,013
Consumer Basic Bundle With VoWiFi	1,089	5,784	12,682	21,759	34,338
Consumer Premium	1,400	7,437	16,305	27,976	44,149
Consumer Premium Bundle With VoWiFi	467	2,479	5,435	9,325	14,716

Monthly Recurring

Monthly Fee Consumer Basic	\$ 24.95	\$ 24.45	\$ 23.96	\$ 23.48	\$ 23.01
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Consumer Basic Bundle With VoWiFi	\$ 54.95	\$ 53.85	\$ 52.77	\$ 51.72	\$ 50.68
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Monthly Fee Consumer Premium	\$ 54.95	\$ 53.85	\$ 52.77	\$ 51.72	\$ 50.68
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Consumer Premium Bundle With VoWiFi	\$ 84.95	\$ 83.25	\$ 81.59	\$ 79.95	\$ 78.36
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%

Installation

Installation Fee Consumer Basic	\$0.00	\$0.00	\$23.96	\$23.96	\$23.96
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Basic Bundle With VoWiFi	\$0.00	\$0.00	\$52.77	\$52.77	\$52.77
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium	\$0.00	\$0.00	\$52.77	\$52.77	\$52.77
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium Bundle With VoWiFi	\$0.00	\$0.00	\$81.59	\$81.59	\$81.59
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Percent of Subscribers Requiring CPE	65%	65%	65%	65%	65%
Backhaul Bandwidth per Provisioned User (in kbps)	12 - 20	16	16.82	17.66	18.54
Per User Backhaul Bandwidth Growth Rate	0.05	0%	5.00%	5%	5%

Wholesale Market

As a % of residential data market revenue	20%	20%	20%	15%	15%
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Business Market

Number of Standard Bus Fixed per Market	17,000	51,000	85,000	119,000	170,000
Number of Business w/ less than 20 employees	47%	47%	47%	47%	47%
Number of Business Growth Rate	0%	0%	0%	0%	0%
Available Bus based on RF signal coverage	95%	95%	95%	95%	95%
Available Standard Bus Fixed Users	7,591	22,772	37,953	53,134	75,905
Available Number of Premium Fixed Users	4,600	13,800	23,000	32,200	46,000
Bus Fixed Penetration of remaining	1.25%	4.20%	3.5%	4.5%	5.0%
New Unit Adds	150	1,291	2,089	3,714	5,826
Projected Annual Churn (%)	10%	30%	24%	24%	24%
Unit Disconnects	5	191	549	1,114	1,991
Business Offer Subscribers	145	1,245	2,785	5,385	9,219
Business Service Offer Mkt Share	2%	5%	7%	10%	12%



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Product Distribution

Business Basic	60.00%	60.00%	60.00%	60.00%	60.00%
Business Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%
Business Premium	15.00%	15.00%	15.00%	15.00%	15.00%
Business Premium Bundle With VoWiFi	7.50%	7.50%	7.50%	7.50%	7.50%

Gross Ad Breakdown

Business Basic	90	775	1,253	2,228	3,496
Business Basic Bundle With VoWiFi	26	226	366	650	1,020
Business Premium	23	194	313	557	874
Business Premium Bundle With VoWiFi	11	97	157	279	437

Net Customer Breakdown

Business Basic	87	747	1,671	3,231	5,531
Business Basic Bundle With VoWiFi	25	218	487	942	1,613
Business Premium	22	187	418	808	1,383
Business Premium Bundle With VoWiFi	11	93	209	404	691

Monthly Recurring

Monthly Fee Business Basic	\$ 20.00	\$ 19.60	\$ 19.21	\$ 18.82	\$ 18.45
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Business Basic Bundle With VoWiFi	\$ 320.00	\$ 313.60	\$ 307.33	\$ 301.18	\$ 295.16
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Monthly Fee Business Premium	\$ 50.00	\$ 49.00	\$ 48.02	\$ 47.06	\$ 46.12
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Business Premium Bundle With VoWiFi	\$ 500.00	\$ 490.00	\$ 480.20	\$ 470.60	\$ 461.18
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%

Installation

Installation Fee Consumer Basic	\$0.00	\$0.00	\$19.16	\$19.16	\$19.16
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Basic Bundle With VoWiFi	\$0.00	\$0.00	\$307.28	\$307.28	\$307.28
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium	\$0.00	\$0.00	\$47.97	\$47.97	\$47.97
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium Bundle With VoWiFi	\$0.00	\$0.00	\$480.15	\$480.15	\$480.15
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%
Backhaul Bandwidth per Provisioned User (in kbps)	40	42.05	44.15	46.36	48.67
Per Standard Bus Fixed User Bandwidth Growth Rate	0%	5.00%	5%	5%	5%



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Mobile

Share minutes - 2 dual mode phones

Monthly Recurring (Additional to above plans)

Monthly Fee Consumer Basic	\$ 95.00	\$ 93.10	\$ 91.24	\$ 89.41	\$ 87.62
Price Erosion Monthly Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%

Installation

Installation Fee	\$95.00	\$93.10	\$91.24	\$91.24	\$91.24
Installation Fee Annual Change (%)	0%	-2%	-2%	-2%	-2%
Dual mode phones	2	2	2	2	2
Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%
Penetration of existing customers	10%	10%	10%	10%	10%
Mobile customers	637	3,430	7,525	12,972	20,543

Homepage - Splashpage

Sessions / month	20.0	20.0	20.0	20.0	20.0
Number of ads per page (3 - 5 placements) per page	3-5	3.0	3.0	3.0	3.0
Splash Page views per session	2.6	2.6	2.6	2.6	2.6
CPM - Splash Page	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
CPC - Splash page	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Click through rate	0.50%	0.50%	0.50%	0.50%	0.50%
Monthly Splash Page Impressions	156.0	156.0	156.0	156.0	156.0
Possible Splash page revenue per sub month	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46
Possible splash page subs (residential)	6,221	33,052	72,467	124,339	196,216

Advertising - General & Location Based Search

Monetized Advertising Subs	6366	34,297	75,251	129,723	205,435
Searches per sub per day	1.3	1.3	1.3	1.3	1.3
Percentage explicitly local searches	0.13	0.13	0.13	0.13	0.13
Percentage implicitly local searches	0.22	0.22	0.22	0.22	0.22
Days per month	30	30	30	30	30
Clickthrough rate per search	0.5%	0.5%	0.5%	0.5%	0.5%
Clickthrough rate per local search	3.0%	3.0%	3.0%	3.0%	3.0%
Regular search CPC (\$)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Local search CPC (\$)	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50
Revenue per regular search	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Revenue per local search	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38
Total search ARPU (\$/month)	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41
Total search ARPU with location information (\$/month)	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Local General Search Blended Revenue / sub / month	\$5.50	\$6.71	\$8.05	\$9.25	\$10.18
\$ / sub annual growth rate	0%	20.00%	20.00%	15.00%	10.00%
% Rev Share	3%	2.50%	30.00%	30.00%	30.00%



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Customers Requiring CPE

Consumer Broadband	4,043	17,441	25,619	33,717	46,720
Business Broadband	441	8,520	2,785	5,385	9,219
VoWiFi - Consumer	1,011	4,360	6,405	8,429	11,680
VoWiFi - Business	36	275	385	650	959
Mobile					
Total customers requiring CPE	5,531	30,596	35,194	48,180	68,578

CPE Costs

Consumer Broadband	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Business Broadband	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
VoWiFi - Consumer	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
VoWiFi - Business	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Mobile	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00

Price Decline			10%	10%	5%
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Network Maintenance (after 1st year of operation)

as a % of capital costs 8%

Premium Business - Cost for dedicated T-1 line

\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
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Price Decline 5%

Metro Mesh Mounting Rights (per month)

\$ 5.00	\$ 5.00	\$ 4.75	\$ 4.75	\$ 4.50
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Routers per Sq Miles	30	30	30	30	30
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P-2-MP Wireless Base Station Monthly Mounting Rights

Minimum per market & network size \$ 1,650 5

POP - Metro Router Backhaul

Cost / T1 backhaul \$ 200

Cost / DS3 backhaul \$ 1,500

Cost Fiber Backhaul \$ 1,000

P-2-MP (Metromesh) backhaul

Number of Towers	4	5	7	9	10
P-2-MP Basestations w/ Wired Backhaul	4	15	35	63	100
Percentage of backhaul using fixed wireless connections	100%	100%	100%	100%	100%
Residential	99,529,0069	556	1,280	2,306	3,820
Business	5.8	52	123	250	449
Total Required Mesh Bandwidth (Mbps) - Calculated	105	608	1,403	2,555	4,269
Per Line LAN / Fiber On-Net Capacity (in Mbps)	36				
P-2-MP Bandwidth per base station aggregation point (Mbps)	26	122	200	284	427



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Peering (Access) Connectivity

% traffic offnet	90%	90%	90%	90%	90%
Required peering (Mbps Total Bandwidth)	24	109	180	256	384
Target peering fill rate	60%	60%	60%	60%	60%
Project Number of DS3s	1	5	7	10	15
Cost / Mbps DS3 peering	\$70	\$66.50	\$63.18	\$60.02	\$57.02

NOC/Customer Service

Average Sub Call Time (Minutes)	7	7	6	6	5
Number of calls / hdct	17,829	17,829	20,800	20,800	24,960
Subscriber Interactions per year (new)	7	7	6	6	5
Subscriber interactions per year (Existing)	5	5	4	4	4
Forecasted Calls to handle	7,677	55,650	493,990	709,567	916,991
Required NOC Headcount (Min 8)	0	8	24	34	37
Salary	60,000	61,800	63,654	65,564	67,531

	<u>Per</u>					
	<u>Mkt</u>					
Personnel (In Market)						
General Manager	1	1	3	5	7	10
Sales Manager - Resi	1	1	3	5	7	10
Sales Manager - Business	1	4	12	20	28	40
Sales Executive - Business	4	1	3	5	7	10
Director of Operations	1	3	9	15	21	30
Network Technician (3 per market)	3	1	3	5	7	10
Receptionist	1	1	3	5	7	10
Marketing Manager	1	0	0	0	0	0

Headquarters

President & CEO		1	1	1	1	1
Chief Marketing Officer		1	1	1	1	1
CFO		1	1	1	1	1
Chief Operations Officer		1	1	1	1	1
VP Business Development		1	1	1	1	1
RF Engineer		1	2	2	2	2
Administrative Asst		1	1	1	1	1
Receptionist		1	1	1	1	1
Controller		1	1	1	1	1
Staff Accountant - 1 per market	1	0	0	0	0	0
Manager Customer Service		1	1	1	1	1
Manager NOC		1	1	1	1	1
VP of IT		1	1	1	1	1
IT Personnel - 1 per market (min of 4)	2	4	4	4	4	4

Total headcount		28	53	77	101	137
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Salaries (In Market) (4% increase per year/5% executive)

General Manager	96,000	99,840	103,834	107,987	112,306
Sales Manager - Resi	90,000	93,600	97,344	101,238	105,287
Sales Manager - Business	90,000	93,600	97,344	101,238	105,287
Sales Executive - Business	60,000	62,400	64,896	67,492	70,192
Director of Operations	78,000	81,120	84,365	87,739	91,249
Network Technician (3 per market)	60,000	62,400	64,896	67,492	70,192
Receptionist	24,000	24,960	25,958	26,997	28,077
Marketing Manager	66,000	68,640	71,386	74,241	77,211

Headquarters

President & CEO	120,000	275,000	288,750	303,188	318,347
Chief Marketing Officer	120,000	150,000	157,500	165,375	173,644
CFO	120,000	180,000	189,000	198,450	208,373
Chief Operations Officer	120,000	150,000	157,500	165,375	173,644
VP Business Development	90,000	93,600	97,344	101,238	105,287
RF Engineer	72,000	74,880	77,875	80,990	84,230
Administrative Asst	36,000	37,440	38,938	40,495	42,115
Receptionist	24,000	24,960	25,958	26,997	28,077
Controller	78,000	81,120	84,365	87,739	91,249
Staff Accountant - 1 per market	48,000	49,920	51,917	53,993	56,153
Manager Customer Service	78,000	81,120	84,365	87,739	91,249
Manager NOC	78,000	81,120	84,365	87,739	91,249
VP of IT	90,000	94,500	99,225	104,186	109,396
IT Personnel - 1 per market	48,000	49,920	51,917	53,993	56,153

Rent

Number offices	2	4	6	8	11
\$20 per sf -	20	20	20	20	20
In market	12	36	60	84	120
HQ	16	17	17	17	17

Office per market - 3000 sf @ \$20	5000	100	620	620	620	620
HQ - 10000 sf @ \$20 - 20000 in yr 3	\$20	0	-	-	-	-

Auto (Per month)

CEO	1500	1500	1500	1500	1500
VP/GM	1000	1000	1000	1000	1000

Long Distance/Mobile With Plan

Cost per minute	0.025	0.025	0.019	0.019	0.019
Consumer Basic & Premium Bundle With VoWiFi	200	200	200	200	200
Business Basic Bundle With VoWiFi	1,600	1,600	1,600	1,600	1,600
Business Premium Bundle with VoWiFi	1,600	1,600	1,600	1,600	1,600
Average usage of plan minutes	75%	75%	75%	75%	75%

Local Call Terminations

Average per subscriber per month	0.0025	0.0025	0.002	0.002	0.002
Average usage of plan minutes	1,000	1,000	1,000	1,000	1,000
Average usage of plan minutes	75%	75%	75%	75%	75%



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Demographic & Plan Assumptions
Monthly View Year 1

PLAN ASSUMPTIONS	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Model Data Points												
Markets	0	0	0	0	0	0	0	1	1	1	1	1
Coverage Area (Sq Mi)	30	0	0	0	0	0	0	30	30	30	30	30
Standard Housing Units per Coverage Area	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Number of standard business per coverage area	15	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Number of premium business per coverage area	3 meg	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
US Survey Data												
Number of US Households	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000
Forecast % Population US Internet Users	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Forecast US Households Internet Subscribers (%)	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000	91,800,000
US Broadband Sub Penetration	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%	23%
Consumer Market												
Occupied Housing Units	0	0	0	0	0	0	0	200,000	200,000	200,000	200,000	200,000
Housing Unit Growth	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Homes Passed	0	0	0	0	0	0	0	200,000	200,000	200,000	200,000	200,000
Available Subs based on RF signal coverage	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Available Broadband Subscribers	0	0	0	0	0	0	0	171,000	171,000	171,000	171,000	171,000
Penetration of Remaining Available Sub Base	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.75%	0.75%	0.75%	0.75%	0.75%
New Unit Adds	0	0	0	0	0	0	0	1282	1282	1282	1282	1282
Projected Churn	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%
Unit Disconnects	0	0	0	0	0	0	0	0	19	38	57	75
Residential Offer Subscribers	0	0	0	0	0	0	0	1282	2,545	3,789	5,014	6,221
Residential Offer 1 Homes Passed Penetration Rate	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	3%	3%
Residential Service Offer Mkt Share	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	3%	4%
Product Distribution												
Consumer Basic	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%
Consumer Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%



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Wholesale Market												
As a % of residential data market revenue	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Business Market												
Number of Standard Bus Fixed per Market	0	0	0	0	0	0	0	17,000	17,000	17,000	17,000	17,000
Number of Business w/ less than 20 employees	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
Number of Business Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Available Bus based on RF signal coverage	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Available Standard Bus Fixed Users	0	0	0	0	0	0	0	7,591	7,591	7,591	7,591	7,591
Available Number of Premium Fixed Users	0	0	0	0	0	0	0	4,600	4,600	4,600	4,600	4,600
Bus Fixed Penetration of remaining	0%	0%	0%	0%	0%	0%	0%	0.25%	0.25%	0.25%	0.25%	0.25%
New Unit Adds	0	0	0	0	0	0	0	30	30	30	30	30
Projected Annual Churn (%)	0%	0%	0%	0%	0%	0%	0%	0%	2.50%	2.50%	2.50%	2.50%
Unit Disconnects	0	0	0	0	0	0	0	0	0	1	2	2
Business Offer Subscribers	0	0	0	0	0	0	0	30	60	89	117	145
Business Service Offer Mkt Share	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	2%
Product Distribution												
Business Basic	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Business Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
Business Premium	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Business Premium Bundle With VoWiFi	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Gross Ad Breakdown												
Business Basic	0	0	0	0	0	0	0	18	18	18	18	18
Business Basic Bundle With VoWiFi	0	0	0	0	0	0	0	5	5	5	5	5
Business Premium	0	0	0	0	0	0	0	5	5	5	5	5
Business Premium Bundle With VoWiFi	0	0	0	0	0	0	0	2	2	2	2	2
Net Customer Breakdown												
Business Basic	0	0	0	0	0	0	0	18	36	53	70	87
Business Basic Bundle With VoWiFi	0	0	0	0	0	0	0	5	11	16	20	25
Business Premium	0	0	0	0	0	0	0	5	9	13	18	22
Business Premium Bundle With VoWiFi	0	0	0	0	0	0	0	2	5	7	9	11
Monthly Recurring												
Monthly Fee Business Basic	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Price Erosion Monthly Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Business Basic Bundle With VoWiFi	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00	\$ 320.00
Price Erosion Monthly Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

"Next Generation Municipal Wireless Broadband Networks"



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Monthly Fee Business Premium	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00
Price Erosion Monthly Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Business Premium Bundle With VoWiFi	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Price Erosion Monthly Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Installation													
Installation Fee Consumer Basic	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95	\$19.95
Installation Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Installation Fee Consumer Basic Bundle With VoWiFi	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95	\$319.95
Installation Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Installation Fee Consumer Premium	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95	\$49.95
Installation Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Installation Fee Consumer Premium Bundle With VoWiFi	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95	\$499.95
Installation Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Backhaul Bandwidth per Provisioned User (in kbps)	40	40	40	40	40	40	40	40	40	40	40	40	40
Per Standard Bus Fixed User Bandwidth Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Mobile													
Share minutes - 2 dual mode phones													
Monthly Recurring (Additional to above plans)													
Monthly Fee Consumer Basic	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00	\$ 95.00
Price Erosion Monthly Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Installation													
Installation Fee	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00	\$95.00
Installation Fee Annual Change (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Dual mode phones	2	2	2	2	2	2	2	2	2	2	2	2	2
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Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
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Penetration of existing customers	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
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Mobile customers	0	0	0	0	0	0	0	131	260	388	513	637	
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e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Homepage - Splashpage													
Sessions / month	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Number of ads per page (3-5 placements) 3-5 per page	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Splash Page views per session	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
CPM - Splash Page	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
CPC - Splash page	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Click through rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Monthly Splash Page Impressions	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0
Possible Splash page revenue per sub month	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46
Possible splash page subs (residential)	0	0	0	0	0	0	0	1,282	2,545	3,789	5,014	6,221	
Advertising - General & Location Based Search													
Monetized Advertising Subs	0	0	0	0	0	0	0	1312	2605	3878	5131	6366	
Searches per sub per day	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Percentage explicitly local searches	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Percentage implicitly local searches	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Days per month	30	30	30	30	30	30	30	30	30	30	30	30	30
Clickthrough rate per search	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Clickthrough rate per local search	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Regular search CPC (\$)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Local search CPC (\$)	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50
Revenue per regular search	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Revenue per local search	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38
Total search ARPU (\$/month)	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41
Total search ARPU with location information (\$/month)	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
Local General Search Blended Revenue / sub / month	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
\$/sub annual growth rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
% Rev Share	3%	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.50%	2.50%	2.50%	2.50%
Customers Requiring CPE													
Consumer Broadband	0	0	0	0	0	0	0	833	821	808	796	784	
Business Broadband	0	0	0	0	0	0	0	30	60	89	117	145	
VoWiFi - Consumer	0	0	0	0	0	0	0	208	205	202	199	196	
VoWiFi - Business	0	0	0	0	0	0	0	8	8	7	7	7	
Mobile													
Total customers requiring CPE	-	-	-	-	-	-	-	1,079	1,094	1,107	1,119	1,133	

"Next Generation Municipal Wireless Broadband Networks"



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

CPE Costs																	
Consumer Broadband	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Business Broadband	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
VdWiFi - Consumer	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
VdWiFi - Business	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
Mobile	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
Price Decline																	
Network Maintenance (after 1st year of operation) as a % of capital costs	8%																
Premium Business - Cost for dedicated T-1 line	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Price Decline	5%																
Metro Mesh Mounting Rights (per month)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Routers per Sq Miles	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
P-2-MP Wireless Base Station Monthly Mounting Rights	\$ 1,650																
Minimum per market & network size	5																
POP - Metro Router Backhaul																	
Cost / T1 backhaul	\$ 200																
Cost / DS3 backhaul	\$ 1,500																
Cost Fiber Backhaul	\$ 1,000																
P-2-MP (Metromesh) backhaul																	
Number of Towers	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
P-2-MP Base stations w/ Wired Backhaul	0	0	0	0	0	0	0	0	4	4	4	4	4	4	4	4	4
Percentage of backhaul using fixed wireless connections	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Residential	0	0	0	0	0	0	0	0	20.512	40.71632	60.6175752	80.2203116	99.5290069				
Business	0	0	0	0	0	0	0	0	1.2	2.4	3.56	4.68	5.8				
Total Required Mesh Bandwidth (Mbps) - Calculated Per Line LAN / Fiber On-Net Capacity (in Mbps)	-	-	-	-	-	-	-	-	-	22	43	64	85	105			
P-2-MP Bandwidth per base station aggregation point (Mbps)	-	-	-	-	-	-	-	-	-	5	11	16	21	26			

"Next Generation Municipal Wireless Broadband Networks"



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Peering (Access) Connectivity													
% traffic offnet	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Required peering (Mbps Total Bandwidth)	0	0	0	0	0	0	0	5	10	14	19	24	
Target peering fill rate	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
Project Number of DS3s	0	0	0	0	0	0	0	1	1	1	1	1	
Cost / Mbps DS3 peering	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	
NOC/Customer Service													
Average Sub Call Time (Minutes)	7	7	7	7	7	7	7	7	7	7	7	7	
Number of calls / hdd	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	
Subscriber Interactions per year (new)	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	
Subscriber interactions per year (Existing)	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	
Forecasted Calls to handle	-	-	-	-	-	-	-	842	1,519	1,647	1,773	1,897	
Required NOC Headcount (Min 8)	-	-	-	-	-	-	-	1	1	1	1	1	
Salary	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Personnel (In Market)													
	Per Mkt												
General Manager	1	0	0	0	0	0	0	1	1	1	1	1	
Sales Manager - Resi	1	0	0	0	0	0	0	1	1	1	1	1	
Sales Manager - Business	1	0	0	0	0	0	0	1	1	1	1	1	
Sales Executive - Business	4	0	0	0	0	0	0	4	4	4	4	4	
Director of Operations	1	0	0	0	0	0	0	1	1	1	1	1	
Network Technician (3 per market)	3	0	0	0	0	0	0	3	3	3	3	3	
Receptionist	1	0	0	0	0	0	0	1	1	1	1	1	
Marketing Manager	1	0	0	0	0	0	0	1	1	1	1	1	
Headquarters													
President & CEO	1	1	1	1	1	1	1	1	1	1	1	1	
Chief Marketing Officer	1	1	1	1	1	1	1	1	1	1	1	1	
CFO	1	1	1	1	1	1	1	1	1	1	1	1	
Chief Operations Officer	1	1	1	1	1	1	1	1	1	1	1	1	
VP Business Development	1	1	1	1	1	1	1	1	1	1	1	1	
RF Engineer	1	1	1	1	1	1	1	1	1	1	1	1	
Administrative Asst				1	1	1	1	1	1	1	1	1	
Receptionist							1	1	1	1	1	1	
Controller							1	1	1	1	1	1	
Staff Accountant - 1 per market	1	0	0	0	0	0	0	1	1	1	1	1	
Manager Customer Service	1	1	1	1	1	1	1	1	1	1	1	1	
Manager NOC	1	1	1	1	1	1	1	1	1	1	1	1	
VP of IT	1	1	1	1	1	1	1	1	1	1	1	1	



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IT Personnel - 1 per market (min of 4)	2	4	4	4	4	4	4	4	4	4	4	4	
Total headcount		13	13	13	14	14	16	16	30	30	30	30	
Salaries (In Market) (4% increase per year 5% executive)													
General Manager		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	
Sales Manager - Resi		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Sales Manager - Business		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
Sales Executive - Business		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Director of Operations		6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
Network Technician (2 per market)		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Receptionist		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
Marketing Manager		5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	
Headquarters													
President & CEO		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Chief Marketing Officer		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
CFO		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Chief Operations Officer		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
VP Business Development		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
RF Engineer		6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	
Administrative Asst		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	
Receptionist		2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	
Controller		6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
Staff Accountant - 1 per market		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Manager Customer Service		6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
Manager NOC		6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	
VP of IT		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
IT Personnel - 1 per market		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Rent													
Number offices		1	1	1	1	1	1	1	2	2	2	2	
\$20 per sf -		20	20	20	20	20	20	20	20	20	20	20	



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In market		0	0	0	0	0	0	0	13	13	13	13	13
HQ		13	13	13	14	14	16	16	17	17	17	17	17
Office per market - 3000 sf @ \$20	5000	0	0	0	0	0	0	0	5000	5000	5000	5000	5000
HQ - 10000 sf @ \$20 - 20000 in yr 3	\$20	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Auto (Per month)													
GEO		1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
VPAGM		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Long Distance/Mobile With Plan													
Cost per minute		0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Consumer Basic & Premium Bundle With VoWiFi		200	200	200	200	200	200	200	200	200	200	200	200
Business Basic Bundle With VoWiFi		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Business Premium Bundle with VoWiFi		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Average usage of plan minutes		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Local Call Terminations													
Average per subscriber per month		0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025
Average usage of plan minutes		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%



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Demographic & Plan Assumptions Monthly View Year 2

PLAN ASSUMPTIONS	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Model Data Points												
Markets	2	2	2	2	2	3	3	3	3	3	3	3
Coverage Area (Sq Mi)	30	60	60	60	60	60	90	90	90	90	90	90
Standard Housing Units per Coverage Area		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Number of standard business per coverage area	1.5	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Number of premium business per coverage area	3	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
US Survey Data												
Number of US Households		105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000	105,060,000
Forecast % Population US												
Internet Users		91%	91%	91%	91%	91%	91%	91%	91%	91%	91%	91%
Forecast US Households Internet Subscribers (%)		95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540	95,499,540
US Broadband Sub Penetration		28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%
Consumer Market												
Occupied Housing Units		400,000	400,000	400,000	400,000	400,000	600,000	600,000	600,000	600,000	600,000	600,000
Housing Unit Growth		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Homes Passed		400,000	400,000	400,000	400,000	400,000	600,000	600,000	600,000	600,000	600,000	600,000
Available Subs based on RF signal coverage		95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Available Broadband Subscribers		345,420	345,420	345,420	345,420	345,420	518,130	518,130	518,130	518,130	518,130	518,130
Penetration of Remaining Available Sub Base		0.75%	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
New Unit Adds		2,590	2,590	2,590	2,590	1,727	2,590	2,590	2,590	2,590	2,590	2,590



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Projected Churn	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Unit Disconnects	93	131	168	204	240	262	297	331	365	399	432	464
Residential Offer Subscribers	8,717	11,176	13,599	15,985	17,472	19,800	22,093	24,352	26,576	28,768	30,926	33,052
Residential Offer 1 Homes Passed												
Penetration Rate	2%	3%	3%	4%	4%	3%	4%	4%	4%	5%	5%	6%
Residential Service Offer Mkt Share	3%	3%	4%	5%	5%	4%	4%	5%	5%	6%	6%	6%
Product Distribution												
Consumer Basic	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%	52.50%
Consumer Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
Consumer Premium	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%	22.50%
Consumer Premium Bundle With VoWiFi	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Gross Ad Breakdown												
Consumer Basic	1,360	1,360	1,360	1,360	907	1,360	1,360	1,360	1,360	1,360	1,360	1,360
Consumer Basic Bundle With VoWiFi	453	453	453	453	302	453	453	453	453	453	453	453
Consumer Premium	583	583	583	583	389	583	583	583	583	583	583	583
Consumer Premium Bundle With VoWiFi	194	194	194	194	130	194	194	194	194	194	194	194
Net Customer Breakdown												
Consumer Basic	4,577	5,868	7,139	8,292	9,173	10,395	11,599	12,785	13,953	15,103	16,236	17,352
Consumer Basic Bundle With VoWiFi	1,526	1,956	2,380	2,797	3,058	3,465	3,866	4,262	4,651	5,034	5,412	5,784
Consumer Premium	1,961	2,515	3,060	3,597	3,931	4,455	4,971	5,479	5,980	6,473	6,958	7,437
Consumer Premium Bundle With VoWiFi	654	838	1,020	1,199	1,310	1,485	1,657	1,826	1,993	2,158	2,319	2,479
Monthly Recurring												
Monthly Fee Consumer Basic	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45	\$ 24.45
Price Erosion Monthly Fee												
Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%



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Consumer Basic Bundle With VoWiFi	\$		\$										\$	
Price Erosion Monthly Fee	53.85	\$	53.85	53.85	\$	53.85	\$	53.85	\$	53.85	\$	53.85	\$	53.85
Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Monthly Fee Consumer Premium	\$		\$										\$	
Price Erosion Monthly Fee	53.85	\$	53.85	53.85	\$	53.85	\$	53.85	\$	53.85	\$	53.85	\$	53.85
Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Consumer Premium Bundle With VoWiFi	\$		\$										\$	
Price Erosion Monthly Fee	83.25	\$	83.25	83.25	\$	83.25	\$	83.25	\$	83.25	\$	83.25	\$	83.25
Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation														
Installation Fee Consumer Basic	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45	\$24.45
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Fee Consumer Basic Bundle With VoWiFi	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85	\$53.85
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium Bundle With VoWiFi	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25	\$83.25
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Percent of Subscribers Requiring CPE	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Backhaul Bandwidth per Provisioned User (in kbps)	12 - 20	16.07	16.13	16.20	16.27	16.34	16.40	16.47	16.54	16.61	16.68	16.75	16.82	16.82
Per User Backhaul Bandwidth Growth Rate	0.05	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Wholesale Market As a % of residential data market revenue	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%



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Business Market												
Number of Standard Bus Fixed per Market	34,000	34,000	34,000	34,000	34,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Number of Business w/ less than 20 employees	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%
Number of Business Growth Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Available Bus based on RF signal coverage	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Available Standard Bus Fixed Users	15,181	15,181	15,181	15,181	15,181	22,772	22,772	22,772	22,772	22,772	22,772	22,772
Available Number of Premium Fixed Users	9,200	9,200	9,200	9,200	9,200	13,800	13,800	13,800	13,800	13,800	13,800	13,800
Bus Fixed Penetration of remaining	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
New Unit Adds	84	84	84	84	83	126	125	125	125	124	124	123
Projected Annual Churn (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Unit Disconnects	4	6	8	10	12	14	16	19	22	24	27	29
Business Offer Subscribers	225	303	379	453	524	636	745	851	954	1054	1151	1245
Business Service Offer Mkt Share	1%	2%	2%	3%	3%	3%	3%	4%	4%	5%	5%	5%
Product Distribution												
Business Basic	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Business Basic Bundle With VoWiFi	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
Business Premium	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Business Premium Bundle With VoWiFi	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Gross Ad Breakdown												
Business Basic	50	50	50	50	50	76	75	75	75	74	74	74
Business Basic Bundle With VoWiFi	15	15	15	15	15	22	22	22	22	22	22	22
Business Premium	13	13	13	13	12	19	19	19	19	19	19	18



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Business Premium Bundle With VoWiFi	6	6	6	6	6	9	9	9	9	9	9	9
Net Customer Breakdown												
Business Basic	135	182	227	272	314	382	447	511	572	632	691	747
Business Basic Bundle With VoWiFi	39	53	66	79	92	111	130	149	167	184	201	218
Business Premium	34	45	57	68	79	95	112	128	143	158	173	187
Business Premium Bundle With VoWiFi	17	23	28	34	39	48	56	64	72	79	86	93
Monthly Recurring												
Monthly Fee Business Basic	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60	\$ 19.60
Price Erosion Monthly Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Monthly Fee Business Basic Bundle With VoWiFi	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60	\$ 313.60
Price Erosion Monthly Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Monthly Fee Business Premium	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00	\$ 49.00
Price Erosion Monthly Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Monthly Fee Business Premium Bundle With VoWiFi	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00	\$ 490.00
Price Erosion Monthly Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation												
Installation Fee Consumer Basic	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55	\$19.55
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Fee Consumer Basic Bundle With VoWiFi	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55	\$313.55
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%



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Installation Fee Consumer Premium	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95	\$48.95
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Fee Consumer Premium Bundle With VoWiFi	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95	\$489.95
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Backend Bandwidth per Provisioned User (in kbps)	40.17	40.33	40.50	40.67	40.84	41.01	41.18	41.35	41.53	41.70	41.87	42.05
Per Standard Bus Fixed User Bandwidth Growth Rate	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Mobile Share minutes - 2 dual mode phones												
Monthly Recurring (Additional to above plans)												
Monthly Fee Consumer Basic	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10	\$ 93.10
Price Erosion Monthly Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Installation Installation Fee	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10	\$93.10
Installation Fee Annual Change (%)	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
Dual mode phones	2	2	2	2	2	2	2	2	2	2	2	2
Percent of Subscribers Requiring CPE	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Penetration of existing customers	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%



Mobility Connected

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Mobile customers	894	1,148	1,398	1,644	1,800	2,044	2,284	2,520	2,753	2,982	3,208	3,430
Homepage - Splashpage												
Sessions / month	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Number of ads per page (3 - 5 placements) per page	3-5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Splash Page views per session	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
CPM - Splash Page	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
CPC - Splash page	3.00	\$ 3.00	3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	3.00	\$ 3.00
Click through rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Monthly Splash Page Impressions	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0	156.0
Possible Splash page revenue per sub month	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46	\$5.46
Possible splash page subs (residential)	8,717	11,176	13,599	15,985	17,472	19,800	22,093	24,352	26,576	28,768	30,926	33,052
Advertising - General & Location Based Search												
Monetized Advertising Subs	8,942	11,479	13,978	16,438	17,996	20,436	22,838	25,203	27,530	29,822	32,077	34,297
Searches per sub per day	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Percentage explicitly local searches	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Percentage implicitly local searches	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22
Days per month	30	30	30	30	30	30	30	30	30	30	30	30
Clickthrough rate per search	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Clickthrough rate per local search	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Regular search CPC (\$)	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Local search CPC (\$)	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50	\$12.50
Revenue per regular search	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Revenue per local search	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38	\$0.38
Total search ARFU (\$/month)	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41	\$2.41
Total search ARPU with location	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50



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Information (\$/month)

Local General Search Blended Revenue / sub / month	\$5.59	\$5.68	\$5.78	\$5.87	\$5.97	\$6.07	\$6.17	\$6.28	\$6.38	\$6.49	\$6.60	\$6.71
\$ / sub annual growth rate	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
% Rev Share	3%	2.50%	5.00%	7.50%	10.00%	12.50%	15.00%	17.50%	20.00%	22.50%	25.00%	30.00%

Customers Requiring CPE

Consumer Broadband	1,623	1,599	1,575	1,551	967	1,513	1,490	1,468	1,446	1,424	1,403	1,382
Business Broadband	225	303	379	453	524	636	745	851	954	1,054	1,151	1,245
VoWiFi - Consumer	406	400	394	388	242	378	373	367	362	356	351	345
VoWiFi - Business	20	20	19	19	18	28	27	27	26	25	24	24
Mobile												
Total customers requiring CPE	2,274	2,321	2,366	2,410	1,750	2,555	2,635	2,713	2,787	2,859	2,929	2,996

CPE Costs

Consumer Broadband	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50
Business Broadband	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50	\$112.50
VoWiFi - Consumer	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00	\$135.00
VoWiFi - Business	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00	\$270.00
Mobile	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00	\$540.00

Price Decline 10%

Network Maintenance (after 1st year of operation)

as a % of capital costs 8%

Premium Business - Cost for dedicated T-1 line

	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00	\$190.00
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Price Decline 5%



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Metro Mesh Mounting Rights (per month)	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Routers per Sq Miles	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
P-2-MP Wireless Base Station Monthly Mounting Rights Minimum per market & network size	\$ 1,650																
POP - Metro Router Backhaul																	
Cost / T1 backhaul	\$ 200																
Cost / DS3 backhaul	\$ 1,500																
Cost Fiber Backhaul	\$ 1,000																
P-2-MP (Metromesh) backhaul																	
Number of Towers	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
P-2-MP Basestations w/ Wired Backhaul	10	10	10	10	10	15	15	15	15	15	15	15	15	15	15	15	15
Percentage of backhaul using fixed wireless connections	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Residential	140	180	220	260	285	325	364	403	441	480	518	556					
Business	9	12	15	18	21	26	31	35	40	44	48	52					
Total Required Mesh Bandwidth (Mbps) - Calculated	149	193	236	278	307	351	395	438	481	524	566	608					
Per Line LAN / Fiber On-Net Capacity (in Mbps)	36																
P-2-MP Bandwidth per base station aggregation point (Mbps)																	
Peering (Access) Connectivity																	
% traffic offnet	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Required peering (Mbps Total Bandwidth)	27	35	42	50	55	63	71	79	87	94	102	109					
Target peering fill rate	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Project Number of DS3s	1	2	2	2	3	3	3	3	4	4	4	5					
Cost / Mbps DS3 peering	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50



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NOC/Customer Service													
Average Sub Call Time (Minutes)		7	7	7	7	7	7	7	7	7	7	7	7
Number of calls / hdot	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486
Subscriber Interactions per year (new)	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
Subscriber interactions per year (Existing)	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42	0.42
Forecasted Calls to handle	4,931	3,557	3,798	4,035	3,754	4,082	4,691	4,919	5,143	5,364	5,581	5,795	
Required NOC Headcount (Min 8)	8	8	8	8	8	8	8	8	8	8	8	8	8
Salary	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150	5,150
Personnel (In Market)													
	Per Mkt												
General Manager	1	2	2	2	2	3	3	3	3	3	3	3	3
Sales Manager - Resi	1	2	2	2	2	3	3	3	3	3	3	3	3
Sales Manager - Business	1	2	2	2	2	3	3	3	3	3	3	3	3
Sales Executive - Business	4	8	8	8	8	12	12	12	12	12	12	12	12
Director of Operations	1	2	2	2	2	3	3	3	3	3	3	3	3
Network Technician (3 per market)	3	6	6	6	6	9	9	9	9	9	9	9	9
Receptionist	1	2	2	2	2	3	3	3	3	3	3	3	3
Marketing Manager	1	2	2	2	2	3	3	3	3	3	3	3	3
Headquarters													
President & CEO	1	1	1	1	1	1	1	1	1	1	1	1	1
Chief Marketing Officer	1	1	1	1	1	1	1	1	1	1	1	1	1
CFO	1	1	1	1	1	1	1	1	1	1	1	1	1
Chief Operations Officer	1	1	1	1	1	1	1	1	1	1	1	1	1
VP Business Development	1	1	1	1	1	1	1	1	1	1	1	1	1
RF Engineer	2	2	2	2	2	2	2	2	2	2	2	2	2
Administrative Asst	1	1	1	1	1	1	1	1	1	1	1	1	1
Receptionist	1	1	1	1	1	1	1	1	1	1	1	1	1



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Controller	1	1	1	1	1	1	1	1	1	1	1	1	1
Staff Accountant - 1 per market	1	2	2	2	2	3	3	3	3	3	3	3	3
Manager Customer Service	1	1	1	1	1	1	1	1	1	1	1	1	1
Manager NOC	1	1	1	1	1	1	1	1	1	1	1	1	1
VP of IT	1	1	1	1	1	1	1	1	1	1	1	1	1
IT Personnel - 1 per market (min of 4)	2	4	4	4	4	4	6	6	6	6	6	6	6
Total headcount		45	45	45	45	45	61	61	61	61	61	61	61

Salaries (In Market) (4% increase per year/5% executive)

General Manager	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320
Sales Manager - Resi	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
Sales Manager - Business	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
Sales Executive - Business	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Director of Operations	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760
Network Technician (3 per market)	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Receptionist	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
Marketing Manager	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720	5,720

Headquarters

President & CEO	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917	22,917
Chief Marketing Officer	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
CFO	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Chief Operations Officer	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
VP Business Development	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800



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RF Engineer	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240	6,240
Administrative Asst	3,120	3,120	3,120	3,120	3,120	3,120	3,120	3,120	3,120	3,120	3,120	3,120
Receptionist	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080
Controller	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760
Staff Accountant - 1 per market	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
Manager Customer Service	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760
Manager NOC	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760	6,760
VP of IT	7,875	7,875	7,875	7,875	7,875	7,875	7,875	7,875	7,875	7,875	7,875	7,875
IT Personnel - 1 per market	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160	4,160
Rent												
Number offices	3	3	3	3	3	4	4	4	4	4	4	4
\$20 per sf -	20	20	20	20	20	20	20	20	20	20	20	20
In market	26	26	26	26	26	39	39	39	39	39	39	39
HQ	19	19	19	19	19	22	22	22	22	22	22	22
Office per market - 3000 sf @ \$20	5000	10000	10000	10000	10000	10000	15000	15000	15000	15000	15000	15000
HQ - 10000 sf @ \$20 - 20000 in yr 3	\$20	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Auto (Per month)												
CEO	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
VP/GM	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
Long Distance/Mobile With Plan												
Cost per minute	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
Consumer Basic & Premium Bundle With VoWiFi	200	200	200	200	200	200	200	200	200	200	200	200
Business Basic Bundle With VoWiFi	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Business Premium Bundle with VoWiFi	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600



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Average usage of plan minutes	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Local Call Terminations	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025
Average per subscriber per month	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Average usage of plan minutes	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Balance Sheet Annual View Years 1-5

BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Cash	\$452,586	\$841,231	\$888,364	\$1,416,202	\$11,898,071
Accounts Receivable	327,991	1,726,950	2,752,027	4,663,939	7,354,986
Deposits	0	0	0	0	0
Current Assets	780,578	2,568,181	3,640,390	6,080,141	19,253,057
	0				
Gross Fixed	14,995,500	20,836,000	30,957,000	42,078,000	54,231,000
Accumulated Depreciation	(640,450)	(1,333,900)	(3,039,450)	(5,857,100)	(9,890,050)
Net Fixed Assets	14,355,050	19,502,100	27,917,550	36,220,900	44,340,950
	0				
Total Assets	\$15,135,628	\$22,070,281	\$31,557,940	\$42,301,041	\$63,594,007
Liabilities & Equity					
Accounts Payable	2,745,255	1,302,815	1,837,563	2,629,942	3,792,875
Current Liabilities	515,168	1,302,815	1,837,563	2,629,942	3,792,875
	0				
Long Term Debt	14,995,500	20,836,000	27,831,600	34,777,860	41,714,181
	0				
Capital Contributions	5,200,000	15,200,000	21,700,000	21,700,000	21,700,000
Retained Earnings	(6,575,040)	(15,268,534)	(19,811,222)	(16,806,761)	(3,613,048)
Total Equity	(375,040)	(68,534)	1,888,778	4,893,239	18,086,952
	0				
Total Liabilities & Equity	\$15,135,628	\$22,070,281	\$31,557,940	\$42,301,041	\$63,594,007



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Balance Sheet Monthly View Year 1

BALANCE SHEET	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Assets													
Cash	\$104,675	\$180,116	\$155,557	\$127,233	\$197,110	\$156,331	\$179,863	\$191,460	1,529	\$254,714	\$278,958	\$452,586	\$452,586
Accounts Receivable	0	0	0	0	0	0	0	105,806	162,877	218,793	273,758	327,991	327,991
Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Assets	104,675	180,116	155,557	127,233	197,110	156,331	179,863	297,266	311,406	473,508	552,716	780,578	780,578
													0
Gross Fixed	6,404,500	3,404,500	6,404,500	6,406,500	3,406,500	6,410,500	10,689,000	10,717,000	0,717,000	10,717,000	14,995,500	4,995,500	14,995,500
Accumulated Depreciation	(53,371)	(106,742)	(160,113)	(213,483)	(266,854)	(320,225)	(373,596)	(426,967)	(480,328)	(533,708)	(587,079)	(640,450)	(640,450)
Net Fixed Assets	6,351,129	3,297,758	6,244,388	6,193,017	3,139,646	6,090,275	10,315,404	10,290,033	0,236,663	10,183,292	14,408,421	4,355,050	14,355,050
													0
Total Assets	\$6,455,804	6,477,874	\$6,399,945	\$6,320,250	6,336,755	\$6,246,606	\$10,495,268	\$10,587,300	10,548,068	\$10,656,799	\$14,961,137	5,135,628	\$15,135,628
Liabilities & Equity													
Accounts Payable	29,233	29,233	29,233	31,033	31,033	34,633	34,633	493,970	500,946	505,753	510,384	515,168	2,745,256
Current Liabilities	29,233	29,233	29,233	31,033	31,033	34,633	34,633	493,970	500,946	505,753	510,384	515,168	515,168
													0
Long Term Debt	6,404,500	3,404,500	6,404,500	6,406,500	3,406,500	6,410,500	10,689,000	10,717,000	0,717,000	10,717,000	14,995,500	4,995,500	14,995,500
													0
Capital Contributions	300,000	600,000	900,000	1,000,000	1,300,000	1,500,000	1,800,000	2,200,000	2,900,000	3,700,000	4,400,000	5,200,000	5,200,000
Retained Earnings	(277,930)	(555,859)	(833,789)	(1,117,283)	(1,400,778)	(1,698,528)	(2,028,366)	(2,823,671)	(3,569,878)	(4,265,954)	(4,944,747)	(5,575,040)	(5,575,040)
Total Equity	22,070	44,141	(83,789)	(117,283)	(100,778)	(198,528)	(228,366)	(623,671)	(669,878)	(565,954)	(544,747)	(375,040)	(375,040)
													0
Total Liabilities & Equity	\$6,455,804	6,477,874	\$6,399,945	\$6,320,250	6,336,755	\$6,246,606	\$10,495,268	\$10,587,300	10,548,068	\$10,656,799	\$14,961,137	5,135,628	\$15,135,628

"Next Generation Municipal Wireless Broadband Networks"



Balance Sheet Monthly View Year 2

BALANCE SHEET

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Assets												
Cash	\$9,699,813	\$8,514,950	\$7,436,809	\$6,458,660	\$5,580,957	\$4,867,598	\$3,962,576	\$3,156,478	\$2,448,978	\$1,839,583	\$1,291,786	\$841,231
Accounts Receivable	490,246	604,591	717,870	830,126	878,919	1,034,897	1,152,593	1,269,461	1,385,330	1,500,029	1,614,030	1,726,950
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Current Assets	10,184,059	9,119,541	8,154,679	7,288,786	6,459,876	5,902,495	5,115,169	4,425,939	3,834,308	3,339,612	2,905,816	2,568,181
Gross Fixed	15,525,500	15,525,500	15,525,500	15,525,500	15,525,500	15,557,500	16,057,500	16,057,500	16,057,500	16,057,500	20,836,000	20,836,000
Accumulated Depreciation	(698,238)	(756,025)	(813,813)	(871,600)	(929,388)	(987,175)	(1,044,963)	(1,102,750)	(1,160,538)	(1,218,325)	(1,276,113)	(1,333,900)
Net Fixed Assets	14,827,262	14,769,475	14,711,688	14,653,900	14,596,113	14,570,325	15,012,538	14,954,750	14,896,963	14,839,175	19,559,888	19,502,100
Total Assets	\$25,011,322	\$23,889,016	\$22,866,366	\$21,942,686	\$21,055,989	\$20,472,820	\$20,127,706	\$19,380,689	\$18,731,270	\$18,178,787	\$22,465,704	\$22,070,281
Liabilities & Equity												
Accounts Payable	1,095,535	1,107,212	1,118,587	1,129,659	867,006	1,208,915	1,225,735	1,242,089	1,257,975	1,273,389	1,288,338	1,302,815
Current Liabilities	1,095,535	1,107,212	1,118,587	1,129,659	867,006	1,208,915	1,225,735	1,242,089	1,257,975	1,273,389	1,288,338	1,302,815
Long Term Debt	15,525,500	15,525,500	15,525,500	15,525,500	15,525,500	15,557,500	16,057,500	16,057,500	16,057,500	16,057,500	20,836,000	20,836,000
Capital Contributions	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000	15,200,000
Retained Earnings	(6,809,713)	(7,943,696)	(8,977,720)	(9,912,473)	(10,536,518)	(11,493,595)	(12,355,529)	(13,118,900)	(13,784,205)	(14,352,102)	(14,858,634)	(15,268,534)
Total Equity	8,390,287	7,256,304	6,222,280	5,287,527	4,663,482	3,706,405	2,844,471	2,081,100	1,415,795	847,898	341,366	(68,534)
Total Liabilities & Equity	\$25,011,322	\$23,889,016	\$22,866,366	\$21,942,686	\$21,055,989	\$20,472,820	\$20,127,706	\$19,380,689	\$18,731,270	\$18,178,787	\$22,465,704	\$22,070,281



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Business Plan - Confidential and Proprietary

Cash Flow Statement Annual View Years 1-5

CASH FLOW STATEMENT

	Year 1	Year 2	Year 3	Year 4	Year 5	
Net Income	(5,575,040)	(\$9,693,493)	(\$4,542,688)	\$3,004,461	\$13,193,712	
Depreciation & Amortization	640,450	693,450	1,705,550	2,817,650	4,032,950	
(Increase)/Decrease Accounts Rec.	(327,991)	(1,398,958)	(1,025,077)	(1,911,913)	(2,691,047)	
Increase/(Decrease) Accounts Pay.	515,168	787,647	534,747	792,380	1,162,932	
Working Capital Requirements	(4,747,414)	(9,611,355)	(3,327,467)	4,702,578	15,698,548	
Investing:						
Capital Expenditures	(14,995,500)	(5,840,500)	(10,121,000)	(11,121,000)	(12,153,000)	
Deposits	0	0				
Financing:						
Debt	100%	14,995,500	5,840,500	10,121,000	11,121,000	12,153,000
Debt Repayments		0	0	(3,125,400)	(4,174,740)	(5,216,679)
Capital Contributions		5,200,000	10,000,000	6,500,000		0
Net Change in Cash		452,586	388,645	47,133	527,838	10,481,869
Beginning Cash		0	452,586	841,231	888,364	1,416,202
Ending Cash		452,586	841,231	888,364	1,416,202	11,898,071

"Next Generation Municipal Wireless Broadband Networks"



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Cash Flow Statement Monthly View Year 1

CASH FLOW STATEMENT

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Net Income	(277,930)	(277,930)	(277,930)	(283,495)	(283,495)	(297,750)	(329,838)	(795,305)	(746,207)	(696,076)	(678,793)	(630,294)	(5,575,040)
Depreciation & Amortization	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	640,450
(Increase)/Decrease Accounts Rec.	0	0	0	0	0	0	0	(105,806)	(57,070)	(55,917)	(54,954)	(54,234)	(327,991)
Increase/(Decrease) Accounts Pay.	29,233	0	0	1,800	0	3,600	0	459,337	6,975	4,807	4,630	4,785	515,168
Working Capital Requirements	(195,325)	(224,559)	(224,559)	(228,324)	(230,124)	(240,779)	(276,468)	(388,404)	(742,931)	(693,815)	(675,756)	(626,372)	(4,747,414)
Investing:													
Capital Expenditures	(6,404,500)	0	0	(2,000)	0	(4,000)	(4,278,500)	(28,000)	0	0	(4,278,500)	0	(14,995,500)
Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing:													
Debt	100%	6,404,500	0	2,000	0	4,000	4,278,500	28,000	0	0	4,278,500	0	14,995,500
Debt Repayments	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Contributions	300,000	300,000	200,000	200,000	300,000	200,000	300,000	400,000	700,000	800,000	700,000	800,000	5,200,000
Net Change in Cash	104,675	75,441	(24,559)	(28,324)	69,876	(40,779)	23,533	11,596	(42,931)	106,185	24,244	173,628	452,586
Beginning Cash	0	104,675	180,116	155,557	127,233	197,110	156,331	179,863	191,460	148,529	254,714	278,958	0
Ending Cash	104,675	180,116	155,557	127,233	197,110	156,331	179,863	191,460	148,529	254,714	278,958	452,586	452,586



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Cash Flow Statement Monthly View Year 2

CASH FLOW STATEMENT

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year 2
Net Income	(1,234,673)	(1,133,983)	(1,034,024)	(934,752)	(624,045)	(957,078)	(861,934)	(763,371)	(665,304)	(567,898)	(506,532)	(409,900)	(39,693,403)
Depreciation & Amortization	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	693,450
(Increase)/Decrease Accounts Rec.	(162,255)	(114,344)	(113,279)	(112,256)	(48,793)	(155,978)	(117,697)	(116,868)	(115,899)	(114,690)	(114,001)	(112,919)	(1,398,958)
Increase/(Decrease) Accounts Pay.	580,367	11,677	11,375	11,072	(262,652)	341,909	16,820	16,354	15,886	15,415	14,948	14,477	787,647
Working Capital Requirements	(758,773)	(1,178,863)	(1,078,141)	(978,149)	(877,703)	(713,359)	(905,022)	(806,098)	(707,500)	(609,395)	(547,797)	(450,554)	(9,611,356)
Investing:													
Capital Expenditures	(530,000)	0	0	0	0	(32,000)	(500,000)	0	0	0	(4,778,500)	0	(5,840,500)
Deposits	0	0	0	0	0	0	0	0	0	0	0	0	0
Financing:													
Debt	100%	530,000	0	0	0	32,000	500,000	0	0	0	4,778,500	0	5,840,500
Debt Repayments		0	0	0	0	0	0	0	0	0	0	0	0
Capital Contributions		10,000,000	0	0	0	0	0	0	0	0	0	0	10,000,000
Net Change in Cash	9,241,227	(1,178,863)	(1,078,141)	(978,149)	(877,703)	(713,359)	(905,022)	(806,098)	(707,500)	(609,395)	(547,797)	(450,554)	388,645
Beginning Cash	452,586	9,693,813	8,514,950	7,436,809	6,458,660	5,580,957	4,867,598	3,962,576	3,156,478	2,448,978	1,839,583	1,291,786	452,586
Ending Cash	9,693,813	8,514,950	7,436,809	6,458,660	5,580,957	4,867,598	3,962,576	3,156,478	2,448,978	1,839,583	1,291,786	841,231	841,231



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 309 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Debt/Capital Requirements Annual View Years 1-5

CAPITAL	Year 1	Year 2	Year 3	Year 4	Year 5
Per market					
Strix Radio/Antennas - \$4400 each @ 30 per square mile	9,990,000	3,330,000	6,660,000	6,660,000	6,660,000
Back Haul Radio Nodes - \$5000 each @ 1 per 10 sq miles	45,000	15,000	30,000	30,000	30,000
Back Haul Routers - \$2000 each @ 1 per 10 square miles	18,000	6,000	12,000	12,000	12,000
Soft Switch	675,000	225,000	450,000	450,000	450,000
Routers POP	45,000	15,000	30,000	30,000	30,000
POP Installation	150,000	50,000	100,000	100,000	100,000
Antenna & Radio Installations	1,912,500	637,500	1,275,000	1,275,000	1,275,000
Annual Upgrades	-	1,500,000	1,500,000	2,500,000	3,500,000
HQ:					
NOC-Customer Service Equipment	300,000	0			
NOC Build Out	200,000	0			
Billing System - Voice/data	500,000	0			
NOC Software	500,000				
Customer Service Software	500,000	0			
PC's @ \$2000 per employee	2000 60,000	62,000	64,000	64,000	96,000
Website	100,000	0			
Total	14,995,500	5,840,500	10,121,000	11,121,000	12,153,000
Depreciate over 10 years (per month)			1,705,550	2,817,650	4,032,950

"Next Generation Municipal Wireless Broadband Networks"



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

DEBT SCHEDULE

Financing

Repayment Terms

6 years

Interest rate

9%

Interest only first 2 years

	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Balance	14,995,500	\$ 20,836,000	\$ 20,836,000	\$ 27,831,600	\$ 34,777,860
Debt	-	\$ -	10,121,000	11,121,000	12,153,000
Repayment	-	\$ -	\$ (3,125,400)	\$ (4,174,740)	\$ (5,216,679)
Ending Balance	\$ 14,995,500	\$ 20,836,000	\$ 27,831,600	\$ 34,777,860	\$ 41,714,181
Interest Expense	834,510	1,493,153	2,504,844	3,130,007	3,754,276



Debt/Capital Requirements Monthly View Year 1

CAPITAL	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Per market												
Strix Radio/Antennas - \$4400 each @ 30 per square mile	3,330,000						3,330,000				3,330,000	
Back Haul Radio Nodes - \$5000 each @ 1 per 10 sq miles	15,000						15,000				15,000	
Back Haul Routers - \$2000 each @ 1 per 10 square miles	6,000						6,000				6,000	
Soft Switch	225,000						225,000				225,000	
Routers POP	15,000						15,000				15,000	
POP Installation	50,000						50,000				50,000	
Antenna & Radio Installations	637,500						637,500				637,500	
Annual Upgrades	-											
HQ												
NOC-Customer Service Equipment	300,000											
NOC Build Out	200,000											
Billing System - Voice/data	500,000											
NOC Software	500,000											
Customer Service Software	500,000											
PC's @ \$2000 per employee	2000	26,000	-	-	2,000	-	4,000	-	28,000	-	-	-
Website	100,000											



Mobility Connected

e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Total	6,404,500	-	-	2,000	-	4,000	4,278,500	28,000	-	-	4,278,500	-
Depreciate over 10 years (per month)												
	53,371											

DEBT SCHEDULE

Financing													
Repayment Terms	6												
Interest rate	9%												
Interest only first 2 years													

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1
Beginning Balance	-	6,404,500	6,404,500	6,404,500	6,406,500	6,406,500	6,410,500	10,689,000	10,717,000	10,717,000	10,717,000	14,995,500	14,995,500
Debt	6,404,500	-	-	2,000	-	4,000	4,278,500	28,000	-	-	4,278,500	-	-
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	-
Ending Balance	\$ 6,404,500	\$ 6,404,500	\$ 6,404,500	\$ 6,406,500	\$ 6,406,500	\$ 6,410,500	\$ 10,689,000	\$ 10,717,000	\$ 10,717,000	\$ 10,717,000	\$ 14,995,500	\$ 14,995,500	\$ 14,995,500
Interest Expense	48,034	48,034	48,034	48,049	48,049	48,079	80,168	80,378	80,378	80,378	112,466	112,466	834,510



Debt/Capital Requirements Monthly View Year 2

CAPITAL	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Per market												
Strix Radio/Antennas - \$4400 each @ 30 per square mile												3,330,000
Back Haul Radio Nodes - \$5000 each @ 1 per 10 sq miles												15,000
Back Haul Routers - \$2000 each @ 1 per 10 square miles												6,000
Soft Switch											225,000	
Routers POP											15,000	
POP Installation											50,000	
Antenna & Radio Installations												637,500
Annual Upgrades	500,000						500,000				500,000	
HQ												
NOC-Customer Service Equipment												
NOC Build Out												
Billing System - Voice/data												
NOC Software												
Customer Service Software												
FC's @ \$2000 per employee		30,000	-	-	-	-	32,000	-	-	-	-	-
Website												
Total	530,000	-	-	-	-	32,000	500,000	-	-	-	4,778,500	-
Depreciate over 10 years (per month)	57,788											



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DEBT SCHEDULE

Financing

Repayment Terms

Interest rate

Interest only first 2 years

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Beginning Balance	14,985,500	\$ 15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,557,500	\$ 16,057,500	\$ 16,057,500	\$ 16,057,500	\$ 16,057,500	\$20,836,000
Debt	530,000	-	-	-	-	32,000	500,000	-	-	-	4,778,500	-
Repayment	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,525,500	\$ 15,557,500	\$ 16,057,500	\$ 16,057,500	\$ 16,057,500	\$ 16,057,500	\$ 20,836,000	\$20,836,000
Interest Expense	116,441	116,441	116,441	116,441	116,441	116,681	120,431	120,431	120,431	120,431	156,270	156,270



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Income Statement Annual View Years 1-5

INCOME STATEMENT	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue:					
Consumer Basic	573,774	6,293,850	15,274,554	25,404,018	39,134,309
Consumer Premium	46,931	710,675	1,863,252	3,504,439	5,836,085
Wholesale	50,440	668,339	1,698,705	2,151,515	3,338,136
Business Basic	40,182	653,756	1,772,992	3,343,968	5,584,370
Business Premium	28,774	485,731	1,178,337	2,224,992	3,720,036
Mobile	243,735	2,690,296	6,552,849	10,936,054	16,891,874
Advertising	105,591	1,702,394	4,683,629	8,402,287	13,755,017
Total Revenue	1,089,226	13,205,041	33,024,318	55,967,273	88,259,837
Cost Of Sales:					
Customer CPE Expense	1,104,981	5,091,754	5,737,968	7,009,586	9,401,168
Premium Business Dedicated T-1 cost	19,845	364,230	1,017,777	1,869,716	3,041,165
Network Maintenance	0	1,199,640	1,666,880	2,476,560	3,366,240
Router Mounting Rights	22,500	373,500	1,282,500	2,513,700	4,860,000
P-2-MP Wireless Base Station Monthly Mounting Rights	41,250	255,750	495,000	693,000	990,000
P-2-MP backhaul costs	2,217	25,141	66,793	94,635	142,299
Peering (Internet Access) connectivity	5,028	54,168	136,717	184,021	262,869
Long Distance/Cellular	20,979	300,634	607,539	1,073,548	1,731,175
Call Terminations	9,043	122,361	253,973	437,815	688,342
NOC Cost	25,837	494,400	1,511,752	2,236,623	2,480,965
Total Cost Of Sales	1,251,679	8,281,578	12,776,899	18,589,205	26,969,221

"Next Generation Municipal Wireless Broadband Networks"



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160

Business Plan - Confidential and Proprietary

Gross Profit		(162,453)	4,923,463	20,247,419	37,378,068	61,290,616
Gross Profit Margin		-15%	37%	61%	67%	69%
Salaries & Wages - in market		375,000	2,418,000	4,967,200	7,086,643	10,528,727
Salaries & Wages - HQ		1,096,500	1,691,900	2,144,468	2,563,127	3,180,397
Benefits	20%	294,300	821,980	1,402,334	1,929,954	2,741,825
Executive Bonus	40%	192,000	302,000	317,100	332,955	349,603
Other Bonus	5%	49,575	167,745	310,946	440,869	641,756
HQ Office Rent		200,000	200,000	400,000	400,000	400,000
Office Rent		25,000	415,000	775,000	1,085,000	1,550,000
Utilities as a % of rent	20%	45,000	123,000	235,000	297,000	390,000
Office Expense per employee (inc cell/insurance)	300	74,700	195,600	334,800	450,000	622,800
Travel & Entertainment per HQ employee per month	\$ 1,500	276,000	373,500	504,000	612,000	774,000
Executive Living Expenses (per Officer per month)	\$ 2,000	96,000	96,000	96,000	96,000	96,000
Legal & outside accounting		30,000	60,000	60,000	60,000	60,000
Insurance (\$5000 month per market)		25,000	155,000	300,000	420,000	600,000
Auto		71,000	97,000	126,000	150,000	186,000
Cost of acquisition per sub - (Res/VOIP only)	150	1,056,983	4,951,526	7,309,809	10,991,428	15,815,876
Bad debt (as a % of service revenue)	2.00%	19,677	230,053	566,814	951,300	1,490,096
Miscellaneous as a percent of revenue	1.00%	10,892	132,050	330,243	559,673	882,598
Operating Expenses		3,937,627	12,430,954	20,579,713	28,425,949	40,309,678
EBITDA		(4,100,080)	(7,506,891)	(332,294)	8,952,119	20,980,939
Ebitda %		0%	-57%	-1%	16%	24%
Interest		834,510	1,493,153	2,504,844	3,130,007	3,754,276
Depreciation		640,450	693,450	1,705,550	2,817,650	4,032,950
Net Income before taxes		(5,575,040)	(9,693,493)	(4,542,688)	3,004,461	13,193,712



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Income Statement Annual Monthly View Year 1

INCOME STATEMENT	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue:												
Consumer Basic	0	0	0	0	0	0	0	58,241	86,925	115,179	143,008	170,421
Consumer Premium	0	0	0	0	0	0	0	5,429	7,469	9,441	11,345	13,249
Wholesale	0	0	0	0	0	0	0	3,431	6,811	10,139	13,416	16,644
Business Basic	0	0	0	0	0	0	0	4,079	6,119	8,091	9,995	11,899
Business Premium	0	0	0	0	0	0	0	2,700	4,274	5,797	7,267	8,736
Mobile	0	0	0	0	0	0	0	24,928	37,027	48,929	60,647	72,203
Advertising	0	0	0	0	0	0	0	7,000	14,253	21,219	28,081	34,839
Total Revenue	0	0	0	0	0	0	0	105,806	162,877	218,793	273,758	327,991
Cost Of Sales:												
Customer CPE Expense	0	0	0	0	0	0	0	220,131	220,696	221,049	221,324	221,780
Premium Business Dedicated T-1 cost	0	0	0	0	0	0	0	1,350	2,700	4,005	5,265	6,525
Network Maintenance	0	0	0	0	0	0	0	0	0	0	0	0
Router Mounting Rights	0	0	0	0	0	0	0	4,500	4,500	4,500	4,500	4,500
P-2-MP Wireless Base Station Monthly Mounting Rights	0	0	0	0	0	0	0	8,250	8,250	8,250	8,250	8,250
P-2-MP backhaul costs	0	0	0	0	0	0	0	151	299	446	590	731
Peering (Internet Access) connectivity	0	0	0	0	0	0	0	342	679	1,011	1,337	1,659
Long Distance/Cellular	0	0	0	0	0	0	0	1,427	2,836	4,219	5,578	6,919
Call Terminations	0	0	0	0	0	0	0	615	1,221	1,818	2,405	2,984
NOC Cost	0	0	0	0	0	0	0	2,833	5,111	5,542	5,966	6,384
Total Cost Of Sales	-	-	-	-	-	-	-	239,599	246,292	250,839	255,215	259,733



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Gross Profit		0	0	-	-	-	-	-	(133,793)	(83,416)	(32,046)	18,543	68,258
Gross Profit Margin		0%	0%	0%	0%	0%	0%	0%	-126%	-51%	-15%	7%	21%
Salaries & Wages - in market		-	-	-	-	-	-	-	75,000	75,000	75,000	75,000	75,000
Salaries & Wages - HQ		82,500	82,500	82,500	85,500	85,500	94,000	94,000	98,000	98,000	98,000	98,000	98,000
Benefits	20%	16,500	16,500	16,500	17,100	17,100	18,800	18,800	34,600	34,600	34,600	34,600	34,600
Executive Bonus	40%	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Other Bonus	5%	2,125	2,125	2,125	2,275	2,275	2,700	2,700	6,650	6,650	6,650	6,650	6,650
HQ Office Rent		16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Office Rent		-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000
Utilities as a % of rent	20%	3,333	3,333	3,333	3,333	3,333	3,333	3,333	4,333	4,333	4,333	4,333	4,333
Office Expense per employee (inc cell/insurance)	300	3,900	3,900	3,900	4,200	4,200	4,800	4,800	9,000	9,000	9,000	9,000	9,000
Travel & Entertainment per HQ employee per month	\$ 1,500	19,500	19,500	19,500	21,000	21,000	24,000	24,000	25,500	25,500	25,500	25,500	25,500
Executive Living Expenses (per Officer per month)	\$ 2,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Legal & outside accounting		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Insurance (\$5000 month per market)		-	-	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000
Auto		5,500	5,500	5,500	5,500	5,500	5,500	5,500	6,500	6,500	6,500	6,500	6,500
Cost of acquisition per sub - (Resi/VOIP only)	150	-	-	-	-	-	-	-	211,980	211,692	211,392	211,098	210,822
Bad debt (as a % of service revenue)	2.00%	-	-	-	-	-	-	-	1,976	2,972	3,951	4,914	5,863
Miscellaneous as a percent of revenue	1.00%	-	-	-	-	-	-	-	1,058	1,629	2,188	2,738	3,280
Operating Expenses		176,525	176,525	176,525	182,075	182,075	196,300	196,300	527,764	529,043	530,282	531,499	532,715
EBITDA		(176,525)	(176,525)	(176,525)	(182,075)	(182,075)	(196,300)	(196,300)	(661,557)	(612,458)	(562,328)	(512,956)	(464,457)
Ebitda%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Interest		48,034	48,034	48,034	48,049	48,049	48,079	80,168	80,378	80,378	80,378	112,466	112,466
Depreciation		53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371	53,371
Net Income before taxes		(277,930)	(277,930)	(277,930)	(283,495)	(283,495)	(297,750)	(329,838)	(795,305)	(746,207)	(696,076)	(678,793)	(630,294)



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Income Statement Annual Monthly View Years 2

INCOME STATEMENT	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Revenue:												
Consumer Basic	251,707	306,452	360,375	413,490	427,385	498,417	549,461	599,739	649,263	698,044	746,094	793,422
Consumer Premium	24,292	29,490	34,555	39,486	44,107	56,330	63,483	70,547	77,411	83,964	90,428	96,582
Wholesale	22,909	29,407	35,804	42,104	46,090	52,330	58,473	64,521	70,475	76,336	82,106	87,785
Business Basic	20,589	25,786	30,851	35,782	40,447	50,775	57,972	65,036	71,900	78,497	84,961	91,159
Business Premium	14,661	18,674	22,583	26,390	30,006	37,348	42,918	48,371	53,670	58,777	63,767	68,566
Mobile	107,241	130,496	153,393	175,939	182,051	212,975	234,985	256,651	277,979	298,973	319,637	339,977
Advertising	48,846	64,286	80,308	96,934	108,833	126,722	145,301	164,596	184,633	205,438	227,037	249,459
Total Revenue	490,246	604,591	717,870	830,126	878,919	1,034,897	1,152,593	1,269,461	1,385,330	1,500,029	1,614,030	1,726,950
Cost Of Sales:												
Customer CPE Expense	407,196	410,145	412,953	415,619	289,266	432,163	438,856	445,290	451,463	457,374	463,022	468,406
Premium Business Dedicated T-1 cost	9,619	12,953	16,202	19,366	22,401	27,189	31,849	36,380	40,784	45,059	49,205	53,224
Network Maintenance	99,970	99,970	99,970	99,970	99,970	99,970	99,970	99,970	99,970	99,970	99,970	99,970
Router Mounting Rights	18,000	18,000	18,000	18,000	18,000	40,500	40,500	40,500	40,500	40,500	40,500	40,500
P-2-MP Wireless Base Station Monthly Mounting Rights		16,500	16,500	16,500	16,500	16,500	24,750	24,750	24,750	24,750	24,750	24,750
P-2-MP backhaul costs	828	1,070	1,309	1,547	1,705	1,949	2,192	2,433	2,673	2,910	3,145	3,379
Peering (Internet Access) connectivity	1,785	2,305	2,821	3,333	3,673	4,200	4,723	5,243	5,758	6,270	6,777	7,281
Long Distance/Cellular	9,860	12,750	15,591	18,383	20,310	23,333	26,300	29,212	32,070	34,875	37,626	40,324
Call Terminations	4,192	5,381	6,552	7,705	8,436	9,579	10,705	11,814	12,905	13,979	15,036	16,077
NOC Cost	41,200	41,200	41,200	41,200	41,200	41,200	41,200	41,200	41,200	41,200	41,200	41,200
Total Cost Of Sales	609,149	620,274	631,099	641,624	521,460	704,834	721,046	736,792	752,072	766,885	781,232	795,111



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Gross Profit	(118,903)	(15,684)	86,770	188,502	357,459	330,063	431,547	522,669	633,258	733,144	832,799	931,839
Gross Profit Margin	-24%	-3%	12%	23%	41%	32%	37%	42%	46%	49%	52%	54%
Salaries & Wages - in market	156,000	156,000	156,000	156,000	156,000	234,000	234,000	234,000	234,000	234,000	234,000	234,000
Salaries & Wages - HQ	133,712	133,712	133,712	133,712	133,712	146,192	146,192	146,192	146,192	146,192	146,192	146,192
Benefits	57,942	57,942	57,942	57,942	57,942	76,038	76,038	76,038	76,038	76,038	76,038	76,038
Executive Bonus	25,167	25,167	25,167	25,167	25,167	25,167	25,167	25,167	25,167	25,167	25,167	25,167
Other Bonus	11,340	11,340	11,340	11,340	11,340	15,864	15,864	15,864	15,864	15,864	15,864	15,864
HQ Office Rent	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667
Office Rent	20,000	20,000	20,000	20,000	20,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Utilities as a % of rent	7,333	7,333	7,333	7,333	7,333	12,333	12,333	12,333	12,333	12,333	12,333	12,333
Office Expense per employee (inc cell/Insurance)	13,500	13,500	13,500	13,500	13,500	18,300	18,300	18,300	18,300	18,300	18,300	18,300
Travel & Entertainment per HQ employee per month	28,500	28,500	28,500	28,500	28,500	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Executive Living Expenses (per Officer per month)	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Legal & outside accounting	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance (\$5000 month per market)	10,000	10,000	10,000	10,000	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Auto	7,500	7,500	7,500	7,500	7,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Cost of acquisition per sub - (Resi/VOIP only)	427,150	426,559	425,975	425,400	282,423	425,099	424,530	423,969	423,416	422,870	422,332	421,802
Bad debt (as a % of service revenue)	8,828	10,806	12,751	14,664	15,402	18,163	20,146	22,097	24,014	25,892	27,740	29,550
Miscellaneous as a percent of revenue	4,902	6,046	7,179	8,301	8,789	10,349	11,526	12,695	13,853	15,000	16,140	17,269
Operating Expenses	941,541	944,071	946,566	949,026	807,275	1,112,672	1,115,262	1,117,821	1,120,344	1,122,823	1,125,273	1,127,681
EBITDA	(1,060,444)	(959,755)	(859,795)	(760,524)	(449,816)	(782,609)	(683,715)	(585,152)	(487,086)	(389,679)	(292,474)	(195,842)
Ebitda %	-216%	-159%	-120%	-92%	-51%	-70%	-59%	-46%	-35%	-26%	-18%	-11%
Interest	116,441	116,441	116,441	116,441	116,441	116,681	120,431	120,431	120,431	120,431	156,270	156,270
Depreciation	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788	57,788
Net Income before taxes	(1,234,673)	(1,133,983)	(1,034,024)	(934,752)	(624,045)	(957,078)	(861,934)	(763,371)	(665,304)	(567,898)	(506,532)	(409,900)

"Next Generation Municipal Wireless Broadband Networks"



e-Path Communications Inc. 5110 Eisenhower Blvd., Suite 300 Tampa, Florida 33634 Tel: 813-840-4160 Business Plan - Confidential and Proprietary

Results

Summary Economics in Millions	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$1,089	\$13,205	\$33,024	\$55,967	\$88,260
Cost of Sales	\$1,252	\$8,282	\$12,777	\$18,589	\$26,969
Total OpEx	\$3,938	\$12,430	\$20,580	\$28,426	\$40,310
EBITDA	(\$4,100)	(\$7,507)	(\$332)	\$8,952	\$20,981
Net Income Before Taxes	(\$5,575)	(\$9,693)	(\$4,543)	\$3,004	\$13,194
CapEx	\$14,996	\$5,841	\$10,121	\$11,121	\$12,153
Depreciation	\$640	\$693	\$1,706	\$2,818	\$4,033
Free Cash Flow	(\$19,930)	(\$14,841)	(\$12,958)	(\$5,299)	\$5,074
FCF - Cumulative (\$M)	(\$19,930)	(\$34,771)	(\$47,729)	(\$53,028)	(\$47,954)

Company Capitalization					
TOTAL DEBT REQUIRED	14,996	5,841	10,121	11,121	12,153
TOTAL EQUITY REQUIRED	5,200	10,000	6,500	0	0
TOTAL CAPITAL REQUIRED	20,196	15,841	16,621	11,121	12,153

BUSINESS VALUATION:

Price Per Share Trading Range - Low

Projected EBITDA 6 Years after current year	\$38,996,141	\$58,689,710	\$72,083,546	\$83,195,587	\$91,080,908
10X EBITDA multiple	389,961,415	586,897,103	720,835,460	831,955,870	910,809,080
Less; debt	(35,457,054)	(23,638,036)	0	0	0
Projected firm value	354,504,361	563,259,067	720,835,460	831,955,870	910,809,080
Discounted Value @ 18% rate	131,319,596	208,648,923	267,020,189	308,182,693	337,392,409



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Revenue Annual View Years 1-5

REVENUE	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue By Product					
Consumer Basic					
Monthly Recurring	246,908	3,241,500	8,204,705	13,796,098	21,335,866
Monthly Recurring Bundle	181,263	2,379,698	6,023,361	10,128,197	15,663,405
Nonrecurring installation	145,603	672,652	1,046,489	1,479,723	2,135,038
Total Consumer Basic	573,774	6,293,850	15,274,554	25,404,018	39,134,309
Consumer Premium					
Monthly Recurring	5,292	100,195	288,819	547,333	918,372
Monthly Recurring Bundle	24,696	467,578	1,347,824	2,554,222	4,285,735
Nonrecurring installation	16,943	142,902	226,609	402,884	631,988
Total Consumer Premium	46,931	710,675	1,863,252	3,504,439	5,836,095
Wholesale (Data only)					
Monthly recurring	50,440	668,339	1,698,705	2,151,515	3,338,136
Total Wholesale	50,440	668,339	1,698,705	2,151,515	3,338,136
Business Basic					
Monthly Recurring	5,292	100,195	288,819	547,333	918,372
Monthly Recurring Bundle	24,696	467,578	1,347,824	2,554,222	4,285,735
Nonrecurring installation	10,194	85,983	136,349	242,413	380,263
Total Business Basic	40,182	653,756	1,772,992	3,343,968	5,584,370
Business Premium					
Monthly Recurring	3,308	62,622	180,512	342,083	573,982
Monthly Recurring Bundle	16,538	313,110	902,560	1,710,416	2,869,912
Nonrecurring installation	8,929	109,999	95,265	172,493	276,141
Total Business Premium	28,774	485,731	1,178,337	2,224,992	3,720,036

"Next Generation Municipal Wireless Broadband Networks"



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Mobile					
Monthly Recurring	183,262	2,430,252	6,179,193	10,439,064	16,201,096
Nonrecurring installation	60,473	260,044	373,655	496,990	690,778
Total Mobile	243,735	2,690,296	6,552,849	10,936,054	16,891,874
Advertising					
Splash Page Revenue	102,919	1,378,741	3,561,013	6,109,995	9,642,036
General & Location Based	2,472	323,653	1,122,616	2,292,292	4,112,981
Total Advertising	105,391	1,702,394	4,683,629	8,402,287	13,755,017
Total Revenue	1,089,226	13,205,041	33,024,318	55,967,273	88,259,837



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REVENUE Monthly View	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue By Product:												
Consumer Basic												
Monthly Recurring	-	-	-	-	-	-	-	16,793	33,333	49,626	65,674	81,482
Monthly Recurring Bundle	-	-	-	-	-	-	-	12,328	24,471	36,432	48,214	59,818
Nonrecurring installation	-	-	-	-	-	-	-	29,121	29,121	29,121	29,121	29,121
Total Consumer Basic	0	0	0	0	0	0	0	58,241	86,925	115,179	143,008	170,421
Consumer Premium												
Monthly Recurring	-	-	-	-	-	-	-	360	720	1,068	1,404	1,740
Monthly Recurring Bundle	-	-	-	-	-	-	-	1,680	3,360	4,984	6,552	8,120
Nonrecurring installation	-	-	-	-	-	-	-	3,389	3,389	3,389	3,389	3,389
Total Consumer Premium	0	0	0	0	0	0	0	5,429	7,469	9,441	11,345	13,249
Wholesale (Data only)												
Monthly recurring	-	-	-	-	-	-	-	3,431	6,811	10,139	13,416	16,644
Total Wholesale	0	0	0	0	0	0	0	3,431	6,811	10,139	13,416	16,644
Business Basic												
Monthly Recurring	-	-	-	-	-	-	-	360	720	1,068	1,404	1,740
Monthly Recurring Bundle	-	-	-	-	-	-	-	1,680	3,360	4,984	6,552	8,120
Nonrecurring installation	-	-	-	-	-	-	-	2,039	2,039	2,039	2,039	2,039
Total Business Basic	0	0	0	0	0	0	0	4,079	6,119	8,091	9,995	11,899
Business Premium												
Monthly Recurring	-	-	-	-	-	-	-	225	450	668	878	1,088
Monthly Recurring Bundle	-	-	-	-	-	-	-	1,125	2,250	3,338	4,388	5,438
Nonrecurring installation	-	-	-	-	-	-	-	1,350	1,574	1,792	2,002	2,211
Total Business Premium	0	0	0	0	0	0	0	2,700	4,274	5,797	7,267	8,736

Mobile



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Monthly Recurring	-	-	-	-	-	-	-	12,464	24,745	36,837	48,742	60,473
Nonrecurring installation	-	-	-	-	-	-	-	12,464	12,281	12,092	11,905	11,731
Total Mobile	0	0	0	0	0	0	0	24,928	37,027	48,929	60,647	72,203
Advertising												
Splash Page Revenue	0	0	0	0	0	0	0	7,000	13,894	20,686	27,375	33,964
General & Location Based	0	0	0	0	0	0	0	-	358	533	705	875
Total Advertising	0	0	0	0	0	0	0	7,000	14,253	21,219	28,081	34,839
Total Revenue	0	0	0	0	0	0	0	105,806	162,877	218,793	273,758	327,991



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Revenue Monthly View Year 2

REVENUE	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Revenue By Product:												
Consumer Basic												
Monthly Recurring	111,901	143,470	174,565	205,194	224,285	254,168	283,603	312,596	341,155	369,284	396,992	424,285
Monthly Recurring Bundle	82,151	105,326	128,155	150,640	164,656	186,594	208,203	229,488	250,453	271,105	291,446	311,482
Nonrecurring installation	57,655	57,655	57,655	57,655	38,444	57,655	57,655	57,655	57,655	57,655	57,655	57,655
Total Consumer Basic	251,707	306,452	360,375	413,490	427,385	498,417	549,461	599,739	649,263	698,044	746,094	793,422
Consumer Premium												
Monthly Recurring	2,646	3,563	4,457	5,327	6,162	7,479	8,761	10,008	11,219	12,395	13,536	14,641
Monthly Recurring Bundle	12,348	16,629	20,800	24,861	28,757	34,904	40,886	46,703	52,356	57,844	63,167	68,326
Nonrecurring installation	9,298	9,298	9,298	9,298	9,187	13,947	13,836	13,836	13,836	13,726	13,726	13,615
Total Consumer Premium	24,292	29,490	34,555	39,486	44,107	56,330	63,483	70,547	77,411	83,964	90,428	96,582
Wholesale (Data only)												
Monthly recurring	22,909	29,407	35,804	42,104	46,090	52,330	58,473	64,521	70,475	76,336	82,106	87,785
Total Wholesale	22,909	29,407	35,804	42,104	46,090	52,330	58,473	64,521	70,475	76,336	82,106	87,785
Business Basic												
Monthly Recurring	2,646	3,563	4,457	5,327	6,162	7,479	8,761	10,008	11,219	12,395	13,536	14,641
Monthly Recurring Bundle	12,348	16,629	20,800	24,861	28,757	34,904	40,886	46,703	52,356	57,844	63,167	68,326
Nonrecurring installation	5,595	5,595	5,595	5,595	5,528	8,392	8,325	8,325	8,325	8,259	8,259	8,192
Total Business Basic	20,589	25,786	30,851	35,782	40,447	50,775	57,972	65,036	71,900	78,497	84,961	91,159
Business Premium												
Monthly Recurring	1,654	2,227	2,786	3,330	3,851	4,675	5,476	6,255	7,012	7,747	8,460	9,151
Monthly Recurring Bundle	8,269	11,135	13,928	16,648	19,257	23,373	27,379	31,274	35,060	38,735	42,299	45,754



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Nonrecurring installation	4,739	5,312	5,870	6,413	6,897	9,300	10,064	10,842	11,598	12,296	13,008	13,661
Total Business Premium	14,661	18,674	22,583	26,390	30,006	37,348	42,918	48,371	53,670	58,777	63,767	68,566
Mobile												
Monthly Recurring	83,252	106,874	130,134	153,037	167,544	190,259	212,622	234,636	256,307	277,640	298,639	319,308
Nonrecurring installation	23,989	23,622	23,260	22,903	14,507	22,716	22,363	22,014	21,671	21,333	20,999	20,669
Total Mobile	107,241	130,496	153,393	175,939	182,051	212,975	234,985	256,651	277,979	298,973	319,637	339,977
Advertising												
Splash Page Revenue	47,596	61,024	74,250	87,277	95,398	108,108	120,628	132,960	145,107	157,072	168,857	180,465
General & Location Based	1,250	3,262	6,058	9,657	13,436	18,614	24,673	31,636	39,526	48,366	58,180	68,993
Total Advertising	48,846	64,286	80,308	96,934	108,833	126,722	145,301	164,596	184,633	205,438	227,037	249,459
Total Revenue	490,246	604,591	717,870	830,126	878,919	1,034,897	1,152,593	1,269,461	1,385,330	1,500,029	1,614,030	1,726,950