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March 22, 2000

FILED

MAR 24 2000

Dale Roberts
Chief Regulatory Law Judge
Public Service Commission
State of Missouri
P.O. Box 360
Jefferson City, Missouri 65102

Missouri Public
Service Commission

JA-2000-598

Re: Application for Certificate of Service Authority and for Competitive Classification of Universal Telecom, Inc.

Dear Mr. Roberts:

Enclosed herein please find an original and fourteen (14) copies of Universal Telecom, Inc.'s application for certificate of service authority and for competitive classification. I have not filed a tariff at this time based upon my understanding that there is a strong possibility of intervention in this application process. If not, we will be submitting the tariff when the time period to intervene has expired. If any changes or modifications are necessary, please direct your inquiries to my attention, as well as John Selent, as set forth in the Application.

Please be advised that this Application involves the resale of prepaid basic competitive local telecommunication services. Universal Telecom, Inc. is not a facilities based provider.

Thank you for your attention herein. Please contact me at the above number with any and all questions or comments so that I may discuss them with you and my client to facilitate the Application becoming effective.

Very truly yours,


Christopher C. Swenson

CCS/lal

Enclosures

cc: Kerry Ingle (w/ Enclosures)
Thomas P. Berra, Esq. (w/out Enclosures)

BEFORE THE
STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

FILED

MAR 24 2000

Missouri Public
Service Commission

In the Matter of the Application of)
Universal Telecom, Inc., for)
A Certificate of Service Authority to)
Provide Prepaid Basic Local)
Telecommunications Services in the)
State of Missouri and to Classify)
Said Services and the Company)
As Competitive)

Case No. TA-2000-598

**APPLICATION FOR CERTIFICATE OF SERVICE AUTHORITY AND FOR
COMPETITIVE CLASSIFICATION**

I. INTRODUCTION

COMES NOW Universal Telecom, Inc., ("Applicant", "UTI" or "Company") a Kentucky corporation authorized to do business in Missouri, by and through its undersigned counsel, and hereby applies pursuant to §§ 392.361, 392.420, and 392.430 RSMo 1994, 392.410, 392.450 RSMo Supp. 1996, Section 253 of the Federal Telecommunications Act of 1996 ("Federal Act" or "Act"), Pub. L. No. 104-104, 110 Stat. 56 (1996), and 4 CSR 240-2.060, for authority to provide prepaid basic local telecommunications service in the State of Missouri, to classify said service and company as competitive, and to waive certain commission rules and statutory provisions pursuant to § 392.420 RSMo. 1994. In support of its application UTI states as follows:

II. QUALIFICATIONS

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the Commonwealth of Kentucky. A copy of UTI's Certificate of Existence for the Commonwealth of Kentucky is **Exhibit A**. The exact legal name and principal office address of the Applicant are as follows:

Universal Telecom, Inc.
105 East Adams Street, Building II, Suite 200
LaGrange, KY 40031
(502) 222-9004
(502) 222-4594 (facsimile)

UTI has a Corporate Certificate of Authority of a Foreign Corporation, issued by the Secretary of the State of Missouri, a copy of which is **Exhibit B**. UTI's in-state registered agent is CT Corporation System, 120 S. Central Ave. Clayton, Missouri.

2. The name and address of Applicant's in-state attorneys is:

Christopher C. Swenson
Thomas P. Berra, Jr.
LEWIS, RICE & FINGERSH, L.C.
500 North Broadway, Suite 2000
St. Louis, Missouri 63102-2147
(314) 444-7600
(314) 612-1352 (facsimile)
cswenson@lewisrice.com

3. All inquiries, correspondence, notices, pleadings, communications, orders and decisions regarding this application should be directed to Applicant's in-state attorney (§2 above) and:

John E. Selent
DINSMORE & SHOHL, LLP
2000 Meidinger Tower
Louisville, Kentucky 40202
(502) 585-2450
(502) 585-2207 (facsimile)
selent@dinslaw.com

4. Questions concerning the ongoing operations UTI following certification should be directed to:

Stacey Freeland
Vice President
Universal Telecom, Inc.
105 East Adams Street, Building II, Suite 200
LaGrange, KY 40031
(502) 222-9004
(502) 222-4594 (facsimile)

5. Neither UTI nor any of its management has any interest in any entity that has had regulatory approval revoked or suspended in Missouri or in any other state, nor are they involved in any current proceeding to this effect. UTI has never been cited by any regulatory or consumer body for slamming or for any other deceptive or unwarranted trade practices.

6. UTI is currently authorized to provide local exchange service in Kentucky, Florida, Tennessee, Alabama, Mississippi, South Carolina and Nevada. UTI is currently in the process of obtaining authority to provide local exchange service in North Carolina, Georgia and Louisiana.

III. TECHNICAL, MANAGERIAL, AND FINANCIAL RESOURCES

1. UTI has sufficient technical and managerial expertise and experience in the provision of resold telecommunications service. Since April 9, 1999, UTI has been providing resold telecommunications service and local exchange service to consumers throughout the Commonwealth

of Kentucky, and the Company will draw upon this experience in expanding its service offerings to include local exchange services in the State of Missouri. UTI as a reseller, does not propose to own or construct telecommunications facilities, and henceforth, much of the technical expertise needed for installation, repair, maintenance, and delivery of the proposed local exchange services will be rendered by incumbent local exchange telecommunication companies, and UTI customers will experience no compromise in technical service quality standards. Thus, neither a cost impact estimate of facilities nor engineering plans and specifications are applicable to this Application. No approvals from Health and Pollution Control authorities are required for the proposed resold services.

2. UTI has sufficient managerial resources to provide the proposed services to consumers. **Exhibit C** is summaries of the background and experience of UTI's corporate officers.

3. UTI also has sufficient financial resources to provide the proposed services. The Company has strong profitability, ample cash reserves, substantial credit availability, and minimal outstanding debt and is showing increased profitability. A copy of UTI's balance sheet for the period ending January 30, 2000 is **Exhibit D**.

IV. PROPOSED SERVICES

1. UTI proposes to provide prepaid basic local exchange telecommunications service in all areas throughout the State of Missouri on a resold basis throughout all exchanges currently served by Southwestern Bell Telephone Company, Sprint/United Telephone Company, GTE Midwest, Inc. and any other relevant incumbent local exchange telecommunication carrier(s).¹ UTI seeks to provide this service throughout Missouri, and, therefore, seeks statewide authorization. The specific exchanges within which UTI proposes to offer service are listed in the incumbent providers respective local exchange tariffs.

2. Pursuant to this application, UTI intends to offer and provide all forms of basic local telecommunications services on a prepaid basis, including: (1) Basic Residential Exchange Services (Local Exchange Flat Rate, operator access, etc.); and (2) Residential custom and Class Features (call waiting, caller ID, call forwarding, etc.).

3. UTI seeks classification of itself and its services as competitive.

4. UTI will offer prepaid resold basic local telecommunications service as a separate and distinct service in accordance with applicable law. UTI will give consideration to equitable access for all Missourians, regardless of where they might reside or their income, to affordable telecommunications services in UTI's proposed service areas in accordance with applicable law.

5. UTI is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards, including, but not limited to billing, quality of service, and tariff filing

¹ To the extent any incumbent LECs in Missouri are granted a small or rural carrier exemption pursuant to §251(f) of the Federal Act, Applicant does not seek to provide resold services to customers in those territories at this time.

and maintenance. Consistent with the Commission's treatment of other certificated competitive local exchange telecommunications companies, UTI requests that the following statutes and regulations be waived for UTI and its prepaid, resold, basic local exchange service offerings pursuant to § 392.420 RSMo:

392.210.2	Uniform System of Accounts.
392.240(1)	Setting Just and Reasonable Rates.
392.270	Ascertain Property Valuation.
392.280	Depreciation Rates.
392.290	Issuance of Stocks and Bonds.
392.300.2	Acquisition of Stock
392.310	Issuance of Stocks and Bonds.
392.320	Stock Dividend Payment.
392.330	Issuance of Stocks and Bonds.
392.340	Reorganization(s).
4 CSR 240-10.020	Income on depreciation fund investments.
4 CSR 240-30.010 (2)(C)	Posting exchange rates at central offices.
4 CSR 240-30.040	Uniform System of Accounts.
4 CSR 240-32.030 (4)(C)	Exchange boundary maps.
4 CSR 240-33.030	Inform customers of lowest priced service.
4 CSR 240-35	Bypass Reporting.

Upon information and belief, the above-referenced rules and statutory provisions have been waived to other local exchange carriers.

6. Applicant has not filed its proposed tariff with the application but has instead elected to file its tariff after the Notice of Applications is published and third parties are given the opportunity to intervene. Accordingly, Applicant anticipates filing its tariff at or about the Intervention Deadline date as determined by the Missouri Public Service Commission. Once filed, the proposed tariff, which has a 45-day effective date, will contain the rules and regulations applicable to its customers, a description of the services offered, and a list of rates associated with such services.

V. PUBLIC CONVENIENCE AND NECESSITY

1. UTI submits that the public interest will be served by the Commission's approval of this Application because it serves the public convenience and necessity. The Telecommunications Act of 1996 has established a national policy that competition in local exchange markets is in the public interest, and Section 253 of the Federal Act prohibits states from imposing requirements that would constitute barriers to entry in the local exchange market.

2. Enhanced competition is beneficial to Missouri consumers because of the incentive among service providers to offer lower prices, and more innovative services. The advent of additional competitors such as UTI also has the positive impact of inducing both ILECs and CLECs to provide more responsive customer service. In addition, issuance of the requested certificate of service authority to provide prepaid basic local telecommunications services serves Missouri in that

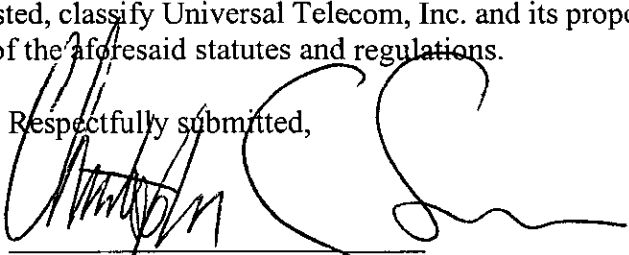
it provides consumers with the added option of selecting a telecommunications entity with a well established history in Missouri of innovative and low priced service offerings. UTI will serve the public ensuring that its customers have access to 911 service, directory assistance, and other services essential for health and safety reasons.

3. The Federal Act allows competition in the local telecommunications market, recognizing that it is in the public interest to develop effective competition to ensure that all consumers - residential and business - will have access to high quality, low cost, and innovative telecommunications services. The Federal Act was also adopted to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for the American populace. Approval of this Application will further the purposes of the Federal Act and will promote competition in the State of Missouri.

4. Issuance of the proposed certificate of service authority to provide prepaid basic local telecommunications services to UTI serves the interests of consumers wishing to employ the services of a highly ethical telecommunications provider; in the history of this organization, UTI has never been the recipient of a single consumer complaint filed with any Public Service Commission, Attorney General's Office, Better Business Bureau, or the FCC in any of the states in which it is authorized to provide local exchange service.

WHEREFORE, Applicant, Universal Telecom, Inc. respectfully requests that the Missouri Public Service Commission grant it a Certificate of Service Authority to provide prepaid basic local telecommunications services as herein requested, classify Universal Telecom, Inc. and its proposed services as competitive, and grant a waiver of the aforesaid statutes and regulations.

Respectfully submitted,


Christopher C. Swenson, #44947

Thomas P. Berra, Jr., #43399

LEWIS, RICE & FINGERSH, L.C.

500 North Broadway, Suite 2000

St. Louis, Missouri 63102-2147

(314) 444-7600

(314) 241-6056 (facsimile)

**COUNSEL TO APPLICANT
UNIVERSAL TELECOM, INC.**

COMMONWEALTH OF KENTUCKY)

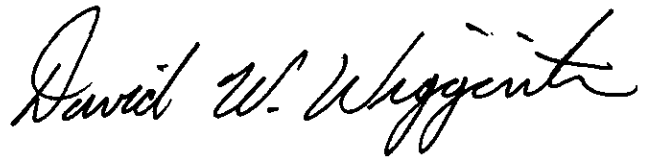
COUNTY OF OLDHAM)

SS:

The undersigned, being duly sworn upon his oath, deposes and states that I am the President of Applicant, Universal Telecom, Inc., and the facts and matters stated in the foregoing Application for a certificate of service authority to provide prepaid basic local telecommunication services in the State of Missouri and to classify said services and the company as competitive and accompanying Tariff are true and correct to the best of my knowledge, information and belief.

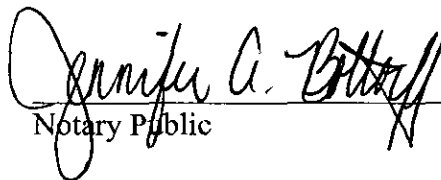
UNIVERSAL TELECOM, INC.

By:



Title: President

Subscribed and sworn to before me this 15TH day of MARCH, 2000.



Notary Public

My Commission Expires:

March 26, 2003

Jennifer A. Bottorff, Notary Public
State at Large
Kentucky
My Commission Expires Mar. 26, 2003



John Y. Brown III
Secretary of State

Certificate of Existence

I, JOHN Y. BROWN III, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

UNIVERSAL TELECOM, INC.

is a corporation duly organized and existing under KRS Chapter 271B, whose date of incorporation is February 18, 1999 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that articles of dissolution have not been filed; and that the most recent annual report required by KRS 271B.16-220 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 16th day of June, 1999.

John Y. Brown, III

JOHN Y. BROWN III
Secretary of State
Commonwealth of Kentucky
dday/0469623

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION - CERTIFICATE OF AUTHORITY

WHEREAS,
 UNIVERSAL TELECOM, INC.

USING IN MISSOURI THE NAME
 UNIVERSAL TELECOM, INC.

HAS COMPLIED WITH THE GENERAL AND BUSINESS CORPORATION LAW WHICH GOVERNS FOREIGN CORPORATIONS; BY FILING IN THE OFFICE OF THE SECRETARY OF STATE OF MISSOURI AUTHENTICATED EVIDENCE OF ITS INCORPORATION AND GOOD STANDING UNDER THE LAWS OF THE STATE OF KENTUCKY.

NOW, THEREFORE, I, REBECCA MCDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI, DO HEREBY CERTIFY THAT SAID CORPORATION IS FROM THIS DATE DULY AUTHORIZED TO TRANSACT BUSINESS IN THIS STATE, AND IS ENTITLED TO ALL RIGHTS AND PRIVILEGES GRANTED TO FOREIGN CORPORATIONS UNDER THE GENERAL AND BUSINESS CORPORATION LAW OF MISSOURI.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 13TH DAY OF SEPTEMBER, 1999.

Rebecca McDowell Cook
 Secretary of State



\$155.00

602 Ridge Creek Court
Fern Creek, KY 40291

Phone (502) 491-8394
Fax (502) 222-4594

David W. Wigginton

Employment

1999 - Present Universal Telecom, Inc. LaGrange, Kentucky

President

- Started & developed this Competitive Local Exchange Phone Company.
- Obtaining certification in nine(9) states.

1997 - 1999 Phone-Link, Inc. LaGrange, Kentucky

Executive Vice President

- Started & developed this Competitive Local Exchange Phone Company.
- Obtained certification in three states.

1996 - 1997 General Finance, Inc. LaGrange, Kentucky

Vice President of Operations

- Started & developed this Finance Company.
- Headed company growth to 18 field offices in two states.

1995 - 1996 North American Lending LaGrange, Kentucky

Executive Office Manager

- Developed the systems and operational guidelines for this mortgage lender.
- Helped develop growth to over \$1,000,000.00 in commissions earned.

1993 - 1995 Title Loans of America, Inc. Atlanta, Georgia

District Manager for the state of Kentucky

- Started as an office manager and was promoted in less than a year.
- Opened and developed 13 field offices overseeing growth to \$3,000,000.00.

1990 - 1993 Heartland Enterprises, Inc. Louisville, Kentucky

President/Owner

- Owned and operated four high volume buffet type restaurants.

1987 - 1990 Stacey's Buffet, inc. Louisville, Kentucky

Manager

- Operated large high volume buffet type restaurant.

Education

1980 - 1984 Indiana University Bloomington, Indiana
B.A., Liberal Arts

•

1976 - 1979 Jeffersonville High School Jeffersonville, Indiana
Graduated with honors

•

Accreditation's

Completed BellSouth's & Ameritech's CLEC basic and EDI training courses.

307 Heritage Hill Trail
Louisville, Kentucky 40031

Voice: (502) 225-9995
Mobile: (502) 548-4222
Fax: (502) 225-9109
Email: StaceyF@phonelinkinc.com

Robert Stacey Freeland

Objective To facilitate the interconnection of the communications industry

Experience October of 1997 – BellSouth, Atlanta Georgia
CLEC Basics

- Telecommunication Tariffs
- Introduction of Universal Service Order Codes
- Customer Service Records
- Pre-Ordering and Address Validation

January of 1998 – Bellcore Training Seminar
Customer Care and Billing Solutions

- Customer Interactive system design
- Billing Data Collection
- Provisioning / Workflow Management
- Implementing training courses.

January of 1998 – Bellcore Training Seminar
Interconnection

- Summary of FCC Proceedings.
- Accessing the Federal Regulatory Resource Center.
- Guideline to an Interconnection Agreement.

February of 1998 – BellSouth, 2000 Corporate Center, Atlanta Georgia
LENS Training

- Introduction to BellSouth's Provisioning Application.
- Utilizing LENS to process Orders
- Troubleshooting Provisioning Problems

March of 1998 – BellSouth, 2000 Corporate Center, Atlanta Georgia

TAFI Training

- Introduction to BellSouth's Maintenance and Repair Application.
- Utilizing TAFI to Maintenance and Repair service.
- Introduction to Customer trouble issues.

April of 1998 – Ameritech, AIIIS Training Center, Chicago Illinois

Introduction to EDI

- Introduction to Electronic Data Interface (EDI).
- Telecommunication Interface Standards Standards.
- Value Added Network (VAN).
- GUI Interface applications
- Daily Usage Files (DUF)

Education

1988 to 1993 – University of Louisville, Louisville, Kentucky

- Bachelor of Arts, Computer Information Systems.
- Graduated Summa Cum Laude.

**Related Work
Experience**

1996 to Present – Office Solutions, Inc., Louisville Kentucky

- Implementing Technology in the business environment.
- Application design and build.
- Database and Web Development

1997 to 1998 – Phone Link, Inc., LaGrange, Kentucky

- ISDP, Provisioning and Billing Consultant.
- Telecommunication's Industry research

1998 to Present – Universal Telecom, Inc., LaGrange, Kentucky

- Provisioning and Billing Manager.
- Vice President of Operations

11/02/99

Universal Telecom, Inc.
Balance Sheet
 As of October 31, 1999

	Oct 31, '99
ASSETS	
Current Assets	
Checking/Savings	
1060 · Operating Account (PNC)	-2,045.89
1050 · Clearing Account (PNC)	9,043.37
1080 · Checking - Stockyards Bank	4,500.00
Total Checking/Savings	11,497.48
Accounts Receivable	
1100 · Accounts Receivable	29,026.56
Total Accounts Receivable	29,026.56
Total Current Assets	40,524.04
Other Assets	
1200 · Office Equipment	30,980.92
Total Other Assets	30,980.92
TOTAL ASSETS	71,504.96
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2050 · Accounts Payable	25,910.24
Total Accounts Payable	25,910.24
Other Current Liabilities	
2060 · Payroll Liabilities	
2061 · Ky Unemployment Liability	242.68
2062 · FUTA Liability	578.24
2063 · FICA/Medicare - Company	2,210.54
2064 · FICA/Medicare - Employee	2,210.54
2065 · Federal Withholding	3,300.00
2066 · State Withholding	954.77
Total 2060 · Payroll Liabilities	9,496.77
2300 · Line of Credit	100,000.00
Total Other Current Liabilities	109,496.77
Total Current Liabilities	135,407.01
Long Term Liabilities	
2500 · Loan Stockholder - EH	51,500.00
2510 · Loan Stockholder - TP	51,500.00
2520 · Loan Stockholder - TP-2	51,500.00
Total Long Term Liabilities	154,500.00
Total Liabilities	289,907.01
Equity	
4520-00 · Opening Bal Equity	-169.58
Net Income	-218,232.47
Total Equity	-218,402.05
TOTAL LIABILITIES & EQUITY	71,504.96

Certified True Copy.

By: _____

David W. Wigginton



CARRIE FUNK

EMPLOYMENT

Aug 1999 – Present Universal Telecom, Inc. LaGrange, KY

Office Manager

- Started out Provisioning accounts, then moved up to over look 15 employees. In all departments.

Knowledge of BellSouth, Sprint, Citizens, and GTE service providers.

- Duties include Managing over all end users accounts to insure they are being provisioned promptly. Helping out on questions concerning addresses.
- Talking with the larger Local Exchange Carriers and Account Managers
- Constant supervision over ALL departments.
- Making sure all Repair orders are called in promptly.
- Making sure updates with the Local Exchange Carriers have are forward to all employees and are understood
- Training with all Local Exchange Carriers via internet or faxing.

May 1999-Aug 1999 JTC Communications, Inc Louisville, KY

Provisioning Manager

- Provisioning Manager, Collections, and Customer Service, Updating all customers' information.

Knowledge of BellSouth, and GTE service providers.

- Duties included provisioning all orders as quickly as possible.
- Updating all new information into customer's accounts.
- Collections calls on past due bills.
- Talking and handling the end users.
- Working with address validations

March 1998-May 1999 Phone-Link, Inc LaGrange, KY

Operations Manager

- Provisioning accounts, Customer Service, Quick Books, Collections, and making decisions on how to provide good customer service.

Knowledge of BellSouth, GTE, Ameritech, Century, Sprint and Cincinnati Bell service providers.

- Managing over 5 employees in provisioning department
- Training on each Local Exchange Carriers via internet or faxing
- Trouble shooting all accounts that had not completed
- Billing end users
- Making sure day to day operations were completed in each departments
- Constant supervision on all accounts
- Helping out on E-911 address problems

EDUCATION

1992 – 1995 Oldham County High School
Took business classes, and some Computer class

LaGrange, KY

ACCREDITATIONS

- Received an award in completing all Local exchange Carriers training classes
BellSouth: LENS, and TAFI training classes in AL met with Account team members for any questions or concerns.

GTE: Account team members came out and trained us in WISE and Troubleshooting on line.

Sprint: Went to Kansas to learn more about IRES.

Century: conference call to walk me through each step via Belcore Forms

Citizens: conference call to walk me through each step via Belcore Forms

Cincinnati Bell Account Team came out and trained.

105 E Adams Street
Bldg II, Ste 200
LaGrange, KY 40031

Phone (502) 222-9004
Fax (502) 222-4503
E-mail jennifers@universaltelecominc.com

Jennifer Bottorff

Education

1994 – 1998 Hanover College Hanover, Indiana

History, Bachelor of Arts

- Earned Dean's List Honors 7 semesters
- Graduated Cum Laude

Employment

1999 - Present Universal Telecom, Inc LaGrange, Kentucky

Operations Manager

- Maintain constant supervision of 15 employees in various departments.
- Sustain an ongoing relationship with Account Teams representing numerous Local Exchange Carriers (LEC).
- Supervise day to day activity of a growing Provisioning Department.
- Advise in address validation of difficult cases through the E-911 database.
- Coordinate communication between Provisioning Department and LEC Account Teams.
- Introduce and train new employees on provisioning orders to BellSouth, GTE, Sprint and Citizens through the respective interfaces.

Aug 1998-Feb 1999 Phone Link, Inc LaGrange, Kentucky

Assistant Manager

- Began employment in Provisioning Dept.
- Was trained extensively in LENS, WISE and IRES, Century, and Ameritech.
- Promoted to Assistant Manager
- Oversaw day to day activities of Provisioning, Billing , and Collection Departments.
- Managed a full time staff of over 20 employees.
- Assumed responsibility of "problem cases" from each department. These cases required additional time and knowledge.

Summary of Qualifications

- Attended IRES training class in Kansas City, Missouri.
- Received extensive one-on-one training with BellSouth account team.
- Attended intensive workshop with representatives from GTE.
- Efficient and proficient in LENS, WISE, and IRES.
- Possess in depth knowledge of inner workings of Century Tel, Ameritech and Citizens Communications.
- Highly knowledgeable of standard Bell-Core form.

03/09/00

Universal Telecom, Inc.
Profit & Loss
January through February 2000

	Jan '00	Feb '00	TOTAL
Income			
4100 · Monthly Service Revenue	128,701.16	132,586.96	261,288.12
4400 · New Sales Revenue	65,564.12	87,400.83	152,964.95
4900 · Other Revenue	335.00	200.00	535.00
Total Income	194,600.28	220,187.79	414,788.07
Cost of Goods Sold			
5000 · Cost of Goods Sold	114,283.30	127,436.66	241,719.96
Total COGS	114,283.30	127,436.66	241,719.96
Gross Profit	80,316.98	92,751.13	173,068.11
Expense			
6015 · Customer Refund	861.75	1,572.25	2,434.00
6020 · Payroll Expenses	23,152.92	25,526.77	48,679.69
6040 · Marketing & Advertising	15,230.16	15,619.43	30,849.59
6050 · Travel & Entertainment	4,780.55	11,593.93	16,374.48
6060 · General & Administration	5,410.70	7,062.22	12,472.92
6080 · Rent	1,675.00	1,675.00	3,350.00
6070 · Professional Fees	639.90	7,089.94	7,729.84
6090 · Telephone	1,613.41	6,681.45	8,294.86
6115 · Interest Expense	1,316.98	1,893.64	3,210.62
6120 · Insurance	0.00	155.20	155.20
Total Expense	54,681.37	78,869.83	133,551.20
Net Income	<u>25,635.61</u>	<u>13,881.30</u>	<u>39,516.91</u>

Universal Telecom, Inc.
Balance Sheet
As of March 10, 2000

Mar 10, '00

ASSETS**Current Assets****Checking/Savings**

1060 - Operating Account (PNC)	51,838.18
1050 - Clearing Account (PNC)	11,055.11
1080 - Checking - Stockyards Bank	4,462.00

Total Checking/Savings	67,355.29
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Accounts Receivable

1100 - Accounts Receivable	103,744.50
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Total Accounts Receivable	103,744.50
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Other Current Assets

1180 - Prepaid Expense	675.75
1175 - Prepaid Marketing Material	31.16
1260 - Accounts in Collections	2,049.05
1160 - Returned Checks & ACH	81.91

Total Other Current Assets	2,837.87
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Total Current Assets	173,937.66
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Other Assets

1200 - Office Equipment	60,733.85
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Total Other Assets	60,733.85
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TOTAL ASSETS

234,671.51

LIABILITIES & EQUITY**Liabilities****Current Liabilities****Accounts Payable**

2050 - Accounts Payable	311,978.27
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Total Accounts Payable	311,978.27
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Other Current Liabilities**2060 - Payroll Liabilities**

2061 - Ky Unemployment Liability	1,555.24
2062 - FUTA Liability	271.40
2063 - FICA/Medicare - Company	2,813.11
2064 - FICA/Medicare - Employee	2,813.11
2065 - Federal Withholding	3,733.00
2066 - State Withholding	1,618.99
2060 - Payroll Liabilities - Other	4.45

Total 2060 - Payroll Liabilities	12,809.30
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2200 - Other Taxes & Charges

2201 - Kentucky Sales Tax	372.75
2202 - Tennessee Sales Tax	4,885.55
2203 - Mississippi Sales Tax	15.73
2204 - Alabama Utility Tax	316.22
2212 - Florida Gross Receipts Tax	298.19
2213 - FHCF Surcharge	-21.94
2215 - Federal Excise Tax	4,447.35

Total 2200 - Other Taxes & Charges	10,313.85
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2300 - Line of Credit	100,000.00
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Total Other Current Liabilities	123,123.15
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Total Current Liabilities	435,101.42
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Long Term Liabilities

2530 - Loan Iva Reis	35,000.00
2500 - Loan Stockholder - EH	51,500.00
2510 - Loan Stockholder - TP	51,500.00
2520 - Loan Stockholder - JH	51,500.00

03/10/00

Universal Telecom, Inc.
Balance Sheet
As of March 10, 2000

	<u>Mar 10, '00</u>
Total Long Term Liabilities	<u>189,500.00</u>
Total Liabilities	624,601.42
Equity	
3501 - Opening Bal Equity	-169.58
3502 - Retained Earnings	-282,878.53
Net Income	<u>-106,881.80</u>
Total Equity	<u>-389,929.91</u>
TOTAL LIABILITIES & EQUITY	<u><u>234,671.51</u></u>

03/10/00

Universal Telecom, Inc.
Profit & Loss
January through February 2000

	Jan '00	Feb '00	TOTAL
Income			
4100 · Monthly Service Revenue	128,701.16	132,586.96	261,288.12
4400 · New Sales Revenue	65,564.12	87,400.83	152,964.95
4900 · Other Revenue	335.00	200.00	535.00
Total Income	194,600.28	220,187.79	414,788.07
Cost of Goods Sold			
5000 · Cost of Goods Sold	114,283.30	127,436.66	241,719.96
Total COGS	114,283.30	127,436.66	241,719.96
Gross Profit	80,316.98	92,751.13	173,068.11
Expense			
6015 · Customer Refund	861.75	1,572.25	2,434.00
6020 · Payroll Expenses	23,152.92	25,526.77	48,679.69
6040 · Marketing & Advertising	15,230.16	15,619.43	30,849.59
6050 · Travel & Entertainment	4,780.55	11,593.93	16,374.48
6060 · General & Administration	5,410.70	7,062.22	12,472.92
6080 · Rent	1,675.00	1,675.00	3,350.00
6070 · Professional Fees	639.90	7,089.94	7,729.84
6090 · Telephone	1,613.41	6,681.45	8,294.86
6115 · Interest Expense	1,316.98	1,893.64	3,210.62
6120 · Insurance	0.00	155.20	155.20
Total Expense	54,681.37	78,869.83	133,551.20
Net Income	<u>25,635.61</u>	<u>13,881.30</u>	<u>39,516.91</u>

02/01/00

Universal Telecom, Inc.
Profit and Loss
February 1999 through January 2000

	Feb '99	Mar '99	Apr '99	May '99	Jun '99	Jul '99	Aug '99	Sep '99	Oct '99	Nov '99	Dec '99	Jan '00	TOTAL
Income													
4000 · Monthly Service Revenue	0.00	0.00	0.00	0.00	60.75	2,620.23	5,302.81	18,121.78	22,248.84	62,725.28	91,187.19	120,761.62	323,028.56
4400 · New Sales Revenue	0.00	0.00	0.00	560.42	2,702.49	7,973.50	13,890.00	19,130.10	35,357.07	48,396.83	44,972.74	56,909.12	229,892.27
4900 · Other Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00	95.00	240.14	2,847.94	335.00	3,523.08
Total Income	0.00	0.00	0.00	560.42	2,763.24	10,593.73	19,192.81	37,256.88	57,700.91	111,362.25	139,007.87	178,005.74	556,443.85
Cost of Goods Sold													
5000 · Cost of Goods Sold	0.00	0.00	0.00	0.00	193.29	3,568.34	8,309.67	25,232.62	37,930.41	65,032.27	106,541.26	105,225.26	352,033.12
Total COGS	0.00	0.00	0.00	0.00	193.29	3,568.34	8,309.67	25,232.62	37,930.41	65,032.27	106,541.26	105,225.26	352,033.12
Gross Profit	0.00	0.00	0.00	560.42	2,569.95	7,025.39	10,883.14	12,024.26	19,770.50	46,329.98	32,466.61	72,780.48	204,410.73
Expense													
6015 · Customer Refund	0.00	0.00	0.00	0.00	0.00	49.00	9.00	255.41	486.00	555.00	674.40	665.75	2,694.56
6020 · Payroll Expenses	0.00	0.00	4,265.14	10,846.98	13,880.39	15,679.27	22,373.98	35,111.36	31,656.69	27,946.49	19,274.61	23,152.92	204,187.83
6040 · Marketing & Advertising	0.00	108.51	2,594.97	1,486.05	7,244.01	6,611.93	2,182.24	3,020.23	7,332.30	6,289.59	12,579.18	13,572.44	63,021.45
6050 · Travel & Entertainment	0.00	0.00	155.43	1,737.71	3,893.30	4,817.85	8,756.09	8,023.26	11,845.96	8,663.60	9,482.11	4,465.03	61,840.34
6060 · General & Administration	373.13	855.09	1,775.76	1,369.03	1,728.06	2,080.12	2,624.45	2,656.47	5,893.52	4,351.83	6,981.07	5,486.41	36,174.94
6080 · Rent	0.00	0.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,900.00	1,675.00	1,675.00	1,675.00	1,675.00	13,600.00
6070 · Professional Fees	1,697.50	5,494.25	6,996.20	2,516.60	1,373.67	1,698.80	6,059.03	6,784.21	4,905.64	7,759.61	7,166.23	126.19	52,577.93
6085 · Utilities	0.00	14.30	87.08	101.55	117.02	146.10	162.01	165.37	107.86	0.00	0.00	0.00	901.29
6090 · Telephone	0.00	404.72	536.72	923.06	665.26	1,205.23	1,236.25	3,039.66	3,037.73	5,363.89	5,860.20	2,282.28	24,555.00
6115 · Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	154.16	62.06	1,602.05	1,194.16	1,316.98	4,329.41
6120 · Insurance	0.00	0.00	637.50	560.40	1,222.95	0.00	155.20	69.04	69.04	251.56	341.08	0.00	3,306.77
6135 · Licenses and Permits	0.00	0.00	51.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	51.00
Total Expense	2,070.63	6,876.87	18,099.80	20,541.38	31,124.66	33,288.30	44,558.25	61,179.17	67,071.80	64,458.62	65,228.04	52,743.00	467,240.52
Net Income	-2,070.63	-6,876.87	-18,099.80	-19,980.96	-28,554.71	-26,262.91	-33,675.11	-49,154.91	-47,301.30	-18,128.64	-32,761.43	20,037.48	-262,829.79