

Lance J.M. Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097

Also Admitted in New York
and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

May 3, 2000

VIA OVERNIGHT DELIVERY

FILED

MAY 4 2000

Mr. Dale Roberts
Chief A.L.J./Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

**Missouri Public
Service Commission**

TA - 2000 - 731

Re: U.S. Telepacific Corp. d/b/a TelePacific Communications

Dear Mr. Roberts:

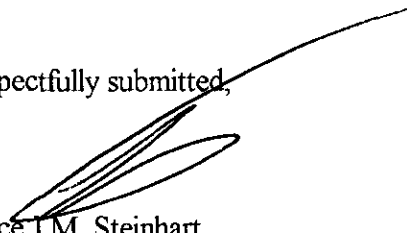
Enclosed please find an original and eight (8) copies of U.S. Telepacific Corp. d/b/a TelePacific Communications' Application for Certificate of Service Authority to Provide Interexchange Telecommunications Services Within the State of Missouri, along with Motion for Protective Order for information that is "highly confidential".

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self addressed, postage prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Please note that this Application is being submitted by myself and Judith A. Rau, Esq., Missouri Counsel, Bar # 24856.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for U.S. Telepacific Corp. d/b/a TelePacific Communications

Enclosures

cc: Ms. Jane Delahanty (w/enc)
Office of Public Counsel (w/enc)

200001012

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

MAY 4 2000

In the matter of the)
application)
of U.S. TelePacific Corp.)
d/b/a TelePacific Communications)
for a certificate of)
service authority)
to provide interexchange)
telecommunications services)

Missouri Public
Service Commission

Case No. TA-2000-731

APPLICATION

U.S. TelePacific Corp. d/b/a TelePacific Communications ("Applicant"), a California corporation, files this verified application respectfully requesting that the Missouri Public Service Commission ("Commission") issue an order that:

- (a) grants Applicant a Certificate of Service Authority to provide interexchange telecommunications services pursuant to Chapter 392 of the Missouri Revised Statutes.
- (b) grants competitive status to Applicant, and classifies the Applicant's services as competitive.
- (c) waives certain Commission rules and statutory provisions pursuant to Section 392.420, RSMo Cum. Supp. 1992.

In support of its request, Applicant states:

1. The legal name and principal office or place of business of the Applicant are:

U.S. TelePacific Corp. d/b/a TelePacific Communications
515 S. Flower Street; 49th Floor
Los Angeles, CA 90071
(213) 213-3000/Phone
(213) 213-3100/Facsimile

200001019

A copy of Applicant's Articles of Incorporation and certificate of authority from the Missouri Secretary of State to transact business in Missouri are attached hereto as Exhibit I.

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

Judith A. Rau, Esq.
Rau & Rau
119 E. Mill Street
Waterloo, Illinois 62298

3. Applicant commenced offering services in 1998 and currently provides local exchange and interexchange telecommunications services, both as a reseller and as a facilities-based provider. Applicant is currently providing service in California, Colorado and Nevada. Applicant proposes to provide switched interexchange telecommunications services within Missouri including direct outbound dialing (1+ and 101XXXX), 800 and 888 (inbound Toll-Free), and calling cards. Applicant respectfully requests authority to provide service to prospective business and residential customers throughout the State of Missouri.

4. Applicant has the experience in the telecommunications industry and the technical and financial resources to provide telecommunications services within Missouri. A brief description of the qualifications and experience of the key management employees is attached hereto as Exhibit II. A copy of the financial information to demonstrate Applicant's financial ability to provide service, Exhibit III, contains confidential and proprietary information, and is being submitted under separate cover with a Motion for Protective Order.

5. Applicant's draft Tariff is attached as Exhibit IV. The proposed tariff contains the rules and regulations applicable to its customers, a description of the services offered, and a list of rates associated with such services.

6. Applicant hereby respectfully requests classification as a competitive telecommunications company within the State of Missouri, and that its services are classified as competitive. Applicant believes that its proposed services will be subject to sufficient competition to justify a lesser degree of regulation. Granting of this application will allow greater price and service options for telephone users.

7. Applicant also respectfully requests, pursuant to Section 392.420 RSMo (Cum. Supp. 1992), that the Commission waive the application of the following rules and statutory provisions as it relates to the regulation of Applicant:

392.210.2 Establish Uniform System of Accounts for Annual reports
392.240(1) Setting just and reasonable rates
392.270 Ascertain Property values
392.280 Establish Depreciation accounts
392.290 Issuance of securities
392.300.2 Acquisition of stock
392.310 Issuance of stock and debt
392.320 Stock Dividend Payment
392.330 Issuance of securities, debts and notes
392.340 Reorganization(s)
4 CSR 240-10.020 Depreciation fund income
4 CSR 240-30.010(2)(C) Posting exchange rates at central offices.
4 CSR 240-33.030 Inform customers of lowest price
4 CSR 240-35 Reporting of bypass
4 CSR 240-30.040 Uniform System of Accounts

The above-referenced rules and statutory provisions have been waived as to other interexchange carriers in prior cases.

8. Applicant, pursuant to Section 386.570, Cum. Supp. 1992, will comply with all applicable Commission rules except those which are specifically waived by the Commission pursuant to a request filed by the Applicant.


9. Correspondence or communications pertaining to this Application should be addressed to:

Lance J.M. Steinhart, Esq.
6455 East Johns Crossing, Suite 285
Duluth, Georgia 30097
(770) 232-9200
(770) 232-9208 (Fax)

10. Grant of this Application will further the public interest by expanding the availability of competitive telecommunications services in the State of Missouri. In addition, intrastate offering of these services is in the public interest because the services will provide Missouri customers with access to new technologies and service choices, and can permit customers to achieve increased efficiencies and cost savings. In particular, the public will benefit directly, through the use of the competitive services to be offered by Applicant, and indirectly, because the presence of Applicant in this market will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service.

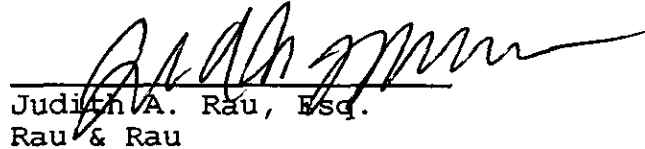
WHEREFORE, Applicant, U.S. TelePacific Corp. d/b/a TelePacific Communications, respectfully requests that the Missouri Public Service Commission grant it a certificate of service authority to provide interexchange telecommunications services within the State of Missouri. Applicant also respectfully requests classification as a competitive telecommunications company, and that its services be classified as competitive. In addition Applicant requests a waiver of the above-referenced rules and statutory provisions.

Respectfully submitted,



Lance J.M. Steinhart, Esq.
Attorney at Law
6455 East Johns Crossing, Suite 285
Duluth, Georgia 30097
(770) 232-9200
Georgia Bar No. 678222

and



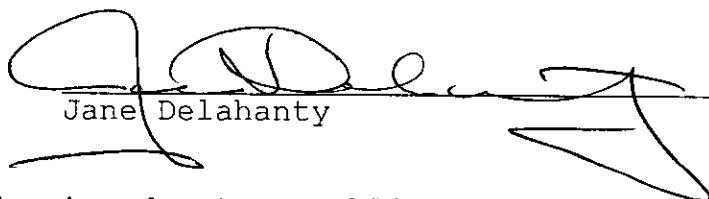
Judith A. Rau, Esq.
Rau & Rau
119 E. Mill Street
Waterloo, Illinois 62298
(618) 939-7186
Missouri Bar No. 24856

Attorneys for Applicant


STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
ORANGE S.N.)

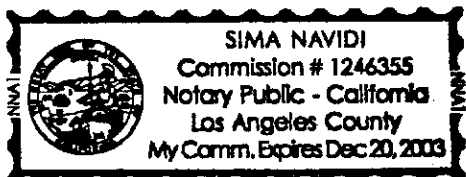
VERIFICATION

I, Jane Delahanty, being duly sworn, declare that I am the Assistant VP Regulatory Affairs of U.S. TelePacific Corp. dba TelePacific Communications, the Applicant. I verify that, based upon information and belief, I have knowledge of the statements in the foregoing Application, and I declare that they are true and correct.


Jane Delahanty

Sworn to before me, the undersigned Notary Public on this 9th day of March, 2000.


Notary Public



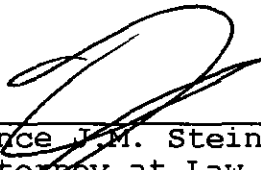
Print or Type Name SIMA NAVIDI
My commission expires: Dec 20th, 2003

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the)
application of)
U.S. TelePacific Corp. d/b/a)
TelePacific Communications)
for a certificate of service) Case No.
authority to provide)
interexchange)
telecommunications services)

ENTRY OF APPEARANCE

COMES NOW Lance J. M. Steinhart, Attorney at Law and pursuant to rule 4 CSR 240-2.040 herewith files his Entry of Appearance on behalf of Applicant U.S. TelePacific Corp. d/b/a TelePacific Communications, in connection with the above-styled proceeding. With respect to his entry, Mr. Steinhart hereby advises the Commission that he is a member in good standing of the State Bar of Georgia and the New York State Bar and is admitted to practice before District Courts. He also is on inactive status with the State Bar of Maryland. Neither the undersigned nor any member of his firm is disqualified to appear in any court. I also hereby designate Judith A. Rau, of the law firm of Rau & Rau, 119 E. Mill Street, Waterloo, Illinois 62298 to serve as our local Missouri counsel in this matter.

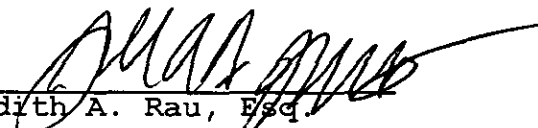

Lance J.M. Steinhart, Esq.
Attorney at Law
6455 East Johns Crossing, Suite 285
Duluth, Georgia 30097
(770) 232-9200
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Georgia Bar No. 678222

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the)	
application of)	
U.S. TelePacific Corp. d/b/a)	
TelePacific Communications)	
for a certificate of service)	Case No.
authority to provide)	
interexchange)	
telecommunications services)	

ENTRY OF APPEARANCE

COMES NOW Judith A. Rau of the Law Firm of Rau & Rau, and pursuant to rule 4 CSR 240-2.040, herewith files her Entry of Appearance as local Missouri counsel on behalf of Applicant U.S. TelePacific Corp. d/b/a TelePacific Communications, in connection with the above-styled proceeding.



Judith A. Rau, Esq.
Rau & Rau
119 E. Mill Street
Waterloo, Illinois 62298
(618) 939-7186
Missouri Bar No. 24856

ATTACHED EXHIBITS

- Exhibit I Missouri Secretary of State Authorization
 And Certificate of Organization
- Exhibit II Executive Officers' Qualifications and Experience
- Exhibit III Financial Information
- Exhibit IV Draft Tariff

Exhibit I
Missouri Secretary of State Authorization
and
Certificate of Organization

No. F00480416

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION - CERTIFICATE OF AUTHORITY

WHEREAS,
U.S. TELEPACIFIC CORP.

using in Missouri the name
U.S. TELEPACIFIC CORP.

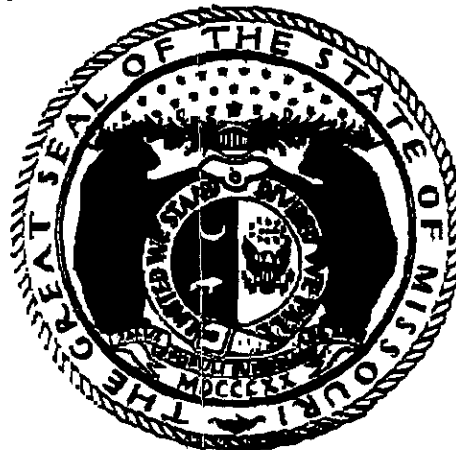
has complied with the General and Business Corporation Law which governs Foreign Corporations; by filing in the office of the Secretary of State of Missouri authenticated evidence of its incorporation and good standing under the Laws of the State of CALIFORNIA.

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 24th day of FEBRUARY, 2000.

Rebecca McDowell Cook
Secretary of State

\$155.00





Corporations Division
P.O. Box 778, Jefferson City, MO 65102

State of Missouri
Rebecca McDowell Cook, Secretary of State

James G. Kirkpatrick State Information Center
600 W. Main Street, Room 322, Jefferson City, MO 65101

FILED

AND CERTIFICATE OF
AUTHORITY ISSUED

**Application for Certificate of Authority
For a Foreign For-Profit Corporation**

(Submit in duplicate with filing fee of \$155.00)

FEB 24 2000

1. The corporation's name is U.S. Telepacific Corp.
and it is organized and existing under the laws of California Rebecca McDowell Cook
SECRETARY OF STATE
 2. The name it will use in Missouri is U.S. Telepacific Corp.
 3. The date of its incorporation was July 17, 1996 and the period of its duration is Perpetual
month/day/year
 4. The address of its principal place of business 49th Floor, 515 E. Flower Street, Los Angeles, CA 90071
Address City/State/Zip
 5. The name and address of its registered agent and office in the State of Missouri is
Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company
221 Bolivar Street, Jefferson City, MO 65101
Name Address City/State/Zip
 6. The specific purpose(s) of its business in Missouri are:
Telecommunications service provider. To engage in any act or activity for which
corporations may be organized.
 7. The name of its officers and directors and their business addresses are as follows:
(Officers) Name Address City/State/Zip

President See attached officers/directors rider
Vice President _____
Secretary _____
Treasurer _____

(Board of Directors) See attached officers/directors rider
Director _____
Director _____
Director _____
 8. The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless you indicate a future date, as follows:

(Date may not be more than 90 days after the filing date in this office)
- In affirmation thereof, the facts stated above are true.
- [Signature] Kieran Goolby, Secretary 2-21-00
(Authorized Signature) (Printed Name) (Title) (Date)

Note: You must submit current original certificate of good standing or certificate of existence with this application. This may be obtained from your Secretary of State or other authority that issues corporate charters.



State of Missouri

Rebecca McDowell Cook, Secretary of State

Corporations Division
P.O. Box 778, Jefferson City, MO 65102

James C. Kirkpatrick State Information Center
600 W. Main Street, Box 222, Jefferson City, MO 65101

FILED

AND CERTIFICATE OF
AUTHORITY ISSUED

FEB 24 2000

Application for Certificate of Authority For a Foreign For-Profit Corporation

(Submit in duplicate with filing fee of \$155.00)

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and it is organized and existing under the laws of California
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corporations may be organized.
- The name of its officers and directors and their business addresses are as follows:
(Officers) Name Address City/State/Zip

President See attached officers/directors rider

Vice President _____

Secretary _____

Treasurer _____

(Board of Directors) See attached officers/directors rider

Director _____

Director _____

Director _____
- The effective date of this document is the date it is filed by the Secretary of State of Missouri, unless you indicate a future date, as follows:

(Date may not be more than 90 days after the filing date in this office)

In attestation thereof, the facts stated above are true.

Kirstin Goeldy Kirstin Goeldy, Secretary 2-21-00
(Authorized Signature) (Printed Name) (Title) (Date)

Note: You must submit current original certificate of good standing or certificate of existence with this application. This may be obtained from your Secretary of State or other authority that issues corporate charters.



CSC - SACRAMENTO
SUITE 100
2730 GATEWAY OAKS DRIVE
SACRAMENTO CA 95833
800-222-2122
916-563-2121 FAX

May 2, 2000

Attn: Kirstin Gooldy
U.S. Telepacific Corp
515 So. Flower Street
49th Floor
Los Angeles, CA 90071

RE: U.S. TELEPACIFIC CORP.
d/b/a
TELEPACIFIC COMMUNICATIONS

Dear Ms. Gooldy:

The document listed below has been filed with the
State of Missouri as of April 25, 2000. Proof
of filing is enclosed for your use.

CERTIFICATE OF FICTITIOUS NAME

Please do not hesitate to contact our office if
you have any questions.

Very truly yours,

Karen Rose

KLR/mrh
Enclosure



State of Missouri
Rebecca McDowell Cook, Secretary of State

X 372340

Corporations Division

Registration of Fictitious Name

(Submit in duplicate with filing fee of \$7)

(Must be typed or printed)

This information is for the use of the public and gives no protection to the name. There is no provision in this Chapter to keep another person or business from adopting and using the same name. (Chapter 417, RSMo.)

We, the undersigned, are doing business under the following name, and at the following address:

Name to be registered: TelePacific Communications
Missouri Business Address: 515 S. Flower Street, 49th Floor
(P.O. Boxes not accepted)
City, State and Zip Code: Los Angeles, CA 90071

The parties having an interest in the business, and the percentage they own are (if a business entity is owner, indicate business name and percentage owned. If all parties are jointly and severally liable, percentage of ownership need not be listed):

Name of Owners, Individual or Business Entity	Street and Number	City	State and Zip Code	If listed, Percentage of ownership must equal 100%
U.S. TelePacific Corp.	515 S. Flower St.,	Los Angeles	CA 90071	100

Return to: Secretary of State
Corporations Division
P.O. Box 778
Jefferson City, Mo. 65102

(Over)

Corp. #56 (5/99)

FILED

APR 25 2000

Rebecca McDowell Cook
SECRETARY OF STATE

The undersigned, being all the parties owning interest in the above company, being duly sworn, upon their oaths each did say that the statements and matters set forth herein are true.

Individual
Owners
Sign Here

X _____ X _____
X _____ X _____
X _____ X _____

The undersigned business entity has caused this application to be executed in its name by its

Secretary _____ on this March 16, 2000
Title of Authorized Person month/day/year

If
Business Entity
Is
Owner,
Authorized
Person
Execute
Here

JANE Z. DELAHANTY AP
Authorized Signature (If corporation, President or Vice President) Printed Name Title REGULATORY AFFAIRS
Kirstin Gooldy Secretary
If corporation, Signature of Secretary or Asst. Secretary Printed Name Title

(Corporate Seal)
If no seal, state "none".

S.N. CA
State of Missouri
County of Los Angeles } ss

I, Simin Nandi, A Notary Public, do hereby certify that on 3/16/00
month/day/year

personally appeared before me Jane Delahanty & Kirstin Gooldy, and being duly sworn by me, acknowledged that he/she signed as his/her own free act and deed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year before written.

(Notarial Seal or Stamp)

Simin Nandi
Notary Public

My commission expires Dec. 20th, 2003

My County of Commission Los Angeles

Corp. #56 (5/99)

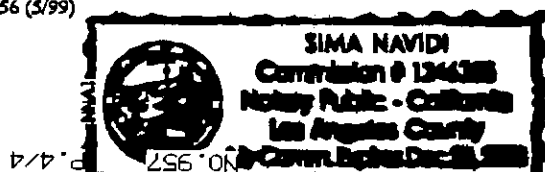


Exhibit II
Executive Officers' Qualifications and Experience

See attached Resumes

State of California

SECRETARY OF STATE

CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, **BILL JONES**, Secretary of State of the State of California, hereby certify:

That on the 17th day of July, 19 96,

U.S. TELEPACIFIC CORP.

became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this
certificate and affix the Great Seal of
the State of California this day of

January 24, 2000.



Bill Jones

Secretary of State

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
00 JAN 28 PM 3:52



SECRETARY OF STATE

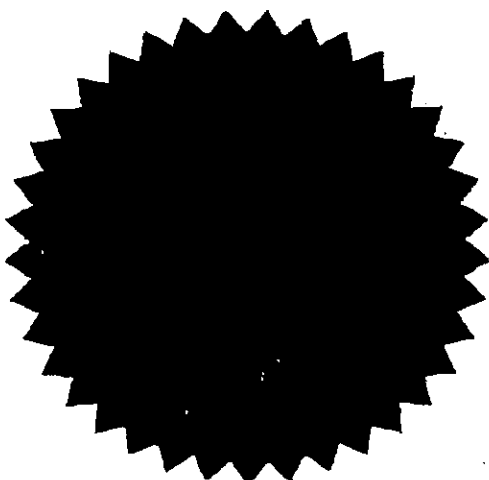


I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

OCT 9 1997



Bill Jones

Secretary of State

State of California



SECRETARY OF STATE

I. *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 17 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

per



Bill Jones

Secretary of State

1974331
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
U.S. TELEPACIFIC CORP.
a California corporation

FILED *NG*
In the office of the Secretary of State
of the State of California
NOV 1 1999
Bill Jones
BILL JONES, Secretary of State

The undersigned, David P. Glickman and Kirstin Gooldy, hereby certify that:

1. They are the Chief Executive Officer and Assistant Secretary, respectively, of U.S. TelePacific Corp. (the "Corporation").
2. The Articles of Incorporation of the Corporation are amended and restated in their entirety to read as follows:

ARTICLE I

The name of the Corporation is U.S. TelePacific Corp.

ARTICLE II

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE III

Section A. Authorized Capital. The Corporation shall be authorized to issue two classes of stock to be designated, respectively, "Preferred Stock" and "Common Stock"; the total number of shares which the Corporation shall have authority to issue is One Hundred Million Four Hundred Fifteen (100,000,415); the total number of shares of Preferred Stock shall be Four Hundred Fifteen (415); and the total number of shares of Common Stock shall be One Hundred Million (100,000,000).

Section B. Preferred Stock. The Preferred Stock shall be divided into series. The first series shall consist of Two Hundred Fifty (250) shares and shall be designated "Series A Preferred Stock" and the second series shall consist of One Hundred Sixty-Five (165) shares and shall be designated "Series B Preferred Stock."

Section C. The powers, preferences, rights, restrictions and other matters relating to the Preferred Stock are as follows:

1. Dividend Rights

A. The holders of record of the Series A Preferred Stock (collectively, the "Series A Holders," and individually, a "Series A Holder") and the holders of record of the Series B Preferred Stock (collectively, the "Series B Holders," individually, a "Series B Holder" and collectively with the Series A Holders, the "Preferred Holders") of the Corporation shall be entitled to receive, when, as and if declared by the Board of Directors of the Corporation (the "Board"), out of the funds of the Corporation legally available therefor, a cumulative cash dividend (the "Preferred Stock Dividend") at a simple interest rate of 10% of the Funded Portion (as specified below) of the Liquidation Value (as specified below) per share per annum, payable upon a conversion, liquidation or redemption of each share of Series A Preferred Stock (each, a "Series A Preferred Share") and each share of Series B Preferred Stock (each, a "Series B Preferred Share" and collectively with the Series A Preferred Shares, the "Preferred Shares"). The Funded Portion means with respect to the Series A Preferred Shares and the Series B Preferred Shares, respectively, the amount of consideration paid for such shares in accordance with the terms of the Preferred Stock Purchase Agreement, dated as of April 14, 1999 (as amended, modified or restated from time to time), between the Corporation and the Series A Holders or the Series B Preferred Stock Purchase Agreement, dated as of November 9, 1999 (as amended, modified or restated from time to time), between the Corporation and the Series B Holders, respectively, and as shown from time to time on the certificate(s) representing the Series A Preferred Shares or the Series B Preferred Shares, as the case may be. The Liquidation Value will be \$100,000 (or such lesser Funded Portion) per share. Preferred Stock Dividends will accrue on the Funded Portion of each Preferred Share on a quarterly basis (pro rata for periods shorter than a full quarter) from and excluding the date of payment by a Preferred Holder for such portion of the Preferred Share to and including the date of payment of the Preferred Stock Dividends on such Preferred Share, whether or not such Preferred Stock Dividends have been declared from time to time and whether or not there are funds of the Corporation legally available from time to time for the payment of the Preferred Stock Dividends.

B. If the funds of the Corporation legally available for payment of Preferred Stock Dividends on any date when such dividends are payable are insufficient to pay the total amount of Preferred Stock Dividends then accrued with respect to the Series A Preferred Stock or the Series B Preferred Stock, or if the Corporation is prohibited from paying such Preferred Stock Dividends by applicable law or by any contract or agreement, including, but not limited to, any loan agreement, to which the Corporation is a party, the Corporation will use those funds legally available and not so prohibited for the payment of any such Preferred Stock Dividends. Subject to Section C.5.F., on such date as additional funds of the Corporation are legally available for the payment of such Preferred Stock Dividends, or such prohibition no longer applies, such funds will be used to pay accrued and unpaid Preferred Stock Dividends.

C. Upon a Qualified Initial Public Offering (as defined below), the Corporation may elect to pay accrued and unpaid Preferred Stock Dividends to Series A Holders in Series A Preferred Shares and to Series B Holders in Series B Preferred Shares (with each Series A

Preferred Share and each Series B Preferred Share valued at the Liquidation Value), except that no fractional Series A Preferred Shares or Series B Preferred Shares may be issued for such purpose. After the initial issuance of Series A Preferred Shares and Series B Preferred Shares by the Corporation, the Corporation may not issue any Series A Preferred Shares other than to Series A Holders, or Series B Preferred Shares other than to Series B Holders, in accordance with the preceding sentence.

D. Accrued and unpaid Preferred Stock Dividends on Preferred Shares will not bear interest prior to the date such Preferred Stock Dividends are due and payable. After accrued and unpaid Preferred Stock Dividends on Preferred Shares become due and payable, such accrued and unpaid Preferred Stock Dividends will bear interest at a rate of the lesser of 12% per annum or the highest amount permitted by applicable law. Preferred Stock Dividends paid on the Preferred Shares in an amount less than the total amount of such Preferred Stock Dividends at the time accrued and payable on such shares shall be allocated pro rata among the Series A Holders and the Series B Holders with respect to dividends based on the amount of Preferred Stock Dividends due to each such holder. The Board may fix a record date for the determination of holders of Preferred Shares entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

2. Voting Rights

A. Except as provided by applicable law or as provided herein, the Series A Preferred Stock, the Series B Preferred Stock and any other class of stock of the Corporation having voting rights shall vote together as one class. On all matters that do not require the Preferred Holders to vote as a single class, each Preferred Holder will be entitled to the number of votes that such Preferred Holder would have if such Preferred Holder were to convert such Preferred Holder's Preferred Shares immediately prior to the applicable vote. Fractional votes will not be permitted and any resulting fractional voting rights (after determining the total number of votes such Preferred Holder is entitled to if such Preferred Holder had converted all of such Preferred Holder's Preferred Shares) will be rounded to the nearest whole number (with one-half being rounded upward).

B. The Preferred Holders are entitled to receive notice of all meetings of the stockholders of the Corporation to the same extent and in the same manner as the holders of the common stock of the Corporation ("Common Stock").

C. The Board will consist of nine members.

3. Certain Restrictions

A. So long as Preferred Shares are outstanding, the Corporation may not take any of the following actions without first obtaining the consent of the holders of 66 2/3% of the Preferred Shares:

i. alter the terms or rights of the Series A Preferred Stock or the Series B Preferred Stock or any agreement affecting the rights of the Series A Holders or Series B Holders;

ii. issue any new equity securities (other than pursuant to employee incentive plans previously approved by the Board); provided, however, that the Corporation may engage in a Qualified Initial Public Offering without the consent of any Preferred Holders, subject to the terms hereof. A "Qualified Initial Public Offering" is an initial public offering of Common Stock that (a) if effected before April 12, 2000, will result in net proceeds to the Corporation of at least \$20 million and is led by a Qualified Underwriter or (b) if effected after April 12, 2000 but before April 12, 2005, is led by underwriters that in good faith have established a price range for a share of Common Stock that is reflected in the Corporation's first registration statement filing with the Securities and Exchange Commission showing the price range for a share of Common Stock and that allows the Preferred Holders to earn the Requisite Internal Rate of Return if the low end of such price range (the "Low Price") is used to determine the Liquidation Proceeds. The Corporation may not execute an underwriting agreement for an offering pursuant to clause (b) above that contains an initial public offering price that is below 80% of the Low Price without the consent of 66 2/3% of the Preferred Holders. A "Qualified Underwriter" is any of the following: Lehman Brothers, Goldman Sachs & Co., Donaldson, Lufkin & Jenrette Securities Corporation, Bear, Stearns & Co. Inc., NationsBanc Montgomery Securities LLC, Hambrecht & Quist, BT Alex. Brown, Allen & Co., BancBoston Robertson Stephens, J.P. Morgan & Co., Merrill Lynch & Co., Morgan Stanley Dean Witter, CIBC Oppenheimer Corp., CitiGroup (Salomon Brothers), Credit Suisse First Boston or any other underwriter approved by 66 2/3% of the Preferred Holders.

iii. merge, consolidate, or sell all or substantially all of the assets of the Corporation provided, however, a transaction whereby the holders of all Preferred Shares receive at least their Liquidation Preference (as defined below) shall require approval by only a majority of the Preferred Holders;

iv. amend the Corporation's Articles or By-laws;

v. amend the budget for such quarter previously approved by the Board;

vi. enter into any business outside of the Core Business or otherwise expend any material amount of time, effort, or funds in connection therewith. "Core Business" means providing voice, data, or video services reasonably comparable to services provided in California or Nevada by the Corporation's primary competitors and excludes paging, cell phone resales, and company-owned pay phones;

vii. declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock or Series B Preferred Stock;

viii. declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock or Series B Preferred Stock, except dividends paid ratably on the Series A Preferred Stock, the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

ix. redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock or Series B Preferred Stock; provided, however, that the Corporation may at any time (a) redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock and Series B Preferred Stock or (b) subject to approval by the Board, repurchase from employees of the Corporation shares of Common Stock pursuant to the terms of restricted stock, stock option or employment agreements upon termination of their employment with the Corporation; or

x. redeem or purchase or otherwise acquire for consideration any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock or Series B Preferred Stock, except redemptions made ratably of the Series A Preferred Stock, the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are then entitled.

B. The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under Section C.3.A., purchase or otherwise acquire such shares at such time and in such manner.

C. So long as Preferred Shares are outstanding, the Corporation may not take any of the following actions without first delivering 72 hours prior written notice to the Preferred Holders and obtaining Board approval:

i.. incur cumulative indebtedness over \$500,000;

ii. sell any asset or group of related assets outside the ordinary course of business in excess of \$250,000 in one or a series of transactions;

iii. enter into any transactions with an Affiliate (as defined below); provided, that the Corporation may enter into the Reciprocal Telecommunications Services Agreement,

dated on or about April 14, 1999, with Justice Technology Corporation, a California corporation; and provided, further, that the Corporation may enter into transactions with Affiliates so long as such transactions cumulatively since April 14, 1999 do not involve amounts in excess of \$50,000, excluding for such purposes any transactions entered into pursuant to the immediately preceding proviso. "Affiliate" means any entity or individual directly or indirectly controlling or controlled by the Corporation or under direct or indirect common control with the Corporation (other than wholly-owned subsidiaries of the Corporation); or

- iv. adopt or materially change its annual business plan or budget.

4. Liquidation, Dissolution or Winding-Up

A. In the event of the liquidation, dissolution, winding-up, sale or other disposition of all or substantially all of the assets of the Corporation, whether voluntary or involuntary, a merger in which the Corporation is not the surviving corporation, or a merger in which the Corporation is the surviving corporation and after which the security holders of the Corporation prior to such merger fail to control more than 50% of the voting power of the Corporation after such merger ("Liquidation"), the holders of 66 2/3% of the Preferred Shares will have the option (exercisable in accordance with Section C.4.B.) to cause the Corporation to redeem the outstanding Preferred Shares, after payment of or provision for payment of the debts and other liabilities of the Corporation, for cash or any other assets of the Corporation in an amount (or having a fair market value) equal to \$100,000 per share (or such lesser Funded Portion) plus all accrued but unpaid Preferred Stock Dividends up to and including the date of Liquidation (the "Liquidation Preference"); provided, however, a transaction whereby the holders of all Preferred Shares receive at least their Liquidation Preference shall require approval by only a majority of the Preferred Holders and; provided, further however, that non-cash consideration shall be payable only with the prior written consent of the holders of 66 2/3% of the Preferred Shares. Subject to the preceding proviso, the fair market value of any assets of the Corporation and the proportion of cash and other assets distributed by the Corporation to the holders of Preferred Shares shall be reasonably determined in good faith by the Board. If there are insufficient funds to pay the Liquidation Preference, payment will be allocated pro rata among the Preferred Holders based on the amount such Preferred Holder has a right to receive.

B. The Corporation will deliver to the Preferred Holders prompt notice of any Liquidation. For the 30-day period after the Preferred Holders receive such notice, the holders of 66 2/3% of the Preferred Shares will have the option to cause the Corporation to redeem the outstanding Preferred Shares for the Liquidation Preference by delivering written notice to the Corporation of the Preferred Holders' election to cause the redemption of such shares.

5. Conversion Rights

A. Right to Convert. Each Preferred Share shall be convertible at the option of any holder thereof at any time and from time to time from and after the date of issuance of such

Preferred Share. Upon conversion, each Preferred Share shall be convertible into the number of the Corporation's fully paid and nonassessable shares of Common Stock determined by dividing \$100,000 (or such lesser Funded Portion) by the Conversion Price applicable to such share, determined as herein provided, in effect on the date that the certificate is surrendered for conversion. If less than all of the Preferred Shares held by a Preferred Holder are to be converted, the Preferred Holder shall specify at the time of surrender of his or her Preferred Shares for conversion, the exact number to be converted.

B. Conversion Price. The "Conversion Price" for each Preferred Share shall initially be \$3.50 (the "Initial Conversion Price") and shall be subject to adjustments as provided herein. The Corporation must provide each Preferred Holder with a detailed computation of each adjustment to the Conversion Price made pursuant to Sections C.5.C., C.5.D., and C.5.E., including any recomputations pursuant to the last sentence of Section C.5.D.

C. Adjustments to Conversion Price on Stock Dividend, Stock Split, etc. The number of shares of Common Stock into which each Preferred Share may be converted shall be subject to adjustment in the event the Corporation shall at any time (i) establish a record date for the purpose of declaring any dividend on the Common Stock payable in shares of Common Stock, (ii) effect a subdivision or combination or consolidation of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, or (iii) increase or decrease the number of shares of Common Stock by reclassification. In such event, the number of shares of Common Stock to be received upon conversion shall be adjusted so that each Preferred Holder shall thereafter be entitled to receive for such Preferred Share the number of shares of Common Stock which such Preferred Holder would have owned and/or been entitled to receive upon the occurrence of an event or record date described above had the Preferred Share been converted immediately prior to the happening of the event or record date. The Conversion Price will be adjusted by dividing the Liquidation Value by such adjusted number of shares of Common Stock. Any such adjustment shall become effective immediately after the record date of such dividend or the effective date of such reclassification, subdivision, combination, or consolidation.

D. IRR Adjustment to Initial Conversion Price. Upon the occurrence of an IRR Event, the Initial Conversion Price of a series of Preferred Shares will be decreased to the highest price that allows the relevant series of Preferred Holders to earn the Requisite Internal Rate of Return (as defined below); provided, that the Initial Conversion Price may not be decreased below \$2.50. The Internal Rate of Return on each applicable series of Preferred Shares will be determined upon any event described in clause (i), (ii) or (iii) below. An "IRR Event" will occur: (i) with respect to all of the outstanding Preferred Shares, upon an initial public offering of Common Stock, a merger, or a sale of all or substantially all of the Corporation's assets, (ii) with respect to the Series A Preferred Stock, upon a sale of Rader Reinfrank Holdings No. 3 and its designees' ("RRCO") entire equity stake in the Corporation, or (iii) with respect to the Series B Preferred Stock, upon a sale of GE Capital Equity Investments, Inc. or its designees' ("GE Equity") entire equity stake in the Corporation (each, a "Trigger Event"), but only if the holders

of the applicable series of outstanding Preferred Shares fail to earn the Requisite Internal Rate of Return (as determined in accordance with Section C.5.D.v.) and only with respect to such series of outstanding Preferred Stock which shall fail to earn the Requisite Internal Rate of Return. If the Initial Conversion Price of a series is adjusted pursuant to this Section C.5.D., each adjustment to the Conversion Price of a series pursuant to Sections C.5.C. and C.5.E. will be recomputed using the Initial Conversion Price of such series as so adjusted, but in no event will the Conversion Price of such series be increased. For purposes hereof, a sale by RRCO or GE Equity will not be a Trigger Event unless such sale is made to an unaffiliated third party.

i. A Trigger Event will be deemed to occur on the date that (a) in the case of an initial public offering, the Corporation first files a registration statement for such offering, (b) in the case of a merger or sale by the Corporation, the Corporation executes a merger agreement or purchase agreement, as applicable, or (c) in the case of a sale by RRCO, as applied to the Series A Preferred Stock, or a sale by GE Equity, as applied to the Series B Preferred Stock, RRCO or GE Equity, as the case may be, executes a merger agreement or purchase agreement, as applicable. If a Trigger Event that gives rise to an adjustment is not consummated by the Corporation, RRCO, or GE Equity, as the case may be, any adjustments to the Initial Conversion Price on account of such a Trigger Event will be nullified, and the Initial Conversion Price will remain subject to adjustment upon a subsequent IRR Event.

ii. Any adjustments pursuant to this Section C.5.D. will be determined on the date that the Internal Rate of Return on each applicable Preferred Share is determined in accordance with Section C.5.D.iv. and shall be confirmed within three business days by delivery to the applicable Preferred Holders of a certificate from the Corporation's principal financial officer setting forth the average Internal Rate of Return for the applicable series of Preferred Shares, including supporting calculations. Upon the request of the holders of a majority of the applicable series of Preferred Shares, such financial information will be subject to review by the Corporation's independent auditors.

iii. The "Internal Rate of Return" on a Preferred Share means the lowest annual rate, which, when used to discount each cash flow on the Preferred Share to the closing date with respect to such Preferred Share (including draws, paid Preferred Stock Dividends and Liquidation Proceeds, but excluding any structuring fees or management fees that may be payable to certain Preferred Holders) makes the sum of such discounted cash flows equal to \$0. For the purposes of this definition, "Liquidation Proceeds" means (a) in the event of an initial public offering, the value of the shares issued upon conversion of the Preferred Shares priced at the Low Price, (b) in the event of a merger or sale of all or substantially all of the Corporation's assets, the fair market value of the per share consideration to be received as of the date of the merger or sale, (c) (i) as calculated with respect to the Series A Preferred Stock, in the event of a sale of RRCO's entire equity stake, the greater of (w) 80% of the fair market value of the shares sold by RRCO and (x) the consideration received by RRCO, or (ii) as calculated with respect to the Series B Preferred Stock, in the event of a sale of GE Equity's entire equity stake, the greater of (w) 80% of the fair market value of the shares sold by GE Equity and (x) the consideration

received by GE Equity. The fair market value of publicly traded shares received as consideration for a merger, sale of the Corporation's assets, sale of RRCO's equity stake, or sale of GE Equity's equity stake will be determined based on the average closing price of the shares to be received over the 20 trading days preceding the date that the merger price or sale price of the assets is determined by the Board or the effective date of the sale of shares, as the case may be. The fair market value of all other forms of consideration will be determined in good faith by the Board. The Internal Rate of Return on each Preferred Share will be computed as if the Liquidation Proceeds are received on (y) in the case of an initial public offering, the date 90 days after the Corporation first files a registration statement for such offering with the SEC, or (z) in the case of a merger or sale, the date 60 days after the date that the Corporation, RRCO or GE Equity, as the case may be, executes a merger agreement or purchase agreement, as applicable.

iv. The date for determining the Internal Rate of Return will be (a) for an initial public offering, the date that the Low Price is established, (b) for a merger, the date that the merger price is determined by the Board, (c) for a sale of RRCO's equity stake, the date that the sale price is determined, (d) for a sale of GE Equity's equity stake, the date that the sale price is determined, and (e) for a sale of all or substantially all of the Corporation's assets, the date that the purchase price is determined by the Board.

v. The Requisite Internal Rate of Return applicable to a Trigger Event will be the percentage set forth below opposite the applicable 12-month period. To determine whether a series of Preferred Holders have earned the Requisite Internal Rate of Return, an average of the Internal Rate of Return for each outstanding series of Preferred Shares will be computed and used for such purpose.

The Trigger Event occurs within the
corresponding 12 month period, with the
first period commencing on July 2, 1999
and concluding on July 1, 2000:

Requisite Internal Rate of Return on each
series of Preferred Shares:

First	150%
Second	100%
Third	75%
Fourth	50%
Fifth	45%
Sixth	40%

E. Adjustments to Conversion Price for Certain Diluting Issuances.

i. Definitions.

a. "Additional Shares of Common Stock" shall mean all shares of Common Stock or common stock equivalents issued (or, pursuant to Section C.5.E.iii., deemed to be issued) by the Corporation after the Original Issue Date, other than shares of Common Stock issued or issuable:

- (1) upon conversion of shares of Preferred Stock;
- (2) as a dividend or distribution on Preferred Stock;
- (3) upon exercise or conversion of Options or Convertible Securities outstanding on the Original Issue Date or up to 1,000,000 shares issuable pursuant to Options or Convertible Securities granted pursuant to employee benefit plans approved by the Board after the date hereof; or
- (4) for which adjustment of the Conversion Price is made pursuant to Section C.5.C or C.5.D.

b. "Convertible Securities" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

c. "Options" shall mean rights, options, or warrants to subscribe for, purchase or otherwise acquire Common Stock, Preferred Stock, or Convertible Securities or the right to acquire options or warrants for any of the foregoing.

d. "Original Issue Date" shall mean the date on which the Corporation first issued a share of Series B Preferred Stock.

ii. Adjustment only if Consideration is Less than Conversion Price. Any provision herein to the contrary notwithstanding, no adjustment in the Conversion Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share (determined pursuant to Section C.5.E.v. hereof) for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of, and immediately prior to, such issuance.

iii. Deemed Issuance of Additional Shares of Common Stock. If the Corporation at any time or from time to time after the Original Issue Date issues any Options or Convertible Securities or fixes a record date for the determination of holders of any class of securities then entitled to receive any such Options or Convertible Securities, then the maximum

number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein designed to protect against dilution) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options for Convertible Securities, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issuance or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Common Stock are deemed to be issued:

a. no further adjustments in the Conversion Price shall be made upon the subsequent issuance of such Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

b. if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Corporation, or decrease or increase in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Option or the rights of conversion or exchange under such Convertible Securities (provided, however, that no such adjustment of the Conversion Price shall affect Common Stock previously issued upon conversion of the Preferred Stock);

c. upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities that have not been exercised, the Conversion Price computed upon the original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(1) in the case of Convertible Securities or Options for Common Stock, the only Additional Shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration that the Corporation actually received for the issuance of all such Options, whether or not exercised, plus the consideration that the Corporation actually received upon such exercise, or for the issuance of all such Convertible Securities which were actually converted or exchanged; and

(2) in the case of Options for Convertible Securities, only the Convertible Securities actually issued upon the exercise thereof were issued at the time of issuance of such Options, and the consideration that the Corporation received for the Additional Shares of Common Stock deemed to have been then issued was the consideration that the Corporation actually received for the issuance of all such Options, whether or not exercised, plus

the consideration that the Corporation is deemed to have received (as determined under Section C.5.E.v.) upon the issuance of the Convertible Securities or with respect to which such Options were actually received; and

(3) in the case of any Options which expire by their terms not more than 30 days after the date of issuance thereof, no adjustment of the Conversion Price shall be made until the expiration or exercise of all such Options.

iv. Adjustments to Conversion Price. If the Corporation, at any time after the Original Issue Date, issues Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section C.5.E.iii.) without consideration or for a consideration per share less than the Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, the Conversion Price will be reduced, concurrently with such issue, to the price per share of the Additional Shares of Common Stock.

v. Determination of Consideration. For the purposes of Section C.5.E., the consideration that the Corporation receives for the issuance of any Additional Shares of Common Stock shall be computed as follows:

a. Cash and Property. Except as modified by Section C.5.E.v.b. with respect to Options and Convertible Securities, such consideration will:

(1) insofar as it consists of cash, be computed at the aggregate amount of cash that the Corporation received, excluding amounts paid or payable for accrued interest or accrued dividends;

(2) insofar as it consists of publicly traded securities, be computed based upon the average closing price of such securities for the twenty consecutive trading days preceding the day on which the Corporation receives such consideration;

(3) insofar as it consists of property other than cash or publicly traded securities, be computed at the fair market value thereof at the time of such issuance, as determined in good faith by the Board; and

(4) in the event that Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration that covers both, be the proportion of such consideration so received, computed as provided in the preceding clauses, as determined in good faith by the Board.

b. Options and Convertible Securities. The consideration per share ("CPS") that the Corporation receives for Additional Shares of Common Stock deemed to have been issued pursuant to Section C.5.E.iii., relating to Options and Convertible Securities shall be determined by the following equation:

$$\text{CPS} = \frac{\text{TCR} + \text{MAC}}{\text{MNS}}$$

where:

"TCR" = the total amount, if any, that the Corporation receives or received as consideration for the issuance of such Options or Convertible Securities;

"MAC" = the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against dilution) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities; and

"MNS" = the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein designed to protect against the dilution) issuable upon the exercise of such Options or conversion or exchange of such Convertible Securities.

F. Conversion Method. Before a Preferred Holder is entitled to convert the same into shares of Common Stock, such Preferred Holder shall surrender the certificate or certificates therefor, duly endorsed in blank, at the office of the transfer agent for the Corporation's Common Stock and shall give written notice by mail, postage prepaid, to the Corporation at its executive corporate office, of the election to convert the same. The certificate or certificates for shares of Common Stock shall be issued only in the name of the person surrendering the certificate or certificates of Preferred Stock. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such Preferred Holder, or to the nominee or nominees of such Preferred Holder, (i) a certificate or certificates for the number of shares of Common Stock to which such Preferred Holder shall be entitled as aforesaid and (ii) a new certificate for any remaining Preferred Shares evidenced by a surrendered certificate but not converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and such Preferred Holder shall be treated for all purposes as the record holder of such shares of Common Stock as of such date. If there are Preferred Stock Dividends accrued but not paid up to the date of conversion, the Corporation shall pay such Preferred Holder such Preferred Stock Dividends in cash, subject to the Corporation's right under Section C.I.C., on the date of the conversion; subject to any restrictions applicable under state law in the state of the Corporation's incorporation and to the provisions of any contract or agreement, including, but not limited to any loan agreement, to which the Corporation is a party; provided, however, that if the Corporation shall be unable to pay any such Preferred Stock Dividends as a result of such restrictions, the Preferred Holder, upon written notice to the Corporation given within thirty (30) days following the date of conversion, shall be entitled to convert all, but not less than all, of such accrued but unpaid

Preferred Stock Dividends into such whole number of additional shares of Common Stock determined by dividing (x) the amount of such accrued but unpaid Preferred Stock Dividends by (y) the Conversion Price then in effect.

G. Fractional Shares of Common Stock. No fractional shares of Common Stock or scrip shall be issued upon conversion of Preferred Stock. Instead of any fractional shares of Common Stock which otherwise would be issuable upon conversion of any Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest based upon the fair market value (if Common Stock is publicly traded on a national exchange, based on the closing price for a share of Common Stock on such exchange on the date of conversion and if not publicly traded, as determined in good faith by the Board) of a share of Common Stock.

H. Taxes. All shares of Common Stock issued upon conversion of Preferred Stock will be validly issued, fully paid and nonassessable. The Corporation shall pay any and all documentary stamp or similar issuance or transfer taxes that may be payable in respect of any issuance or delivery of shares of Common Stock on conversion of Preferred Stock pursuant hereto.

I. Surrendered Preferred Stock. All certificates representing Preferred Stock surrendered for conversion or redemption shall be appropriately canceled on the books of the Corporation and the Preferred Stock so converted or redeemed represented by such certificates shall be restored to the status of authorized but unissued Preferred Stock.

J. Available Common Stock. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect a conversion of all outstanding Preferred Stock under Section C.5.A., and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding Preferred Stock, the Corporation shall promptly take such corporate action as may, in the opinion of its counsel and subject to any necessary approval of its stockholders, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

6. Mandatory Redemption

On April 12, 2005 (the "Redemption Date"), out of funds of the Corporation legally available therefor, the Corporation must redeem each Preferred Share for a cash amount equal to the Liquidation Preference of such share.

A. Notice of Redemption. Notice of redemption of Preferred Shares shall be mailed by first class mail, postage prepaid, addressed to the Preferred Holders at each Preferred Holder's address as it appears on the books of the Corporation and shall set forth the place at which such

Preferred Holder may obtain payment and surrender such Preferred Holder's certificates representing the Preferred Shares redeemed. Such mailing must be given at least 30 days prior to the Redemption Date. Any notice which is mailed in the manner herein provided for shall be conclusively presumed to have been duly given, whether or not the Preferred Holders receive such notice.

B. Rights upon Redemption. If notice of redemption is duly given, and if, on or before the Redemption Date, all funds necessary for such redemption are set aside by the Corporation, separate and apart from its other funds, in trust for the benefit of the Preferred Holders, so as to be and continue to be available therefor, then, notwithstanding that any certificate for shares so called for redemption are not surrendered for cancellation, all shares so called for redemption will no longer be deemed outstanding on and after such Redemption Date, and all rights with respect to such shares shall forthwith on such Redemption Date cease and terminate, except only the right of the Preferred Holders to receive the amount payable on redemption thereof, without interest. If there are insufficient legally available funds to redeem all the Preferred Shares, payment will be allocated pro rata among the Preferred Holders based on the amount such Preferred Holder has a right to receive. Any funds so set aside by the Corporation and unclaimed by the second anniversary of the Redemption Date shall revert to the general funds of the Corporation.

C. No Reissuance of Preferred Stock. No share or shares of Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued, and such shares shall be canceled, retired and eliminated from the shares which the Company shall be authorized to issue.

7. Consolidation, Merger, etc.

If the Corporation enters into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, if the Preferred Shares are not redeemed pursuant to Section C.6, then in any such case the Preferred Stock will be convertible into the same kind and amounts of stock, securities, cash and/or any other property (payable in kind), as the case may be, which were issuable or distributable upon such event to holders of the number of shares of Common Stock into which the Preferred Stock might have been converted immediately prior to such event. Other than as set forth in the preceding sentence, the Preferred Stock will continue to be outstanding on the same terms and conditions as set forth herein, except that if the Corporation does not exist after such event, the successor corporation will issue to the Preferred Holders securities with the same rights, preferences and privileges as the Preferred Stock with the same amount of accrued and unpaid dividends owing to each Preferred Holder on such securities as is owed to such Preferred Holder on such Preferred Holder's Preferred Shares.

8. Preemptive Rights

The Preferred Holders have the right to purchase from the Corporation their pro rata share (based on their beneficial ownership of Common Stock) of any new issues of equity or equity-linked securities or Convertible Securities on the same terms and conditions as are available to other investors. The Corporation must give notice of any such new issues, including the material terms thereof, to the Preferred Holders, and each Preferred Holder will have 20 days from the date such notice is delivered to such Preferred Holder to elect to exercise such Preferred Holder's rights under this provision. This provision does not apply to issues of equity or equity-linked securities or Convertible Securities pursuant to employee incentive plans previously approved by the Board.

9. Rank

The Series A Preferred Stock and the Series B Preferred Stock shall rank pari passu in all respects including, without limitation, as to dividends or upon liquidation, dissolution or winding up. The Preferred Stock shall rank (i) senior to all Common Stock of the Corporation and (ii) senior to any other equity securities of the Corporation that by their terms are not made senior to or on a parity with the Preferred Stock. The Corporation shall not issue equity securities that by their terms are made senior, either as to dividends or upon Liquidation, to the Series A Preferred Stock or the Series B Preferred Stock without the prior written consent of the holders of 66 2/3% of the Preferred Shares.

ARTICLE IV.

The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE V.

The Corporation is authorized to indemnify the directors, officers, employees and agents of the Corporation to the fullest extent permissible under California law.

1 The foregoing Amendment and Restatement of the Articles of Incorporation has been duly approved by the Board of Directors.

2 The foregoing Amendment and Restatement of the Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Sections 902 and 903 of the California Corporations Code. The total number of outstanding shares of the Common Stock of the Corporation is 10,722,622. The total number of outstanding shares of Series A Convertible Preferred Stock of the Corporation is 150. The percentage vote required was more than 50% of the outstanding shares of Common Stock and more than 50% of the outstanding shares of the Series A Convertible Preferred Stock, each voting as a separate class. The number of shares voting in favor of the amendment equaled or exceeded the vote required.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of my own knowledge.

Date: November 9, 1999



David P. Glickman, Chief Executive Officer

Date: November 9, 1999



Kirstin Gooldy, Assistant Secretary



1974331

FILED 8
in the office of the Secretary of State
of the State of California

JUL 17 1996

Bill Jones
S. JONES, Secretary of State

ARTICLES OF INCORPORATION

OF

Justice Long Distance Corp.

I

The name of this corporation is Justice Long Distance Corp.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Lillian Su
202-B Illinois St.
El Segundo, CA 92045

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is 100,000,000.

V

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

VI

The corporation is authorized to indemnify the directors and officers of the corporation to the fullest extent permissible under California Law.

Dated: 7/17

Jemima Wechsler
Jemima Wechsler, Incorporator



Exhibit III
Financial Information

Submitted under separate cover with Motion for Protective Order

Exhibit IV
Draft Tariff

TITLE SHEET

MISSOURI INTEREXCHANGE TELECOMMUNICATIONS TARIFF

OF

U.S. TELEPACIFIC CORP. D/B/A TELEPACIFIC COMMUNICATIONS

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by U.S. TelePacific Corp. d/b/a TelePacific Communications ("TelePacific"), with principal offices at 515 S. Flower Street, 49th Floor, Los Angeles, CA 90071, toll free telephone number 888-353-7224. This tariff applies for services furnished within the State of Missouri for business and residential customers. This tariff is on file with the Missouri Public Service Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

U.S. TelePacific Corp. d/b/a TelePacific Communications, operates as a competitive telecommunications company as defined by Case No. TO-88-142 within the State of Missouri.

All services will be provided in accordance with Commission rules and regulations.

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DATE EFFECTIVE: June 18, 2000

Jane Delahanty, Asst. VP Regulatory Affairs

515 S. Flower Street; 49th Floor

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WAIVER OF RULES AND REGULATIONS

392.210.2 Establish Uniform System of Accounts for Annual reports
392.240(1) Setting just and reasonable rates
392.270 Ascertain Property values
392.280 Establish Depreciation accounts
392.290 Issuance of securities
392.300.2 Acquisition of stock
392.310 Issuance of stock and debt
392.320 Stock Dividend Payment
392.330 Issuance of securities, debts and notes
392.340 Reorganization(s)
4 CSR 240-10.020 Depreciation fund income
4 CSR 240-30.010(2) (C) Posting exchange rates at central offices.
4 CSR 240-33.030 Inform customers of lowest price
4 CSR 240-35 Reporting of bypass
4 CSR 240-30.040 Uniform System of Accounts

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P.S.C. MO. TARIFF NO. 1
U.S. TELEPACIFIC CORP. D/B/A TELEPACIFIC COMMUNICATIONS

ORIGINAL SHEET 3

RESERVED FOR FUTURE USE

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TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13.

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

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

SYMBOLS

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

- (C) to signify change in regulation
- (D) to signify a deletion
- (I) to signify a rate increase
- (L) to signify material relocated in the tariff
- (N) to signify a new rate or regulation
- (R) to signify a rate reduction
- (T) to signify a change in text, but no change in rate or regulation

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable TelePacific to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the Missouri Public Service Commission.

Company or TelePacific - Used throughout this tariff to mean U.S. TelePacific Corp. d/b/a TelePacific Communications, a California corporation.

Customer - The person, firm, corporation or other legal entity which orders the services of TelePacific or purchases a TelePacific Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Dedicated Access - The Customer gains entry to the Company's services by a direct path from the Customer's location to the Company's point of presence.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

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Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Resp. Org - Responsible Organization or entity identified by an 800 service Customer that manages and administers records in the 800 database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of Missouri.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate interexchange telecommunications services provided by TelePacific for telecommunications between points within the State of Missouri. Services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers prior to accepting the service order. The service application shall not in itself obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement. The Company intends to provide service to both residential and commercial customers.

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- 2.1.1 The services provided by TelePacific are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- 2.1.2 The rates and regulations contained in this tariff apply only to the services furnished by TelePacific and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of TelePacific.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

- 2.2.1 Services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.
- 2.2.3 The use of services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.

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- 2.2.4 Services are available for use 24 hours per day, seven days per week.
- 2.2.5 TelePacific does not transmit messages, but the services may be used for that purpose.
- 2.2.6 Services may be denied for nonpayment of undisputed charges or for other violations of this tariff.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.
- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.

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- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

- 2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by TelePacific on the Customer's behalf.
- 2.4.3 If required for the provision of services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to TelePacific.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to TelePacific and the Customer when required for TelePacific personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of equipment to be maintained within the range normally provided for the operation of microcomputers.

- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with facilities or services, that the signals emitted into network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, TelePacific will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to TelePacific equipment, personnel or the quality of service to other Customers, TelePacific may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, TelePacific may, upon written notice, terminate the Customer's service.
- 2.4.7 The Customer must pay TelePacific for replacement or repair of damage to the equipment or facilities of TelePacific caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any TelePacific equipment installed at Customer's premises.
- 2.4.9 If TelePacific installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

- 2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

- 2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, TelePacific may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:

2.5.1.A For nonpayment of any undisputed sum due TelePacific for more than thirty (30) days after issuance of the bill for the amount due,

2.5.1.B For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over services, or

2.5.1.C By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting TelePacific from furnishing its services.

- 2.5.2 Without incurring liability, TelePacific may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.
- 2.5.3 Service may be discontinued by TelePacific without notice to the Customer, by blocking traffic to certain NXX exchanges, or by blocking calls using certain Customer authorization codes, when TelePacific deems it necessary to take such action to prevent unlawful use of its service. TelePacific will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- 2.5.4 The Customer may terminate service upon thirty (30) days written or oral notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

2.6 Credit Allowance

2.6.1 Credit may be given for disputed calls, on a per call basis.

2.6.2 Credit shall not be issued for unavailability of long distance services.

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2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits.

2.9 Advance Payments

The Company does not require advance payments.

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2.10 Payment and Billing

- 2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt. A late fee of 1.5% per month, or the amount otherwise authorized by law, whichever is lower, will be assessed upon any unpaid amount commencing 30 days after rendition of bills.
- 2.10.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, presubscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, presubscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.
- 2.10.3 Reserved for Future Use.

2.11 Reserved for Future Use

2.12 Taxes

All federal, state and local taxes, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein. All charges other than taxes and franchise fees shall be submitted to the Commission for approval.

2.13 Taxes and Fees for Prepaid Calling Cards

The prepaid calling card rate does not include federal excise tax or state and local taxes which are required to be paid at the point of sale. The tariffed rate does include state and local sales taxes, which are required to be paid on usage of the underling telecommunications service when that service originates and terminates within a particular tax jurisdiction.

2.14 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of twenty-five dollars (\$25.00) per occurrence will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service.

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

- 3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. All calls are rounded up to the next whole increment.
- 3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

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- 3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. TelePacific will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

515 S. Flower Street; 49th Floor
Los Angeles, CA 90071
(888) 353-7224

Any objection to billed charges should be reported promptly to TelePacific. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

If a Customer accumulates more than One Dollar of undisputed delinquent TelePacific 800 Service charges, the TelePacific Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of TelePacific or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. TelePacific's name and toll-free telephone number will appear on the Customer's bill.

3.5 Service Offerings

3.5.1 1+ Dialing

This service permits Customers to originate calls via switched or dedicated access lines, and to terminate intrastate calls. The Customer dials "1+" followed by "ten digits" or dials "101XXXX" followed by "1+ ten digits".

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 800 Service (Toll-Free)

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

3.5.4 TelePacific Prepaid Calling Cards

This service permits use of Prepaid Calling Cards for placing long distance calls. Customers may purchase TelePacific Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. TelePacific Prepaid Calling Cards are available at a variety of face values ranging from five dollars (\$5.00), in one dollar (\$1.00) increments. The rate will be printed on the card or in point of sale materials. TelePacific Prepaid Calling Card service is accessed using the TelePacific toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. TelePacific's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call is deducted from the remaining Telecom Unit balance on the Customer's TelePacific Prepaid Calling Card.

All calls must be charged against Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted.

In order to continue the call, the Customer can either call the toll-free number on the back of the TelePacific Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the TelePacific Prepaid Calling Card is insufficient to continue the call and the Customer fails to enter the number of another valid TelePacific Prepaid Calling Card prior to termination.

P.S.C. MO. TARIFF NO. 1

U.S. TELEPACIFIC CORP. D/B/A TELEPACIFIC COMMUNICATIONS ORIGINAL SHEET 26

A card will expire on the date indicated on the card, or if no date is specified, 12 months from the date of purchase, or the date of last recharge, whichever is later. The Company will not refund unused balances.

A credit allowance for TelePacific Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the TelePacific Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, etc.), and the approximate time that the call was placed.

When a call charged to an TelePacific Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to TelePacific Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

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3.5.5 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge will apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published. The company will not provide, nor bill, for operator services.

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3.5.6 Reserved for Future Use.

3.5.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.8 Promotional Offerings

The Company may, upon Commission approval, offer customers specific rate incentives during specified promotional periods. The Company will provide written notice to the Commission at least 7 days prior to the commencement of a promotional program specifying the terms of the promotion, the specific service offered, the location, and the beginning and ending dates of the promotional period.

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SECTION 4 - RATES

4.1 1+ & 101XXXX Dialing

\$0.15 per minute

A \$4.95 per month per number service charge applies.
Billed in one minute increments

4.2 Travel Cards

\$.199 per minute

A \$.25 per call service charge applies.
Billed in one minute increments

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4.3 800 Service (Toll Free)

\$0.15 per minute

A \$10 per month per number service charge applies.
Billed in one minute increments

4.4 Prepaid Calling Cards

Program (to be determined by distributor)

A	\$.015	Per Telecom Unit
B	\$.019	Per Telecom Unit
C	\$.025	Per Telecom Unit
D	\$.029	Per Telecom Unit
E	\$.032	Per Telecom Unit
F	\$.035	Per Telecom Unit
G	\$.039	Per Telecom Unit
H	\$.045	Per Telecom Unit
I	\$.05	Per Telecom Unit
J	\$.06	Per Telecom Unit
K	\$.07	Per Telecom Unit
L	\$.08	Per Telecom Unit
M	\$.09	Per Telecom Unit
N	\$.10	Per Telecom Unit
O	\$.11	Per Telecom Unit
P	\$.12	Per Telecom Unit
Q	\$.13	Per Telecom Unit
R	\$.14	Per Telecom Unit
S	\$.15	Per Telecom Unit
T	\$.19	Per Telecom Unit
U	\$.20	Per Telecom Unit
V	\$.25	Per Telecom Unit
W	\$.29	Per Telecom Unit
X	\$.30	Per Telecom Unit
Y	\$.33	Per Telecom Unit
Z	\$.35	Per Telecom Unit
AA	\$.39	Per Telecom Unit
BB	\$.40	Per Telecom Unit
CC	\$.50	Per Telecom Unit

A \$.59 per call service charge applies.

4.5 Directory Assistance

\$.95

4.6 Returned Check Charge

\$25.00

4.7 Reconnection Charge

\$25.00

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4.8 Rate Periods

	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period		Evening Rate Period
5 p.m. to 11 p.m.*	Evening Rate Period		
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

4.9 Payphone Dial Around Surcharge

A surcharge applies on all completed intrastate toll-free and 10XXX/101XXXX access code calls, including any 800/888 or travel card calls, originating from a pay telephone. This surcharge is applied in addition to any other applicable service charges or surcharges. The surcharge does not apply to: calls paid for by inserting coins at the pay telephone; or calls placed from stations other than a pay telephone.

Surcharge Rate \$0.35 per call