

**HENDREN AND ANDRAE, L.L.C.**

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DOUGLAS L. VAN CAMP  
MICHAEL G. BERRY  
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JEFFERSON CITY, MISSOURI 65102

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JOHN H. HENDREN (1907-1988)  
CHARLES H. HOWARD (1925-1970)  
JOHN E. BURRUSS, JR. (1933-1985)  
GERALD E. ROARK (1956-1995)

FACSIMILE  
(573) 636-5226

E-MAIL  
henand@socket.net

August 23, 1999

**FILED**

AUG 23 1999

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

TA-2000-180 Missouri Public  
Service Commission

Re: In the Matter of the Application of Compass Telecommunications, Inc. for a  
Certificate of Service Authority and for Competitive Classification

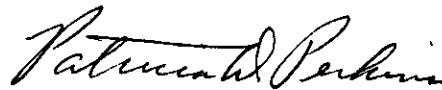
Dear Mr. Roberts:

Enclosed please find original plus fourteen (14) copies of Application for Certificate of Service Authority and for Competitive Classification for filing on behalf of Compass Telecommunications, Inc. in the above-captioned matter.

If you should have any questions concerning the enclosed filing, please do not hesitate to contact me. Thank you.

Very truly yours,

HENDREN AND ANDRAE, L.L.C.



Patricia D. Perkins

PDP/s

Enclosures

cc: Office of Public Counsel  
Greg Quinn

**FILED**

**AUG 23 1999**

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

**Missouri Public  
Service Commission**

In the matter of the Application of Compass )  
Telecommunications, Inc. for a Certificate of )  
Service Authority to Provide Basic Local )  
Telecommunications Services, Local Exchange )  
Telecommunications Services, Exchange Access )  
Services and Interexchange Telecommunications )  
Services in the State of Missouri and for )  
Competitive Classification. )

Case No. TA-2000-180

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

Comes now Compass Telecommunications, Inc. ("Compass"), a Nevada corporation, by its undersigned counsel, and pursuant to Sections 392.361, 392.410, 392.420, 392.430, 392.440, 392.450, and 392.445 RSMo 1996, the federal Telecommunications Act of 1996, and the rules of the Missouri Public Service Commission (the "Commission") including 4 CSR 240-2.060, hereby files its Application for Certificates of Service Authority to provide resold and facilities-based basic local telecommunications services, local exchange telecommunications services, exchange access services, and interexchange telecommunications services in the State of Missouri and to classify the company and its services as competitive.

Granting of this Application will further the public interest by expanding the availability of competitive telecommunications services in the State of Missouri. In particular, the public will benefit directly through the use of the competitive services to be offered by Compass Telecommunications, Inc. The public will also benefit indirectly because the competitive presence of Compass Telecommunications, Inc. in Missouri will increase the incentives for other telecommunications providers to operate more efficiently,

offer more innovative services, reduce their prices, and improve the quality of their services. 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 should permit customers to achieve increased efficiencies and cost savings. Therefore, Compass Telecommunications, Inc.'s entry into the intrastate telecommunications services market will materially enhance the telecommunications infrastructure in Missouri and will facilitate economic development.

In support of its application Compass Telecommunications, Inc. states as follows:

1. Applicant Compass Telecommunications, Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of Nevada and is authorized to conduct business in the State of Missouri. (Exhibit 1.)

2. All inquiries, correspondence, communications, pleadings, notices, orders and decisions relating to the case should be addressed to:

Greg Quinn  
Compass Telecommunications, Inc.  
7001 Scottsdale Rd. Suite 2000  
Scottsdale, Arizona 85250  
(480) 367-1010

Patricia D. Perkins  
Hendren and Andrae, L.L.C.  
P.O. Box 1069  
Jefferson City, Missouri 65102  
(573) 636-8135 (phone)  
(573) 636-4905 (fax)

3. Compass Telecommunications, Inc. proposes to provide facilities-based and resold basic local exchange telecommunications services, exchange access services, and interexchange services throughout all exchanges currently served by the incumbent local

exchange telecommunications companies of the following: Southwestern Bell Telephone Company (SWBT), Sprint/United Telephone Company (United), and GTE Midwest, Inc. (GTE). The specific (SWBT, United and GTE) exchanges within which Compass Telecommunications, Inc. proposes to offer service are listed in the incumbent providers' respective local exchange tariffs. Compass' basic local service areas will follow such exchange boundaries and will be no smaller than an exchange. Compass also seeks authority to provide local non-switched private line telecommunications services (dedicated, high capacity point-to-point transmission facilities) and switched and dedicated interexchange telecommunications services throughout the State of Missouri.

4. Pursuant to this application Compass Telecommunications, Inc. seeks to offer and provide all forms of basic local telecommunications service, including:

- a. Provide integrated communication products and related services.
- b. Provide superior technology and value added competitive pricing for all communications needs including long distance, high speed data, video transmission, on-site customer equipment installation, cellular, PCS, digital paging, as well as complete internet related services.

5. Compass Telecommunications, Inc. possesses the technical and managerial expertise and experience necessary to provide the services it proposes. A description of backgrounds of Compass Telecommunications, Inc. management, which demonstrates the extensive experience and expertise, is attached. (Exhibit 2.) Also attached are the necessary financial resources. (Exhibit 3.)

6. Compass Telecommunications, Inc. seeks classification of itself and its services as competitive and accompanying reduced regulation, pursuant to Sections 392.361 and 392.420, RSMo. The existing services of other carriers will make the markets Compass seeks to enter sufficiently competitive to make a lesser degree of regulation for Compass' proposed services in the public interest and consistent with the legislative policies established in Section 392.185, RSMo. Additionally, the services of a wide variety of providers of such services have previously been classified as competitive by the Commission.

7. Compass Telecommunications, Inc. will offer basic local telecommunications service as a separate and distinct service in accordance with applicable law. Compass Telecommunications, Inc. will give consideration to equitable access for all Missourians, regardless of where they might reside or their income, to affordable telecommunications services in proposed service areas in accordance with applicable law.

8. Compass Telecommunications, Inc. is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards, including, but not limited to billing, quality of service, and tariff filing and maintenance. Consistent with the Commission's treatment of other certificated competitive telecommunications companies, Compass Telecommunications, Inc. requests that the following statutes and regulations be waived for Compass Telecommunications, Inc. and its basic local exchange service offerings:

Missouri Statutes

392.210.2	--	Uniform System of Accounts
392.240.1	--	Rates, Rentals, Service and Physical Connections

392.270	—	Valuation of Property (Ratemaking)
392.280	—	Depreciation Accounts
392.290.1	—	Issuance of Securities
392.300.2	—	Acquisition of Securities
392.310	—	Stock and Debt Issuance
392.320	—	Stock and Dividend Payment
392.330	--	Issuance of Securities, Debts, and Notes
392.340	—	Reorganization(s)

#### Public Service Commission Rules

4 CSR 240-10.020  
4 CSR 240-30.040  
4 CSR 240-35

9. Compass Telecommunications, Inc. further requests a temporary waiver of 4 CSR 240-2.060(4)(H). This rule requires that an application for a certificate of service authority to provide interexchange, local exchange or basic local exchange service shall include a proposed tariff with a forty-five day effective date. Compass Telecommunications, Inc. finds it impossible at this time to develop tariffs to fully comply with this rule since Compass Telecommunications, Inc. has not yet executed or received Commission approval of any resale or interconnection agreements with incumbent local exchange companies. At such time as all facts necessary for the development of such tariffs are known to Compass Telecommunications, Inc., it will promptly file said tariffs bearing no less than a 30-day effective date with the Commission in a manner consistent with recent Commission practice in similar cases.

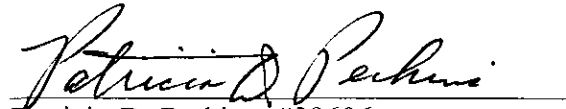
10. Compass Telecommunications, Inc. is willing to comply with all applicable Commission rules and is willing to meet all relevant service standards including, but not limited to, quality of service, billing, and tariff filing and maintenance.

11. Compass Telecommunications, Inc. submits that the public interest will be served by Commission approval of this application because Compass Telecommunications, Inc.'s proposed services will create and enhance competition and expand customer service options consistent with the legislative goals set forth in the federal Telecommunications Act of 1996 and Chapter 392 RSMo. Prompt approval of this application also will expand the availability of innovative, high quality, and reliable telecommunications services within the State of Missouri.

WHEREFORE, applicant Compass Telecommunications, Inc. respectfully requests that the Commission grant it a certificate of service authority to provide basic local telecommunications services as herein requested, classify Compass Telecommunications, Inc. and its proposed services as competitive, and grant a waiver of the aforesaid statutes and regulations.

Respectfully submitted,

HENDREN AND ANDRAE, L.L.C.

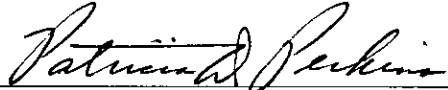


Patricia D. Perkins, #29606  
221 Bolivar Street  
P.O. Box 1069  
Jefferson City, MO 65102  
(573) 636-8135  
(573) 636-4905 (Facsimile)

Attorneys for Compass  
Telecommunications, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was sent by U.S. Mail, postage prepaid, to the Office of Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102-7800, on this 23 day of August, 1999.

  
\_\_\_\_\_  
Patricia P. Perkins



**BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI**

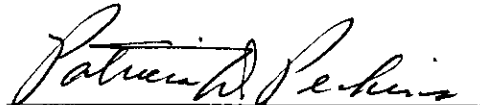
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Case No. \_\_\_\_\_

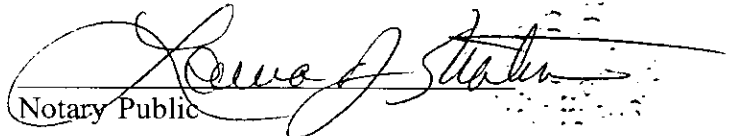
STATE OF MISSOURI )  
 ) ss  
COUNTY OF )

VERIFICATION BY ATTORNEY

Now, on this 23 day of August, 1999, appears before me Patricia D. Perkins,  
attorney for applicant and states that the information contained in the attached Application is true  
and accurate to her best information and belief.

  
Patricia D. Perkins

Subscribed and sworn to before me this 23 day of August, 1999.

  
Notary Public

LAURA J. STRATMAN, NOTARY PUBLIC  
STATE OF MISSOURI

My commission expires September 13, 1999  
COMMISSIONED FOR MARIES COUNTY

My Commission Expires: 9-13-99

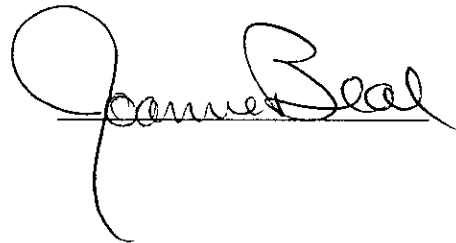
Before the Public Service Commission  
State of Missouri

In the Matter of the Applicant  
For Certificate of Service  
Authority to Provide Basic Local  
Telecommunications within the  
State of Missouri

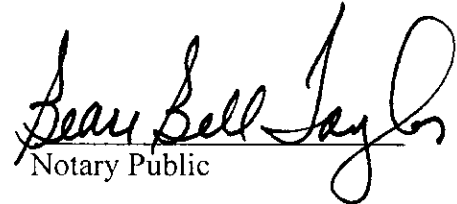
State of Arizona  
County of Maricopa

Verification

I, Joanne Beal am the Secretary of Compass Telecommunications, Inc. a Nevada corporation, and as such, I am authorized to act in its behalf. I have read the foregoing application and I am informed and believe that the matters contained therein are true.

A handwritten signature in cursive script, reading "Joanne Beal", written over a horizontal line.

Subscribed and sworn to me before this 11<sup>th</sup> day of August, 1999.

A handwritten signature in cursive script, reading "Beau Bell Taylor", written over a horizontal line.  
Notary Public

My Commission Expires: 3-20-03



**Exhibit 1**

**Certificate of Authority**

# STATE OF MISSOURI



**Rebecca McDowell Cook**  
**Secretary of State**

CORPORATION DIVISION  
CERTIFICATE OF CORPORATE RECORDS

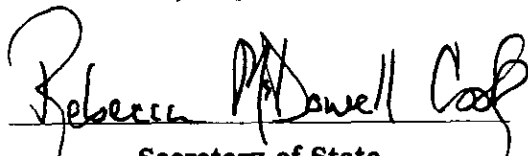
COMPASS TELECOMMUNICATIONS, INC.

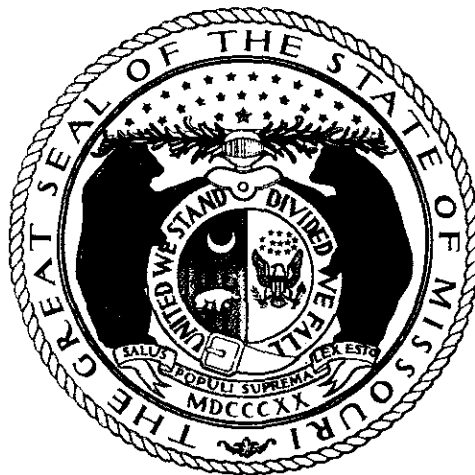
USING IN MISSOURI THE NAME

COMPASS TELECOMMUNICATIONS, INC.

I, REBECCA McDOWELL COOK, SECRETARY OF STATE OF THE STATE OF MISSOURI AND KEEPER OF THE GREAT SEAL THEREOF, DO HEREBY CERTIFY THAT THE ANNEXED PAGES CONTAIN A FULL, TRUE AND COMPLETE COPY OF THE ORIGINAL DOCUMENTS ON FILE AND OF RECORD IN THIS OFFICE.

IN TESTIMONY WHEREOF, I HAVE SET MY HAND AND IMPRINTED THE GREAT SEAL OF THE STATE OF MISSOURI, ON THIS, THE 9TH DAY OF AUGUST, 1999.

  
Secretary of State



# STATE OF MISSOURI



**Rebecca McDowell Cook**  
**Secretary of State**

## CORPORATION DIVISION - CERTIFICATE OF AUTHORITY

WHEREAS,  
COMPASS TELECOMMUNICATIONS, INC.

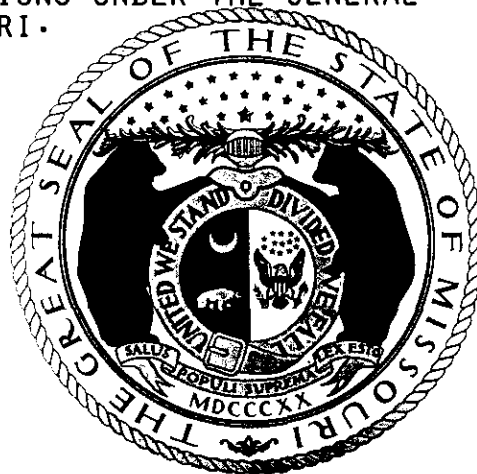
USING IN MISSOURI THE NAME  
COMPASS TELECOMMUNICATIONS, INC.

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

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 15TH DAY OF JANUARY, 1999.

*Rebecca McDowell Cook*  
Secretary of State



\$155.00

**Exhibit 2**

**Officers & Directors**



480.367.8000  
1.800.741.5104  
Fax 480.367.8008  
www.compassstel.com

*7001 Scottsdale Road, Ste. 2000 • Scottsdale, Arizona 85250*

June 23, 1999

The Officers of Compass Telecommunications, Inc are:

President.....Ray Powers  
5240 Paradise Canyon Road  
Paradise Valley, AZ 85253.

Vice President.....Fred Linford  
(Network Operations) 3907 E Glenhaven Drive  
Scottsdale, AZ 85044

Vice President & Secretary ..... Steve Quinn  
(Business Operations) 6839 E Montecito  
Scottsdale, AZ 85260

The Directors of Compass Telecommunications, Inc. are:

Ray Powers  
5240 Paradise Canyon Road  
Paradise Valley, AZ 85253

Mike Benbow  
7001 No Scottsdale Rd Ste 2000  
Scottsdale, AZ 85250

Carl Isenberg  
7001 No Scottsdale Rd Ste 2000  
Scottsdale, AZ 85250

**COMPASS TELECOMMUNICATIONS INC.**

*January 22, 1999*

**Board of Directors**

Mr. Ray Powers  
President & CEO  
Compass Telecommunications Inc.  
7001 N. Scottsdale Road  
Suite 2000  
Scottsdale, Arizona 85250  
(602) 367-8000  
[rtp@compasstel.com](mailto:rtp@compasstel.com)

Mr. Carl Isenberg  
Director-PMC  
EDS Inc.  
3310 W. Big Beaver  
Suite 200  
Troy, Michigan 48084  
(248) 696-0417  
[carl.isenberg@eds.com](mailto:carl.isenberg@eds.com)

Mr. Michael S. Benbow, P.E.  
CEO  
M S Benbow & Associates  
2450 Severn Ave., Suite 400  
Metairie, Louisiana 70001  
(504) 669-0784  
[mike.benbow@compasstel.com](mailto:mike.benbow@compasstel.com)

**Board of Advisors**

Mr. Thomas J. Orloski  
President  
Oakcreek Funding Corporation  
7900 E. Greenway Road  
Scottsdale, Arizona 85260  
(602) 991-7900  
[tom@oakck.com](mailto:tom@oakck.com)

Mr. Louis Couto  
Vice President-Information Systems  
America West Airlines  
1920 W. University Drive  
Tempe, Arizona 85281  
(602) 693-4520  
[louis.couto@americawest.com](mailto:louis.couto@americawest.com)

Mr. Douglas C. Dreyer  
Senior Vice President-Investments  
Smith Barney Inc.  
6710 N. Scottsdale Road  
Suite 250  
Scottsdale, Arizona 85253  
(602) 368-6511  
(no email available)

Mr. Timothy J. Thomason  
Director-Attorney at Law  
Streich Lang  
Renaissance One  
Two N. Central Avenue  
Phoenix, Arizona 85004  
(602) 229-5713  
[tthomaso@sllaw.com](mailto:tthomaso@sllaw.com)



Mr. Rodney Wilkinson  
Attorney at Law  
T.E.A.M. Paragon International, L.C.  
299 East 950 South  
Orem, UT 85058  
(801) 221-9900  
[rodney@teamparagon.com](mailto:rodney@teamparagon.com)

**RAY POWERS**  
**5240 Paradise Canyon Road Paradise Valley, Arizona 85253**  
**(602) 951-4062 (Home) (602) 367-8000 (Office)**

**SUMMARY OF QUALIFICATIONS**

Full understanding of all facets of the communications industry with a strong strategic *and* tactical background. Visionary as well as an entrepreneurial thinker and strategist. Aggressive planning and execution in operations management, strategic planning, P&L/budgets, sales, programs/project management, technology management and R&D. Highly focused, personally involved, people and team oriented leader. Successful whether involved in a major corporation, merger/acquisition, start-up, or turn-around situation. Additional activities including Chair of "Fortune 500 Benchmarking Forum" and Leader of project management "Global Standards Forum".

**EDUCATION**

University of Phoenix, Phoenix, Arizona MBA in Technology Management	1990 - 1994
Arizona State University, Tempe, Arizona Bachelor of Science Degree in Management	1970 - 1974
Phoenix College, Phoenix, Arizona Associate in Arts Degree	1964 - 1966

**WORK EXPERIENCE**

1998 - Current ***PRESIDENT & CHIEF EXECUTIVE OFFICER***  
**(COMPASS TELECOMMUNICATIONS INC.)**

Compass Telecommunications Inc. (CTI) is a rapidly growing Competitive Local Exchange Carrier (CLEC) headquartered in Scottsdale, Arizona, with initial operations in 21 Western States. CTI offers local voice, data and video services, long distance, cellular and paging, and Internet access. The experienced management team, customer care focus, centralized back office operations, and unique ATM network architecture allowing for full dynamically allocated bandwidth to every customer, is the competitive strength. The strategic objective is to become one of the leading providers of communications services in the U.S. within four years, with positive cash flow projections exceeding \$14,000,000 by the end of year two. To accomplish this, CTI will utilize strategic alliances, acquisition strategies, and implement an aggressive deployment plan consisting of a nationwide footprint within three years.

1997 - 1998 ***SENIOR VICE PRESIDENT & CHIEF OPERATING OFFICER***  
**(American MetroComm Corporation)**

American MetroComm Corporation (AMC) was formed to offer local; long distance and a broad range of value added telecommunications services as a Competitive Local Exchange Carrier (CLEC). It wholly owns several subsidiary companies that have been awarded telecommunication franchises in multiple States in the Southern and Southeastern U.S., as well as in the Caribbean. AMC went from zero revenue in May of 1997, to full funding status in just 12 months, with Sahagen Group, LLC, Goldman, Sachs & Co., and Goldman Sachs Credit Partners, LP as principal investors of an initial capital facility of \$130,000,000.

Specific accomplishments include:

- ☐ Development of Strategic Business Plan, Sales Strategy, Technology Plan, & Finance Plan
- ☐ Capital Funding Experience with Major Investment Banking Houses
- ☐ P&L Responsibility with Strong Revenue Growth Performance

- ❑ Negotiation of RBOC Interconnection Agreements, State CLEC Certifications, and Municipal Franchise Agreements
- ❑ Development and Implementation of a complete Operations Plan including structure required to become fully operational
- ❑ Negotiation of strategic alliances with ILECs, IXC's and others to allow maximum utilization of resources in a "friendly competitor" atmosphere

**1996 - 1997    *VICE PRESIDENT--TECHNOLOGY MANAGEMENT (DADE BEHRING)***

Dade Behring International, Inc. is a 1.7 billion-dollar company and the leading supplier of medical diagnostic instrument systems and related hi-tech products for clinical laboratories worldwide. The company provides products, systems and services for microbiology, clinical chemistry, homeostasis, clinical laboratory quality control and cardiac immunodiagnostics.

Specific accomplishments include:

- ❑ U S and International policy regarding current business requirements, new technology & technical promulgation. This policy includes operations, quality assurance, P&L, budgets, strategic planning and tactical implementation of a new product development process
- ❑ Development, integration & implementation of a cross-functional project management (governance structure) philosophy & discipline throughout the corporation
- ❑ Successful management of product development programs as the company grew from a 500 million to a 1.7 billion-dollar corporation

**1992 - 1996    *SENIOR DIRECTOR--CORPORATE PROJECT MANAGEMENT (U S WEST)***

- ❑ Direct cross-functional Program/Project Management activities of all U S West new products, corporate strategic initiatives, and major capital projects
- ❑ Participate in executive-level strategic planning, operations, marketing, R & D, and sales as a member of the "cabinet"
- ❑ Chair project management "best practices" benchmarking forums involving over 60 cross-industry "Fortune 500" companies

Project Management Responsibilities include both Regulated and Enhanced USW Companies:

- \* U S WEST Communications (14-State Telecommunications) 1994 Revenue = \$11.5 Billion
- \* Directories & Information Services (U S West's Marketing Resources Group)
- \* Domestic Cable TV and MultiMedia (Outside region entry into "broadband")
- \* U S WEST Long Distance & U S WEST Wireless
- \* U S WEST International (Advanced communications & entertainment worldwide)

**1986 - 1992    *DIRECTOR--TECHNOLOGY & MARKETING (U S WEST)***

- ❑ Provide, coordinate and direct all resources required to manage the development, marketing, deployment and sales support of telecommunications and entertainment new products, including services and features both regulated and enhanced
- ❑ Conduct consumer research on new product ideas through ideation sessions, focus groups, questioners, and quantitative and qualitative analysis
- ❑ Responsibility for Service Center, Switching Control Center, Engineering Center and NAC
- ❑ Established a "Product Applications Lab" (R&D) integrating technical development and marketing issues to quickly develop and deploy new products
- ❑ Lead developer of protocol for "Calling Name Display", a 400 million dollar product line for US West
- ❑ Market research and technology evaluation projects have included the following:
 

Advanced Intelligent Network (AIN)	Satellite Communications
Personal Communications Service (PCS)	Intelligent "ScreenPhone"
MultiMedia/Video-On-Demand	ISDN Broadband Applications

Gateway Services  
Artificial Intelligence

Voice Recognition  
Interactive Services

1980 - 1986 **MANAGER--NETWORK SERVICES (AT&T - U S WEST)**

- Performed marketing/technical evaluation(s) of new services and products. Manage the development, marketing and implementation of major multi-million dollar new products (e.g. CLASS, Voice Messaging, etc.)
- Managed the new product development R&D facility including development and implementation issues associated with deployment
- Accountable for switching control center (SCC) operations, administration & maintenance, including equipment installation, software, and maintenance activity for CLASS 5 and Toll Central Offices. Operations responsibility included nearly 1 million main stations and several hundred employees

1972 - 1980 **ASSISTANT MANAGER--NETWORK SERVICES (AT&T)**

- Incremental management positions including Foreman, Supervisor and Assistant Manager in engineering, central office, installation, and other network switched services assignments

1965 - 1972 **TECHNICIAN--TECHNICAL SERVICES (AT&T)**

- Progressive "craft level" technical positions including installation, repair, frame technician, central office technician (SXS, XBAR, #1, 1A, 5E & DMS), and engineering associate

**CREDENTIALS**

International Certification by the Project Management Institute As a "Project Management Professional" (PMP)	1994
University of Phoenix, Phoenix, Arizona Graduate Level Certification in Project Management	1992
US Marine Corps, San Diego, California Telecommunications School (Radio License- Telegraph & Crypto Certification)	1968
Extensive Bell System Training Programs (Comprehensive Training in Management, Marketing, & Technology)	1965 - 1996

**ACTIVITIES / ASSOCIATIONS**

President - Executive Initiative Institute (a non-profit research & service organization)

Director of Standards - Project Management Institute (PMI)

Board of Directors - Center for New Directions.

Board of Directors - Family Services Agency

Board of Directors - Project Management Institute (PMI)

Board of Directors - Executive Initiative Institute (A non-profit research foundation)

Faculty Member-**University of Phoenix** (Graduate and Corporate Education Programs)

Faculty Member-**Keller Graduate School of Management** (MBA Program)

Co-Author - *Best Practices of Project Management Groups in Large Functional Organizations*

Member of the **American Project Management Forum**

Member of the **PMI Research Committee**

Member of the "**International Project Management Association**"-Zurich (IPMA)

Member of the "**Association of Project Managers**"-Great Britain (APM)

Member of the "**Australian Institute of Project Management**"-Australia (AIPM)

Member of the "**Institute of Management Consultants**" (IMC)

Member of "**The Institute of Electrical & Electronics Engineers, Inc.**" (IEEE)

Developer of "**Calling Name/Number**" (multi-million dollar revenue for U S WEST).

Recipient of U S West's highest marketing honor, the "**Outstanding Achievement Award**".

Advisor on curriculum development for the University of Phoenix Graduate Level Programs in *Technology Management*, *Project Management*, and *Telecommunications*. This activity resulted in accreditation of the UOP MBA Degree in Technology Management.

**Nancy Sullivan**

7014 S. Parfet St.  
Littleton, CO 80127

Office: 896-7037  
Home: 932-6560

=====

**Personal Qualifications:**

- Diverse background in Field Operations, Marketing, Sales, Strategic Planning, New Product Dev., Advanced Technologies in wireline, wireless, cable and telephony.
- Proven success in building strong cross functional teams that win in the market.
- Experience in implementing new businesses in unstructured environments.

**Experience: U S WEST**

**1996 - Present: Executive Director - Operations/Customer Experience: Local Markets**

- Define/implement operations strategy, requirements and measurement for 14 state teams.
- Develop and launch U S WEST Uniform Clothing Plan.
- Create and execute U S WEST Network Sales Referral Plan.
- Create and launch employee led teams to improve customer value ratings.
- Develop and implement end to end customer touchpoint system.

**1993 - 1996: Executive Director - Cable & Multimedia: TeleChoice Services**

Responsible for all phases of business: operations, sales, marketing, installation, repair and customer service for newly launched business unit that aggressively entered competitive cable market, taking over 45% market share in less than 12 months.

- Drove creation/execution of customer acquisition/retention plan for U S WEST video customer sales and service center resulting in churn rate of less than 9% annually.
- Expanded revenue opportunity through addition of Cable Modem services.
- Selected and implemented full MIS and Operations Support System.
- Created, staffed and managed first U S WEST video operations center to sell, install and maintain video services for region.
- Launched first Technical Operations center and cable TV headend to manage installation and maintenance of cable and interactive services.

**1993: Director - Marketing, Business Development: Cable & Multimedia Services**

- Completed preliminary strategic market plan to enter competitive cable market.
- Managed market research plan to support business opportunity.
- Completed competitive analysis and product profiles for initial video offering in Omaha.
- Defined staffing requirements and organizational structure for entire cable operation.

**1990 - 1993: Director - Consumer Technologies**

- USW lead for VCTV (video on demand) market test with AT&T and TCI.
- Technology evaluation/selection for consumer market.

**1988 - 1990: Manager - Consumer New Product Development/Ideation**

- 1982 - 1988: Manager - Special Services, Network Operations; USW and Bellcore**
- New technology management and SS7 SCP development/deployment for region.

**Education:**

- MBA: Arizona State University BA: University of Arizona. CM: Smith College

# Frederick S. Linford

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Scottsdale, Arizona 85260  
Work (602) 367-8000

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Phoenix, Arizona 85044  
Home (602) 759-7306

## SUMMARY OF QUALIFICATIONS

Extensive leadership experience at Vice President, Director Level and Manager level of large cross-functional Network teams within the Bell System. Currently working as the Vice President Network for a new CLEC. Extensive hands-on experiences as a #1ESS technician. Demonstrable competence in Project Management, Network Switching Technology, Data Analysis and Interpretation, Broadband Services, Computer Skills, Communication Skills, and the Quality Process.

## WORK EXPERIENCE

### 1998 - Present COMPASS Telecommunications Inc.- Vice President Network

- Responsible for Network Operations; including Internet, MIS, NOC, and ATM Backbone and edge node switch deployments.

### 1998 - 1998 Teleport Communications Group (TCG)- Switch Manager

- Responsible for the #5ESS-2000 switch and the Channel Banks and Subscriber Line Carrier operations.

### 1996 - 1997 U S WEST - Arizona State Interconnect Manager - Network Interconnection Services

- Responsible for the Project Management and oversight of all Interconnect Projects for the State of Arizona.

### 1992 - 1996 U S WEST - Assistant General Manager Local Network Operations Phoenix, Arizona

- Managed all aspects of the Network Operations in Phoenix; Construction, Warranty/Rehab, Central Office field maintenance, and Installation and Maintenance for residential, business and Special Service customers.
- Responsibilities included Switching Control Center (SCC), Business Customer Services Center (BCSC), Project Management Operations Center (PMOC), Customer Repair Answering Center (CRSAB), Complex Translations, Recent Change Memory Admin. Center (RCMAC), and the Digital Services Operations Center (DSOC).
- Developed career paths and procedures to transition Managers to new assignments with the closure of the Centers. Also worked very closely with the union (CWA) to transition the technicians with as little disruption as possible.
- Managed a maintenance budget of over \$100 million.

1990 - 1992 U S WEST - Director - Switching Control Center for Arizona and New Mexico

- Managed a two state Switching Operation. Dealt with all aspects of Central Office Switching and Administration for over 200 individual switches.
- Achieved the best Switching results of all large metropolitan areas in U S WEST during 1992.

1982 - 1990 U S WEST - Director - SCC, RCMAC, DSOC, Frames, Complex Translations and Microwave Radio maintenance for Utah

1981 - 1982 U S WEST - District Manager - Facilities Maintenance Administration Center (FMAC) for Utah, Idaho, and Montana - Salt Lake City, Utah

1978 - 1981 U S WEST - Staff Administrator - Local Area Forecasting -Salt Lake City, Utah

1971 - 1978 U S WEST - Numerous Management Positions in Network - Salt Lake City, Utah

1972 - 1969 U S WEST - Central Office Technician - Salt Lake City, Utah

1969 - 1969 U S WEST - Installer-Repairman - Provo, Utah

1965 - 1960 U S WEST - Lineman - Construction Dept. - Salt Lake City, Utah

EDUCATION: Westminster College - 90 Credit Hours towards a BS in Business Administration.

Florida Power and Light (Qualtec) - Quality Process

Motorola University - Six Sigma Quality Program

Numerous technical and managerial U S WEST/BellCore training classes (approximately 20). Six month #1ESS school.

CERTIFICATES: Certified Steven Covey Facilitator - Facilitated 10 Management Leadership Renewal Sessions (total of 300 management attendees).

ASSOCIATIONS: Currently serving on the Board of Directors - SUNWEST FEDERAL CREDIT UNION

Chief Cryptologic Technician - United States Naval Reserve (retired).



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# Steve Quinn

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## SUMMARY OF QUALIFICATIONS

Thirty-five years experience in the telephone industry. Depth and scope of knowledge are the result of a wide range of assignments, in various organizations, at different levels ranging from entry level to vice president. Qualifications have been further enhanced by experience and knowledge obtained from both large RBOC (U S WEST) organizations to "start-up" CLECs such as Compass Telecommunications Inc. Experience has enabled me to take a strategic vision and translate it to a tactical application with successful implementation. This is achieved with managerial skills that optimize share holder value, customer satisfaction, and employee growth and appreciation.

## WORK EXPERIENCE

February 1998 to Present

Vice President – Business Operations, Compass Telecommunications Inc.

- Establish all processes and procedures for a new start up Telephone Company
- Interview and staff operations department for new company
- Obtain legal and regulatory certification in all relevant jurisdictions
- Develop strategic and financial models for Company Business Plan

April 1997 to November 1997

Director, Operations, American Metro Comm.

- Establish processes and procedures for a new start up Telephone Company
- Interview and staff operations department for new company
- Provide information and direction for Venture Capitalists and Investment Bankers to insure adequate financing for start up CLEC
- Satisfy state and local jurisdictions regarding certification and registration

January 1995 to October 1996

Program Director, U S WEST

- Manage and direct 15 project managers in all aspects of major projects across all 14 states
- Oversee and approve deployment plans to decrease time to market duration on new products and services for U S WEST

January 1993 to 1995

Manager, U S WEST, Switching Control Center, Arizona and New Mexico

- Manage maintenance operation for 125 Central Offices (2,700,000 customers)
- Coordinate management team efforts to maintain outstanding switch performance levels and reduce repair intervals for subscribers and carriers

March 1992 to 1995

Manager, U S WEST, Recent Change Memory Administration

- Manager line translations activity for Arizona (300,00 transactions / month)
- Directed management team through several computer system changes

February 1990 to 1995

Manager, U S WEST, Circuit Provisioning Center, Arizona and New Mexico (Message)

- Manage all trunking activity for Arizona and New Mexico
- Coordinated SS7 trunking conversion with other departments to meet stringent deadlines

April 1990 to 1995

Manager, U S WEST, Projects / Arizona Central Office Conversions

- Manage all conversions in Arizona during a high rate of digital Central Office conversions
- Manage large Network projects, including CLASS implementation in Phoenix

September 1985 to 1995

Manager, U S WEST, Network Administration Center, Arizona and New Mexico

- Manage all Network Administration functions for Arizona and New Mexico
- Coordinate team efforts in data collection, network blockage analysis and traffic studies
- Coordinate efforts with the regional Network Management Center to protect network integrity during mass calling incidents
- Manager, Complex Translations, Arizona and New Mexico
- Manage software programming for complex services and all routing, charging and screening translations efforts affecting 2,700,000 customers in Arizona and New Mexico
- Manage complex software projects, including IEC conversions to SS&, 1-602 dialing and metro-wide flat rate calling in Phoenix and Tucson

February 1991 to March 1992

Manager, U S WEST, Circuit Provisioning Center, Arizona and New Mexico (Design)

- Manage all Special Services provisioning orders for Arizona and New Mexico

July 1981 to September 1985

Manager, U S WEST, Arizona MPAC – Line and Number Administration

- Manager the assignment and load balancing of Central Office equipment
- Prior to 1981 held numerous line and staff positions in the Colorado and New Mexico Network Organizations for U S WEST

CREDENTIALS

University of Phoenix, Phoenix, Arizona Graduate Level Certification in Project Management	1994
International Certification by the Project Management Institute As a "Project Management Professional" (PMP)	1995
Extensive Bell System Training Programs and seminars (Comprehensive Training in Management and Technology)	1963 - 1996

**Exhibit 3**

**Financials**

**COMPASS COMMUNICATIONS**
**FORECASTED CASH FLOWS: Phoenix, Tucson, Flagstaff, & Denver Operations 4/10/98**
**PART C: 2ND 6 MONTHS OF OPERATION**

	M7	M8	M9	M10	M11	M12	YEAR 1
<b>Sales Revenues - Phoenix</b>	1902500	2051000	2155500	2307500	2660000	2850000	\$ 16,952,500
#1 sales person Phoenix	200000	200000	200000	200000	200000	200000	
#2-5 sales people Phoenix	800000	800000	800000	800000	800000	800000	
#6-10 sales people Phoenix	800000	800000	800000	800000	800000	800000	
Tucson Sales Person #1	200000	200000	200000	200000	200000	200000	
Tucson Sales Person #2	100000	150000	200000	200000	200000	200000	
Flagstaff Sales Person #1	2500	100000	150000	200000	200000	200000	
Denver Sales person #1		1000	2500	100000	150000	200000	
Denver Sales person #2-5			3000	7500	300000	450000	
<b>Cash Receipts</b>							
Cost of Sales (80% down to 60%)	842100	1141500	1230600	1293300	1384500	1590000	\$ 8,498,900
<b>Gross Profit</b>	1060400	909500	924900	1014200	1265500	1260000	\$ 8,455,600
<b>General &amp; Administrative</b>							
Officer's Salaries	25000	25000	25000	25000	25000	25000	300000
Director's Fees	1000	1000	1000	1000	1000	1000	12000
Group Health Insurance	900	900	900	900	900	900	10800
Payroll Tax Expense	1800	1800	1800	1800	1800	1800	21600
Automobile Expense	800	800	800	800	800	800	9600
Bad Debt	0	0	0	0	0	0	0
Bank Charges	400	400	400	400	400	400	4200
Dues & Subscriptions	200	200	200	200	200	200	2100
Entertainment & Meals	1500	1500	1500	1500	1500	1500	18500
Administrative Furniture & PCs							32000
Filing Fees	500	500	500	500	500	500	6000
Business Gifts	500	500	500	500	500	500	4800
Insurance - Facilities	2200	2200	2200	3800	3800	3800	44200
Insurance - Life	600	600	600	600	600	600	6900
Legal & Professional	4000	4000	4000	4000	4000	4000	37000
Meeting Expense	500	500	500	500	500	500	6000
Recruiting	800	800	800	800	800	800	9600
Taxes & Licenses	700	700	700	700	700	700	8100
Travel & Lodging	1000	1000	1000	1000	1000	1000	12000
<b>Total General &amp; Administrative Expenses</b>	42400	42400	42400	44000	44000	44000	\$ 543,400
<b>Business office</b>							
QSS software - Stonehouse Technology	15000	15000	15000	15000	15000	15000	428000
ACD printer fax							12000
Laptop computer							5000
Furniture/computers	2000			12000			40000
Salaries and wages	9000	9000	9000	9000	9000	9000	90000
Health insurance	1000	1000	1000	1000	1000	1000	10200
Workmans comp	200	200	200	200	200	200	2100
Payroll taxes	900	900	900	900	900	900	9000
Dues and subscriptions	50	50	50	50	50	50	1600
Entertainment & meals	100	100	100	100	100	100	1200
Training	950	950	950	1000	1000	1100	10500
Misc	500	500	500	500	500	500	6000
Photocopy Expenses	400	400	400	400	400	400	4800
Printing/Stationary	1000	1000	1000	1100	1100	1100	11120
Postage/Delivery	1000	1000	1000	1000	1000	1000	12000
Supplies	850	950	950	950	950	1100	10100
Telephone	2400	2400	2400	2600	2600	2600	26600
Temporary Help	1000	1000	1000	1000	1000	1000	14000
<b>Total Business Office Expenses</b>	36350	34450	34450	46800	34800	35050	\$ 693,220
<b>Sales and Marketing Expenses</b>							
Advertising Expense	5700	5700	5700	5700	5700	5700	57300
Sales Salaries Phoenix (Ramp up to 10 people @ \$2000)	27000	30000	30000	30000	30000	30000	255000
Sales Commissions - Phoenix	18000	24000	27000	30000	30000	30000	195000
Sales Salaries - Denver (Ramp up to 10 people)	9000	15000	18000	21000	24000	27000	123000
Sales Commissions - Denver	3000	6000	9000	15000	18000	21000	72000
Sales Salaries - Tucson (Ramp up to 2 people)	6000	6000	6000	6000	6000	6000	57000
Sales Commissions - Tucson	6000	6000	6000	6000	6000	6000	45000
Sales Salaries - Flagstaff (One person)	3000	3000	3000	3000	3000	3000	24000
Sales Commissions - Flagstaff	3000	3000	3000	3000	3000	3000	18000
Sales Furniture & PCs							138000
Printing/Stationary	5400	1500	700	700	700	700	24350
Reference Material	50	50	50	50	50	50	600
<b>Total Sales &amp; Marketing</b>	86150	100250	108450	120450	126450	132450	\$ 1,009,250

COMPASS COMMUNICATIONS						
FORECASTED CASH FLOWS: Phoenix, Tucson, Flagstaff, & Denver Operations 4/10/98						
PART A: 1ST 6 MONTHS OF OPERATION						
	M 1	M 2	M 3	M4	M5	M6
<b>Sales Revenues - Phoenix</b>	1000	5500	112500	482500	1051000	1403500
#1 sales person Phoenix	1000	2500	100000	150000	200000	200000
#2-5 sales people Phoenix		3000	7500	300000	450000	600000
#6-10 sales people Phoenix			4000	10000	300000	450000
Tuscon Sales Person #1			1000	2500	100000	150000
Tuscon Sales Person #2					1000	2500
Flagstaff Sales Person #1						1000
Denver Sales person #1						
Denver Sales person #2-5						
Cash Receipts						
Cost of Sales (80% down to 60%)		800	4125	78750	300625	630600
Gross Profit	1000	4700	108375	383750	750375	772900
<b>General &amp; Administrative</b>						
Officer's Salaries	25000	25000	25000	25000	25000	25000
Director's Fees	1000	1000	1000	1000	1000	1000
Group Health Insurance	900	900	900	900	900	900
Payroll Tax Expense	1800	1800	1800	1800	1800	1800
Automobile Expense	800	800	800	800	800	800
Bad Debt	0	0	0	0	0	0
Bank Charges	100	200	300	400	400	400
Dues & Subscriptions	100	100	100	200	200	200
Entertainment & Meals	500	1000	1500	1500	1500	1500
Administrative Furniture & PCs			20000		8000	8000
Filing Fees	500	500	500	500	500	500
Business Gifts	100	100	100	500	500	500
Insurance - Facilities	3100	3200	3100	3600	6700	6500
Insurance - Life	500	500	500	800	600	600
Legal & Professional	1000	1000	2000	2000	3000	4000
Meeting Expense	500	500	500	500	500	500
Recruiting	800	800	800	800	800	800
Taxes & Licenses	1800	700	1100	100	100	100
Travel & Lodging	1000	1000	1000	1000	1000	1000
<b>Total General &amp; Administrative Expenses</b>	<b>39500</b>	<b>39100</b>	<b>61000</b>	<b>41200</b>	<b>51300</b>	<b>52100</b>
<b>Business office</b>						
OSS software - Stonehouse Technology		290000	8000	10000	15000	15000
ACD printer fax		12000				
Laptop computer		5000				
Furniture/computers		18000	2000	2000	2000	2000
Salaries and wages	3000	3000	6000	6000	9000	9000
Health insurance	400	400	700	700	1000	1000
Workmans comp	100	100	100	200	200	200
Payroll taxes	300	300	600	600	900	900
Dues and subscriptions	50	50	50	50	50	50
Entertainment & meals	100	100	100	100	100	100
Training	400	750	750	850	850	950
Misc	500	500	500	500	500	500
Photocopy Expenses	400	400	400	400	400	400
Printing/Stationary	420	800	800	900	900	1000
Postage/Delivery	1000	1000	1000	1000	1000	1000
Supplies	400	750	750	750	850	850
Telephone	1000	1900	1900	2200	2200	2400
Temporary Help		1000	1000	2000	2000	2000
<b>Total Business Office Expenses</b>	<b>8070</b>	<b>336050</b>	<b>24650</b>	<b>28250</b>	<b>36950</b>	<b>37350</b>
<b>Sales and Marketing Expenses</b>						
Advertising Expense	1000	2000	3000	5700	5700	5700
Sales Salaries Phoenix (Ramp up to 10 people @ \$200K)	3000	6000	12000	15000	18000	24000
Sales Commissions - Phoenix			3000	6000	12000	15000
Sales Salaries - Denver (Ramp up to 10 people)					3000	6000
Sales Commissions - Denver						
Sales Salaries - Tucson (Ramp up to 2 people)			3000	6000	6000	6000
Sales Commissions - Tucson					3000	6000
Sales Salaries - Flagstaff (One person)					3000	3000
Sales Commissions - Flagstaff						
Sales Furniture & PCs		24000	96000	12000	6000	
Printing/Stationary	950	1800	6700	2500	300	2400
Reference Material	50	50	50	50	50	50
<b>Total Sales &amp; Marketing</b>	<b>5000</b>	<b>33850</b>	<b>123750</b>	<b>47250</b>	<b>57050</b>	<b>68150</b>

# Compass Telecommunications Inc

## Income Statement

	1 Month Ended April 30, 1999		4 Months Ended April 30, 1999	
Pager Svce-NOC	7.34	0.0%	28.79	0.0%
Pager Svce-B O	14.69	0.1%	29.96	0.0%
Insurance-Gen Liability	2,066.68	10.3%	2,066.68	3.2%
Insurance-EPL	139.85	0.7%	139.85	0.2%
Insurance-Officers D & O	500.00	2.5%	500.00	0.8%
Insurance-Key Man Life	1,067.52	5.3%	1,067.52	1.6%
Fees & Dues-Professional	(18.00)	-0.1%	113.00	0.2%
Travel Exp-Sales & Marketing	1,562.25	7.8%	2,970.84	4.6%
Travel Exp-G & A	492.74	2.5%	492.74	0.8%
Auto Mge Reimb-Sales & Market	1,261.55	6.3%	4,341.38	6.7%
Autop Expense Reimb-G & A	0.00	0.0%	32.84	0.1%
Eq Lease-Corporate Offices	(4,734.50)	-23.6%	6,241.22	9.6%
Furniture Lease-Corp Offices	(1,069.00)	-5.3%	6,291.01	9.6%
Legal & Accounting	1,750.00	8.7%	7,456.25	11.4%
Legal Fees-G & A	29.54	0.1%	2,391.48	3.7%
Legal Fees-St Authority & Lic	1,086.20	5.4%	1,086.20	1.7%
Prof Svces-Registered Agents	0.00	0.0%	75.00	0.1%
Contract Service-Internet	0.00	0.0%	800.00	1.2%
Contract Services	20,765.82	103.7%	33,682.50	51.6%
Prof Services-PayChex	0.00	0.0%	492.30	0.8%
Fees-State Auth & Licensing	(480.00)	-2.4%	3,479.00	5.3%
Bonding	0.00	0.0%	114.00	0.2%
Repair & Maintenance	629.88	3.1%	1,302.76	2.0%
Clng & Janitorial-Corp Offices	0.00	0.0%	375.00	0.6%
Utilities-Electric-Corp Offices	0.00	0.0%	469.11	0.7%
Utilities-Elec-Corp Office	0.00	0.0%	86.28	0.1%
Rent	0.00	0.0%	(2,660.61)	-4.1%
Rent-Corporate Offices	187.73	0.9%	30,837.07	47.2%
State Franchise & Annual Taxes	0.00	0.0%	311.00	0.5%
<b>TOTAL Expenses</b>	<b>91,989.61</b>	<b>459.3%</b>	<b>374,399.05</b>	<b>573.6%</b>
<b>OPERATING PROFIT</b>	<b>(84,141.30)</b>	<b>-420.1%</b>	<b>(368,065.19)</b>	<b>-563.9%</b>
Other Income & Expenses				
Interest Income	632.82	3.2%	4,696.23	7.2%
<b>TOTAL Other Income &amp; Expenses</b>	<b>632.82</b>	<b>3.2%</b>	<b>4,696.23</b>	<b>7.2%</b>
<b>PROFIT BEFORE TAXES</b>	<b>(83,508.48)</b>	<b>-416.9%</b>	<b>(363,368.96)</b>	<b>-556.7%</b>
<b>NET PROFIT</b>	<b>(\$83,508.48)</b>	<b>-416.9%</b>	<b>(\$363,368.96)</b>	<b>-556.7%</b>

# Compass Telecommunications Inc

## Income Statement

Page 2

	1 Month Ended April 30, 1999		4 Months Ended April 30, 1999	
NET INCOME	20,028.99	100.0%	65,270.97	100.0%
Cost of Goods Sold				
COGS-Long Distance	5,355.34	26.7%	18,129.44	27.8%
COGS-Local Service	0.00	0.0%	28,797.44	44.1%
COGS-Local Svce-Install & Svce	90.00	0.4%	170.00	0.3%
COGS-Internet	2,264.71	11.3%	7,111.60	10.9%
COGS-Data Service	4,470.63	22.3%	4,470.63	6.8%
COGS-Long Distance Billing-IXC	0.00	0.0%	258.00	0.4%
TOTAL Cost of Goods Sold	12,180.68	60.8%	58,937.11	90.3%
GROSS PROFIT	7,848.31	39.2%	6,333.86	9.7%
Expenses				
Payroll Costs				
Salaries-Executive	22,416.66	111.9%	89,666.64	137.4%
Salaries-General & Admin	2,977.22	14.9%	13,664.72	20.9%
Salaries-Sales	0.00	0.0%	5,166.67	7.9%
Salaries-Sales & Mktg	7,574.25	37.8%	30,382.60	46.5%
Salaries-Sales Commissions	0.00	0.0%	1,297.11	2.0%
Salaries-Business Office	7,175.01	35.8%	44,615.96	68.4%
Salaries-NOC	2,916.66	14.6%	11,374.98	17.4%
Salaries-Internet IPS	9,939.35	49.6%	23,329.19	35.7%
Commissions-Sales	1,068.06	5.3%	1,068.06	1.6%
Payroll Taxes	4,774.56	23.8%	21,466.58	32.9%
Workers' Comp. Insurance	1,130.40	5.6%	1,130.40	1.7%
Medical Insurance	(142.73)	-0.7%	911.99	1.4%
Insurance-Liability	(1,550.01)	-7.7%	0.00	0.0%
Life Insurance	(800.64)	-4.0%	0.00	0.0%
TOTAL Payroll Costs	57,478.79	287.0%	244,074.90	373.9%
Print Ads	2,385.50	11.9%	3,724.00	5.7%
ADV-Sponsorships	0.00	0.0%	290.00	0.4%
Trades	0.00	0.0%	458.58	0.7%
Bank Charges	10.00	0.0%	10.00	0.0%
Board Travel Expense	0.00	0.0%	790.20	1.2%
Electricity	0.00	0.0%	325.21	0.5%
Printing-Sales & Mktg	36.47	0.2%	565.59	0.9%
Printing Costs-Compliance	0.00	0.0%	46.86	0.1%
Printing Costs-G & A	156.96	0.8%	941.60	1.4%
Equip Rental-Postage Meter	0.00	0.0%	79.52	0.1%
Computer Expense-S/W	195.00	1.0%	195.00	0.3%
Freight-Postage	6.53	0.0%	31.73	0.0%
Postage/Shipping-Compliance	0.00	0.0%	344.89	0.5%
Postage/Shipping-G & A	375.28	1.9%	1,009.64	1.5%
Office Supplies	0.00	0.0%	153.07	0.2%
Off Supplies-G & A	660.48	3.3%	1,869.19	2.9%
Office s Supplies-Sales & Mktg	56.34	0.3%	56.34	0.1%
Telephone Svce-G & A	4,124.40	20.6%	11,706.27	17.9%
Telephone - Sales & Mktg	125.88	0.6%	125.88	0.2%
Cell Phone-Network Systems	65.21	0.3%	235.24	0.4%
Cell Phone-Sales & Mktg	616.19	3.1%	778.51	1.2%
Cell Phone-G & A	436.29	2.2%	1,966.32	3.0%
Pager Service	0.00	0.0%	7.34	0.0%

# Compos Telecommunications Inc

## Income Statement

Page 1

	1 Month Ended April 30, 1999		4 Months Ended April 30, 1999	
Income				
Income-Long Distance				
Long Distance-Resell	\$5,270.94	26.3%	\$20,976.58	32.1%
TOTAL Total Long Distance	5,270.94	26.3%	20,976.58	32.1%
Income-Local Service				
Local Svce-Resell	5,191.89	25.9%	23,885.36	36.6%
Analog	596.77	3.0%	596.77	0.9%
Call Forward	22.52	0.1%	22.52	0.0%
Call Forward	291.34	1.5%	3,555.59	5.4%
Call Waiting	223.98	1.1%	223.98	0.3%
Caller ID	132.22	0.7%	132.22	0.2%
Other Extras	70.84	0.4%	2,267.42	3.5%
3 Way Calling	10.80	0.1%	10.80	0.0%
Additional Message	2.00	0.0%	2.00	0.0%
Call Rejection	4.50	0.0%	4.50	0.0%
Daytime Donn Plus	10.80	0.1%	10.80	0.0%
Dial Tone 1 Party	276.40	1.4%	276.40	0.4%
Hunting	75.20	0.4%	75.20	0.1%
Non Published	38.14	0.2%	38.14	0.1%
Non-List, Mo. Rate	3.10	0.0%	3.10	0.0%
Scheduled Forward	4.95	0.0%	4.95	0.0%
Speed Call	3.33	0.0%	3.33	0.0%
Voice Mail	262.50	1.3%	262.50	0.4%
800 SVCLN	4.50	0.0%	4.50	0.0%
Wire Maintenance	80.22	0.4%	1,405.96	2.2%
Installation	444.50	2.2%	444.50	0.7%
Portability Surcharge	12.72	0.1%	12.72	0.0%
Rebill Usage	30.66	0.2%	359.02	0.6%
Federal Access Charge	1,564.12	7.8%	5,116.56	7.8%
TOTAL Total Local Service	9,358.00	46.7%	38,718.84	59.3%
Income-Internet				
Unlimited Internet	807.60	4.0%	828.10	1.3%
T-1 Connection	2,700.00	13.5%	2,700.00	4.1%
Tech. Support for ISP Cust.	323.20	1.6%	323.20	0.5%
Analog Line Svce.	648.00	3.2%	648.00	1.0%
Internet-EMail Only	0.00	0.0%	170.00	0.3%
E-Mail Only	35.00	0.2%	35.00	0.1%
Internet-Dialup Only	224.40	1.1%	224.40	0.3%
Internet-Webpace	301.85	1.5%	301.85	0.5%
Internet-Domain Transfer Fee	0.00	0.0%	(40.00)	-0.1%
TOTAL Total-Internet	5,040.05	25.2%	5,190.55	8.0%
TOTAL Income	19,668.99	98.2%	64,885.97	99.4%
Adjustments				
Refunds	0.00	0.0%	25.00	0.0%
Merchandise Returns	360.00	1.8%	360.00	0.6%
TOTAL Adjustments	360.00	1.8%	385.00	0.6%



# Compass Telecommunications Inc

## Balance Sheet

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April 30, 1999

Contracts Payable			
Premium Financing Specialists	\$10,178.02		
	<hr/>		
TOTAL		10,178.02	
		<hr/>	
TOTAL Long-Term Liabilities			6,073.92
			<hr/>
TOTAL LIABILITIES			18,031.59
			<hr/>
	CAPITAL		
Common Stock		864.84	
Preferred Stock		400,000.00	
Paid In Capital		1,022,396.01	
Retained Earnings		(485,845.64)	
Year-to-Date Earnings		(363,368.96)	
		<hr/>	
TOTAL CAPITAL			574,046.25
			<hr/>
TOTAL LIABILITIES & CAPITAL			\$592,077.84
			<hr/>

# Compass Telecommunications Inc

## Balance Sheet

Page 1

April 30, 1999

### ASSETS

#### Current Assets:

Checking Account-M & I Thunder	\$1,340.15
Optg Checking -Century Bank	26,958.29
IXC Lock Box Acct-Chase	179.03
M M Checking- Century	70,667.34
C D-Letter of Credit-ELI	40,295.20
CD-Letter of Credit-Shimizu	50,494.51
Accts Rec Clearing	(921.98)
Accounts Receivable-L D	3,565.27
Accounts Receivable-Local Svce	21,835.96
Employee Rcvble-Parking	255.00
Other Receivables	124.01
Employee Rcvble-Other	64.34
Notes Receivable-Current	89,715.58
Ppd Rent	25,271.00
Ppd Ins - Property	2,320.32
Ppd Ins - Key Man Life	913.84
PPD Ins-EPL	3,216.15
Ppd Ins-Officers D & O	11,500.00
Ppd Ins-Workers Comp	1,224.60
Deposits/Furniture	7,017.50

#### TOTAL Current Assets

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\$356,036.11

#### Fixed Assets:

Furniture & Fixtures	38,706.29
Furniture & Fix. Accum. Deprn.	(260.99)
Equipment	18,524.99
Equipment Accum. Deprn.	(115.69)
Equipment G & A	49,193.22
Equip G & A-Accum Depr	(3,359.96)
Leasehold Improvements	56,032.88
Signage	2,364.19

#### TOTAL Fixed Assets

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161,084.93

#### Other Assets:

Refundable Deposits-Optg	31,217.46
Refundable Deposits-Licensing	4,850.00
Customer Lists-C. Lindsey	40,000.00
Accum Amort-Customer Lists	(1,110.66)

#### TOTAL Other Assets

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74,956.80

#### TOTAL ASSETS

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\$592,077.84

### LIABILITIES

#### Current Liabilities:

Trade Payables	\$9,738.27
Sales Tax Payable	965.58
Excise Tax Payable	1,253.82

#### TOTAL Current Liabilities

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\$11,957.67

#### Long-Term Liabilities:

Net Payroll Clearing	(1,897.78)
Travel Advances	(2,206.32)

Compass Telecommunications, Incorporated  
Income Statement  
For the Twelve Months Ending December 31, 1998

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
TM Backbone	0.00	20,000.00	0.00	30,000.00
Remote ATM Switch	0.00	6,400.00	0.00	12,800.00
Office Expense-G & A	1,883.17	500.00	7,034.42	2,500.00
Office Expense-Sales	0.00	0.00	147.57	0.00
Office Expense-Bus Ofc	0.00	0.00	87.64	0.00
Office Expense	180.36	0.00	180.36	0.00
Office Expense-Internet	0.00	0.00	30.94	0.00
Other Taxes & Licenses-G & A	0.00	100.00	12.00	3,800.00
Other Taxes & Licenses-Bus Ofc	0.00	0.00	100.00	0.00
Payroll Tax Expense	0.00	0.00	<182.25>	0.00
Payroll Tax Expense-G & A	4,199.35	2,400.00	38,644.19	10,200.00
Payroll Tax Expense-Sales	0.00	1,170.00	0.00	2,610.00
Payroll Tax Expense-Bus Ofc	0.00	1,125.00	0.00	4,275.00
Payroll Tax Expense-NOC	0.00	2,805.00	0.00	4,695.00
Payroll Tax Expense-Internet	0.00	1,161.00	0.00	3,544.00
Pension/Profit-Sharing Plan Ex	619.00	0.00	1,119.00	0.00
Postage & Delivery Expense	274.75	1,000.00	930.85	5,000.00
Printing Expense-G & A	74.72	1,600.00	2,033.01	18,070.00
Printing Expense-Sales	1,387.48	0.00	2,905.43	0.00
Printing Expense-Bus Ofc	0.00	0.00	159.44	0.00
Recruiting Expense-G & A	0.00	800.00	288.00	4,000.00
Recruiting Expense-Sales	0.00	0.00	498.25	0.00
Recruiting Expense-Bus Ofc	0.00	0.00	552.00	0.00
Recruiting Expense-NOC	426.25	0.00	1,389.05	0.00
Rent or Lease Exp - Bldg	2,660.61	77,500.00	66,588.26	87,500.00
Rent or Lease Exp - Computers	829.54	3,500.00	2,144.45	44,500.00
Rent or Lease Exp - Furn/Equip	534.50	25,000.00	4,725.98	29,100.00
Rent or Lease Exp-Equip BusOf	5.89	0.00	151.17	0.00
Rent or Lease Exp-Equip Intnet	12.90	0.00	132.29	0.00
Repairs Expense	212.66	0.00	438.67	0.00
Repairs Expense	35.00	0.00	35.00	0.00
Repairs Expense	0.00	1,000.00	0.00	1,000.00
Salaries & Wages Exp-G & A	20,416.66	33,333.00	176,387.02	141,666.00
Salaries & Wages Exp-Sales	11,833.34	12,999.00	36,080.88	28,998.00
Salaries & Wages Exp-Bus Ofc	13,849.38	12,500.00	50,949.89	47,500.00
Salaries & Wages Exp-NOC	2,333.34	31,166.00	15,723.12	52,166.00
Salaries & Wages Exp-Internet	9,644.08	12,333.00	30,164.34	37,665.00
Directors Fees	0.00	1,000.00	0.00	5,000.00
Sales Tax Expense	0.00	0.00	149.33	0.00
Supplies Expense-G & A	560.99	2,000.00	3,194.18	8,350.00
Supplies Expense-Bus Ofc	0.00	0.00	202.14	0.00
Telephone Expense-G & A	1,903.57	5,100.00	9,029.46	21,400.00
Telephone Expense-Sales	84.17	225.00	418.10	450.00
Training Expense-G & A	0.00	0.00	95.00	0.00
Training Expense-Sales	0.00	850.00	0.00	3,600.00
Training Expense-Bus Ofc	0.00	850.00	846.12	3,600.00
Training Expense	0.00	2,000.00	0.00	4,000.00
Travel Expense	0.00	4,000.00	1,758.60	14,000.00
Travel Expense	0.00	3,450.00	0.00	6,900.00
Utilities Expense	276.82	0.00	1,384.95	0.00
Workers Compensation Exp	0.00	300.00	0.00	1,500.00
Other Expense-G & A	<1.39>	0.00	964.07	0.00
Other Expense-Sales	0.00	0.00	34.00	0.00
Other Expense-Internet	0.00	0.00	750.00	0.00
Total Expenses	84,557.60	450,456.00	560,740.67	1,050,234.00
Net Income	\$ <86,649.58>	\$ <306,766.00>	\$ <557,723.76>	\$ <887,074.00>

Compass Telecommunications, Incorporated  
Income Statement  
For the Twelve Months Ending December 31, 1998

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
venues				
Gross Sales-Internet Phoenix	\$ 1,357.65	\$ 15,800.00	\$ 5,467.80	\$ 29,600.00
Gross Sales-Long Distance Phx	2,393.66	35,400.00	3,748.39	54,860.00
Gross Sales-Local Phoenix	5,056.50	177,000.00	10,291.36	275,300.00
Gross Sales-Other Phoenix	91.10	8,850.00	543.01	13,715.00
Interest Income	789.71	0.00	7,280.69	0.00
Other Income	0.00	0.00	70.96	0.00
Finance Charge Income	9.35	0.00	9.35	0.00
Finance Charge Income	0.00	0.00	0.49	0.00
Finance Charge Income	21.52	0.00	21.52	0.00
Total Revenues	9,719.49	237,050.00	27,433.57	373,475.00
Cost of Sales				
COGS-Internet Phoenix	3,625.38	5,214.00	11,090.48	11,442.00
COGS-Long Distance Phx	1,647.35	29,736.00	2,887.75	46,082.00
COGS-Local Phoenix	6,347.40	51,330.00	9,893.09	141,819.00
COGS-Other Phoenix	191.34	7,080.00	545.34	10,972.00
Total Cost of Sales	11,811.47	93,360.00	24,416.66	210,315.00
Gross Profit	<2,091.98>	143,690.00	3,016.91	163,160.00
Expenses				
Advertising Expense-G & A	780.00	5,700.00	3,372.50	17,400.00
Advertising Expense-Internet	0.00	0.00	130.00	0.00
Amortization Expense	222.00	0.00	1,110.66	0.00
Auto Expenses-Sales	936.01	653.00	1,273.68	1,307.00
Bank Charges	2.18	400.00	1,728.40	1,400.00
Business Development	0.00	2,000.00	0.00	6,000.00
Commissions and Fees Exp-G & A	0.00	0.00	2,400.00	0.00
Commissions and Fees Exp-Sales	345.51	7,000.00	345.51	17,500.00
Depreciation Expense	1,297.15	0.00	3,620.95	0.00
Depreciation Expense	115.69	0.00	115.69	0.00
Dues and Subscriptions Exp	195.00	300.00	500.00	1,200.00
Dues and Subscriptions Exp	700.00	0.00	700.00	0.00
Employee Benefits Exp-G&A	0.00	600.00	1,386.89	2,700.00
Employee Benefit Exp-Sales	0.00	426.00	0.00	852.00
Employee Benefit Exp-Bus. Ofc.	416.09	710.00	1,329.44	2,698.00
Employee Benefit Exp-NetworkOP	142.72	995.00	647.04	1,847.00
Employee Benefit Exp-Internet	285.45	568.00	789.77	1,704.00
Freight Expense	171.70	0.00	1,149.67	0.00
Gifts Expense	0.00	500.00	0.00	1,300.00
Insurance Expense	503.67	500.00	2,007.38	2,500.00
Insurance-Key Man Life	207.38	500.00	474.26	2,500.00
Internet Expenses	1,200.00	10,637.00	1,200.00	20,637.00
Temporary Help Expense-G & A	0.00	0.00	672.88	0.00
Temporary Help Expense-Sales	0.00	2,800.00	0.00	4,200.00
Temporary Help Expense-Bus Ofc	0.00	0.00	375.00	0.00
Temporary Help Expense-NOC	0.00	5,000.00	1,344.00	5,000.00
Temporary Help Expense-Intern	0.00	0.00	335.00	0.00
Lease pmts Internet Tier I	0.00	5,500.00	0.00	11,000.00
Lease pmts ISP equip	1,448.50	12,500.00	13,422.76	37,500.00
MIS Routers for LANS & WANS	0.00	10,400.00	0.00	10,400.00
Legal and Professional Expense	961.50	3,000.00	5,264.75	9,000.00
Licenses Expense-G & A	55.00	8,000.00	38,332.11	39,000.00
Licenses Expense-Internet	0.00	0.00	935.00	0.00
Meals and Ent Exp-G & A	198.98	1,500.00	1,951.49	6,000.00
Meals and Ent Exp-Sales	135.93	1,500.00	224.48	3,200.00
Meals and Ent Exp-Bus Ofc	0.00	100.00	66.85	500.00
Meals and Ent Exp-Internet	0.00	0.00	73.07	0.00
Meeting Expense	0.00	500.00	9.00	2,500.00
OC Center Buildout	0.00	3,000.00	15,175.52	103,000.00
Switch Port Leasing	0.00	30,000.00	0.00	30,000.00
ATM Hubs Switch	0.00	67,000.00	0.00	67,000.00

For Management Purposes Only

Compass Telecommunications, Incorporated  
Statement of Cash Flow  
For the twelve Months Ended December 31, 1998

	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ <86,649.58>	\$ <557,723.76>
Adjustments to reconcile net income to net cash provided by operating activities		
Accum. Depreciation-Furniture	140.45	260.99
Accum. Depreciation-Equipment	1,156.70	3,359.96
Accum. Depr. Equip-Network Op	115.69	115.69
Accounts Receivable	<2,900.77>	<10,067.50>
Other Receivables	<59.87>	<124.01>
Prepaid Expenses	<508.95>	<11,135.86>
Notes Receivable-Current	600.01	<89,715.58>
Accounts Payable	6,843.69	6,934.59
Sales Tax Payable	94.59	304.60
Excise Tax Payable	137.49	137.49
Other Taxes Payable	78.55	217.01
Customer Deposits	<70.00>	0.00
Total Adjustments	5,627.58	<99,712.62>
Net Cash provided by Operations	<81,022.00>	<657,436.38>
Cash Flows from investing activities		
Used For		
Furniture and Fixtures	<20,015.29>	<38,706.29>
Equipment-G & A	<1,087.75>	<48,967.41>
Equipment-Network Operations	<9,717.66>	<9,717.66>
Deposits	<1,800.00>	<32,802.83>
Organization Costs	0.00	<238,161.57>
Accum Amortiz - Organiz Costs	0.00	<950.67>
Customer Lists-C. Lindsey	0.00	<40,000.00>
Net cash used in investing	<32,620.70>	<409,306.43>
Cash Flows from financing activities		
Proceeds From		
Common Stock	1.00	1,211,769.85
Paid-in Capital	9,999.00	1,248,895.01
Used For		
Common Stock	0.00	<1,210,905.01>
Paid-in Capital	0.00	<9,999.00>
Net cash used in financing	10,000.00	1,239,760.85
Net increase <decrease> in cash	\$ <103,642.70>	\$ 173,018.04
Summary		
Cash Balance at End of Period	\$ 413,564.54	\$ 413,564.54
Cash Balance at Beginning of P	<516,936.21>	0.00
Net Increase <Decrease> in Cash	\$ <103,371.67>	\$ 413,564.54

Compass Telecommunications, Incorporated  
Balance Sheet  
December 31, 1998

ASSETS

Current Assets		
Cash	\$	200.00
Regular Checking Account		1,340.15
Regular Checking-Century		5,163.49
Money Market-Century		316,071.19
Letter of Credit-ELI		40,295.20
Letter of Credit-Shimizu Devel		50,494.51
Accounts Receivable		10,067.50
Other Receivables		124.01
Prepaid Expenses		11,135.86
Notes Receivable-Current		89,715.58
Total Current Assets		524,607.49
Property and Equipment		
Furniture and Fixtures		38,706.29
Equipment-G & A		48,643.81
Equipment-Network Operations		9,717.66
Accum. Depreciation-Furniture		<260.99>
Accum. Depreciation-Equipment		<3,359.96>
Accum. Depr. Equip-Network Op		<115.69>
Total Property and Equipment		93,331.12
Other Assets		
Deposits		32,802.83
Customer Lists-C. Lindsey		40,000.00
Accum Amort - Customer Lists		<1,110.66>
Total Other Assets		71,692.17
Total Assets	\$	<u>689,630.78</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	6,934.59
Sales Tax Payable		304.60
Excise Tax Payable		137.49
Other Taxes Payable		217.01
Total Current Liabilities		7,593.69
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		7,593.69
Capital		
Common Stock		864.84
Paid-in Capital		1,238,896.01
Net Income		<557,723.76>
Total Capital		682,037.09
Total Liabilities & Capital	\$	<u>689,630.78</u>

## (In Millions)

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
<b>INCOME STATEMENT</b>								
<b>SALES</b>	\$ 16.95	\$ 57.33	\$ 90.00	\$ 126.95	\$ 177.33	\$ 240.00	\$ 286.95	\$ 357.33
<b>COST OF SALES</b>	\$ 8.50	\$ 28.37	\$ 40.50	\$ 56.41	\$ 80.81	\$ 108.00	\$ 128.41	\$ 161.81
<b>GROSS PROFIT</b>	\$ 8.45	\$ 28.96	\$ 49.50	\$ 70.54	\$ 96.52	\$ 132.00	\$ 158.54	\$ 195.52
<b>EXPENSES</b>	\$ 10.60	\$ 14.88	\$ 8.70	\$ 22.60	\$ 27.88	\$ 25.60	\$ 41.40	\$ 48.68
<b>NET PROFIT</b>	\$ (2.15)	\$ 14.08	\$ 40.80	\$ 47.94	\$ 68.64	\$ 106.40	\$ 117.14	\$ 146.84

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
PHASE I: PHOENIX								
SALES	16.95	57.33	90	110	120	150	160	180
COST OF SALES	8.5	28.37	40.5	49.5	54	67.5	72	81
GROSS PROFIT	8.45	28.96	49.5	60.5	66	82.5	88	99
EXPENSES	10.6	14.88	8.7	12	14.5	16.9	18.8	20.8
NET PROFIT	-2.15	14.08	40.8	48.5	51.5	65.6	69.2	78.2

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8
PHASE II: DALLAS								
SALES				16.95	57.33	90	110	120
COST OF SALES				6.91	26.81	40.5	49.5	54
GROSS PROFIT				10.04	30.52	49.5	60.5	66
EXPENSES				10.6	13.38	8.7	12	14.5
NET PROFIT				-0.56	17.14	40.8	48.5	51.5

[illegible]