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February 25, 1988

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OF COUNSEL

WILLIAM D. HATHAWAY
 ALEXANDER M. LANKING
 PENELOPE S. PARTING
 STEPHEN H. LACHTER
 JOHN B. WHITE
 JOSEPH A. KLAUBNER

*Not admitted in D.C.
 *Admitted in Maryland only

WATERS OFFICIAL
 (202) 457-6464

Harley G. Hubbs
 Secretary
 Missouri Public Service Commission
 P.O. Box 360
 Jefferson City, Missouri 65102

Case No. TA-88-218

Re: In the Matter of the Application of American
 Operator Services, Inc. for a Certificate to
Resell Telecommunications Services

Dear Mr. Hubbs:

Enclosed for filing are the original and fourteen copies of
 the above-referenced application by American Operator Services,
 Inc.

We very much appreciate your assistance with this matter.
 Should any further information be required, please do not
 hesitate to contact me.

Sincerely,

Peter D. Robertson

Peter D. Robertson

PDR:jep
 Enclosures

FILED

FEB 26 1988

PUBLIC SERVICE COMMISSION

Ltr.

TA-88-218

BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION

Application of
American Operator Services, Inc.

FOR CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY
TO PROVIDE
TELEPHONE TOLL RESALE SERVICE

FILED

FEB 26 1988

PUBLIC SERVICE COMMISSION

Docket No. _____

Date of Hearing _____

Date of Approval _____

DOCKET NO.

TA-88-218

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION

In the Matter of)	
Application of American Operator)	
Services, Inc. for a Certificate of)	<u>APPLICATION FOR</u>
Public Convenience and Necessity to)	<u>CERTIFICATE OF PUBLIC</u>
Provide Intrastate Operator-Assisted)	<u>CONVENIENCE AND</u>
Resold Telecommunication Services)	<u>NECESSITY</u>

American Operator Services, Inc. ("the Company"), a Delaware corporation, hereby applies to the Missouri Public Service Commission ("Commission") for a certificate of public convenience and necessity pursuant to Chapter 392 of the Missouri Revised Statutes and Commission Rules of Practice and Procedure.

1. The correct name and address of the applicant is:

American Operator Services, Inc.
4th Floor
6100 Executive Boulevard
Rockville, Maryland 20852.

2. The correct name and address for the registered agent of the applicant is:

The Prentice-Hall Corporation
System, Inc.
304 East High Street
Jefferson City, Missouri 65101.

FILED

FEB 26 1988

PUBLIC SERVICE COMMISSION

3. The principal business of the Company, a Delaware corporation, is the provision of operator-assisted long-distance services to the public from facilities provided by institutional customers (i.e., privately-owned payphones, hotels, hospitals, and other large institutions) on a nationwide basis. This application is

✓✓X

for a certificate to provide intrastate resale of toll services in the state of Missouri.

4. By making this application and participating in all proceedings necessary to effect the pertinent certification, the Company is not representing that certification is required. Nevertheless, this application seeks such approval and authority as may be required to provide intrastate resale of interexchange telecommunication services throughout Missouri.

5. The Applicant. American Operator Services, Inc., the lawful name of the applicant, is a Delaware corporation, with its Missouri offices at The Prentice-Hall Corporation System, Inc., 304 East High Street, Jefferson City, Missouri 65101.

6. Authorized Representatives. The name, address and telephone number of the Company's counsel of record is:

Jeffrey T. Smith
Patton, Boggs and Blow
2550 M Street, N.W.
Washington, D.C. 20037

Telephone : (202) 457-6000

and the name, title, address and telephone number of the person to whom correspondence, communications, orders and decisions of the Commission are to be sent is:

James F. Bryan
Director, Telco & Regulatory Relations
Fourth Floor
6100 Executive Blvd.
Rockville, MD 20852

Telephone: (301) 468-0307.

7. State of Incorporation. The Company is incorporated in the state of Delaware and has applied for a Certificate of Authority to transact business in the state of Missouri. A copy of the Company's Articles of Incorporation is attached hereto as Exhibit A. When the certificate of qualification is received it will be forwarded to be appended to this exhibit.

8. Services to be Offered. Intrastate operator-assisted resold telecommunications services will be offered to the public from facilities controlled by institutional customers. A complete description of the proposed services is attached hereto as Exhibit B.

9. Management. The principal officer and employees of the Company have the extensive technical, financial, and legal experience needed for management and execution of the business plans described herein in a prompt and reasonable manner. Attached hereto as Exhibit C is a brief description of the experience and qualifications of the officers and principal employees.

10. Financial Statements. Attached hereto as Exhibit D is the most recently available financial statement of National Telephone Services, Inc., the predecessor to American Operator Services, Inc. This exhibit is offered in support of the financial ability of the applicant to provide the services that it proposes to offer herein.

11. Area of Service. The Company proposes to provide service throughout the state of Missouri.


12. Cash Flow and Income. Attached hereto as Exhibit E are pro forma cash flow and income statements for the first three years of operation.

13. Competition in the State. The applicant knows of only two companies certified in Missouri -- AT&T Communications and International Telecharge, Inc. The applicant has no knowledge of uncertified companies providing similar service in the state.

14. Proposed Rates and Charges. The proposed rates and charges are being developed and will be forwarded to the Commission immediately upon completion to be attached hereto as Exhibit F.

WHEREFORE, American Operator Services, Inc. prays that the Commission issue a Certificate of Public Convenience and Necessity authorizing it to engage in the business of operator-assisted resale of intra-state telecommunication services to the public as proposed herein.

Respectfully submitted this the 24~~th~~ day of February 1988.


Jeffrey T. Smith
Patton, Boggs & Blow
Counsel to Applicant
2550 M Street, N.W.
Washington, D.C. 20037
Telephone (202) 457-6024
for applicant

American Operator Services, Inc.

DISTRICT OF COLUMBIA

)
) ss.

Jeffrey T. Smith, being first duly sworn, deposes and says that he is counsel to American Operator Services, Inc., the applicant in the proceeding titled above, that he has read the foregoing application and knows the contents thereof; that the same are true of his knowledge, except as to matters which are there and stated on information or belief, and as to those matters he believes them to be true.

Jeffrey T. Smith
Jeffrey T. Smith

Subscribed and sworn to before me this 24~~th~~ day of February 1988.

Pamela S. Allen
Notary Public in and for the
District of Columbia
Pamela S. Allen, Notary

My commission expires Sept. 14, 1990.

EXHIBIT A

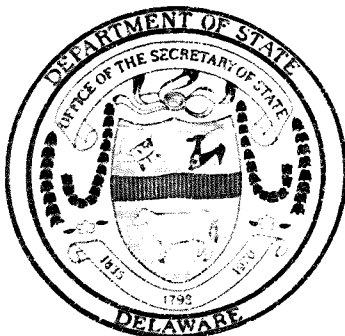


State of DELAWARE



Office of SECRETARY OF STATE

I, Michael Harkins, Secretary of State of the State of Delaware,
do hereby certify that the attached is a true and correct copy of
Certificate of Incorporation
filed in this office on October 2, 1987



Michael Harkins
Michael Harkins, Secretary of State

BY: *J. Butler*

DATE: February 23, 1988

757275006

FILED

CERTIFICATE OF INCORPORATION
OF
AMERICAN OPERATOR SERVICES, INC.

OCT 2 1962

[Signature]
Notary Public

21396-52

FIRST: The name of the Corporation is AMERICAN OPERATOR SERVICES, INC.

SECOND: The location of the registered office of the Corporation in the State of Delaware is at 229 South State Street, City of Dover, County of Kent. The name and address of its registered agent in the State of Delaware is The Prentice-Hall Corporation System, Inc., 229 South State Street, Dover, Delaware 19901.

THIRD: The purpose of the Corporation is to engage in providing operator services and any other lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock which the Corporation shall have authority to issue is Five Million (5,000,000) shares of voting common stock, with a par value of one cent (\$0.01) per share (the "Common Stock"). Shares of the Common Stock of the Corporation may be issued for such consideration and for such corporate purposes as the Board of Directors of the Corporation may determine from time to time by resolution.

Each share of issued Common Stock of the Corporation shall bear such transfer restrictions as shall be set forth in the By-

laws of the Corporation or any agreement or agreements entered into by one or more of its stockholders or the Corporation and its stockholders.

The number of authorized shares of Common Stock shall not be increased except by the affirmative vote of the holders of a two-thirds (2/3rds) majority of the Common Stock entitled to vote.

At all elections of directors of the Corporation, each stockholder shall be entitled to as many votes as shall equal the number of votes which (except for such provision as to cumulative voting) he would be entitled to cast for the election of directors with respect to his shares of Common Stock multiplied by the number of directors to be elected by him, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two or more of them as he may see fit.

FIFTH: The name and mailing address of the incorporator is as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
Ross E. Eichberg	Patton, Boggs & Blow 2550 M Street, NW Washington, D.C. 20037

SIXTH: The stockholders of the Corporation shall not be entitled to any pre-emptive rights whatsoever with respect to the issuance of additional shares of stock of the Corporation.

SEVENTH: The Corporation is to have perpetual existence.

EIGHTH: The Board of Directors of the Corporation shall have the power to make, alter, and repeal the By-laws of the Corporation, subject to the reserved power of the stockholders to make, alter and repeal the By-laws. Unless otherwise provided in the By-laws of the Corporation, elections of directors need not be by written ballot.

Each person who at any time is or shall have been a director or officer of the Corporation, and is threatened to be or is made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that he is, or was, a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, trustee, or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any such action, suit, or proceeding to the fullest extent provided under Section 145 of the General Corporation Law of the State of Delaware. The foregoing right of indemnification shall in no way be exclusive of any other rights of indemnification to which such director, officer, employee, or agent may be entitled, under any By-law, agreement, vote of stockholder or disinterested directors, or otherwise.

NINTH: A director may hold any office of profit in the Corporation in conjunction with the office of director, and may enter into contracts or arrangements or have dealing with the Corporation, and shall not be disqualified from the office of director thereby, nor shall he be liable to account to the Corporation for any profit arising out of any such contract, arrangements, or dealing to which he is a party or in which he is interested by reason of his being at the same time a director of the Corporation; provided, however, he abstains from participating in the deliberations and resolution of the Board of Directors relative to such contracts, arrangements, or dealings, and that he discloses to the Board his interest therein.

IN WITNESS WHEREOF, I hereby sign and execute this Certificate of Incorporation in the City of Washington, District of Columbia, this 1st day of October 1987.

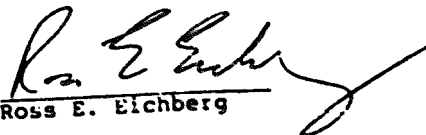

Ross E. Eichberg

EXHIBIT B

American Operator Services, Inc. ("the Company") intends to initially provide its customers, who consist of end user patrons of telephone facilities provided primarily by hotels, hospitals, universities, and COCOT providers, operator assisted ("0+" and "0-") international, interstate, and intrastate telephone service. By reselling controlled facilities obtained from AT&T, MCI, and other major common carriers, the Company can provide call termination to virtually any point currently accessible from any United States telephone.

The physical facilities used in providing service vary according to the originating telephone or PBX, and the type of access available in the customer's area. In order of frequency of use, the access facilities are as follows:

Feature Group D

In the event the source PBX has the capability to segregate operator assisted ("0+" and "0-") traffic, those outbound PBX trunks which are used for operator assisted traffic are presubscribed to the Company. In this instance, the Local Exchange Carrier ("LEC") automatically switches interLATA long distance calls to the Company's point of presence ("POP").

Feature Group B

There are two instances in which feature group B ("FGB") is used:

1. When the originating telephone or PBX is unable to segregate operator assisted traffic and direct it to

dedicated lines, but is able to identify such traffic and execute an automatic dialing function, the originating phone or PBX is programmed to dial the telephone number 950-0658. Through switched access facilities purchased from the local exchange company, the LEC then automatically delivers the call(s) to the Company's POP.

2. When the originating telephone or PBX lacks the capabilities discussed in (1) above, external microprocessors ("dialers") are attached to the outbound ports of the originating PBX to perform this screening and accessing function. The dialer is then programmed to dial the 950-0658 access number, at which point the switched access facilities purchased from the LEC automatically process the call.

WATS Access

In those areas where the Company has not established its own POP or contracted arrangements with another IXC for use of its POP, the originating telephone, PBX, and/or dialer accesses an incoming WATS number.

After delivery of a telephone message to the Company's POP or incoming WATS Line, similar facilities are used in processing all calls. These facilities are as follows:

Transport and Delivery to the Company's Switching Center

The Company uses high quality, primarily digital facilities obtained from MCI, Sprint, Lightnet, and other interexchange

carriers to transport a call from the originating POP to a Company switching center.

Switching Equipment

The Company currently uses switching equipment designed and manufactured by the Harris Corporation, the Harris 20/20. This state-of-the-art, digital switch has proven to have exceptional reliability.

Operator Handling System

The Company uses a proprietary, internally designed operator handling system which is based on IBM PC computers and proprietary software. This system, combined with the Harris 20/20, has allowed the Company extraordinary flexibility in designing hardware and software to meet customer specific requirements.

Call Termination

Using resold facilities obtained from AT&T, MCI, Sprint, other interexchange carriers and local exchange carriers, all calls are carried to the terminating point.

EXHIBIT C

American Operator Services, Inc. has assembled an outstanding management team. Brief summaries of qualifications of key team members follow:

JOSEPH F. SWITZER, JR. President

The founder of National Telephone Services, Inc., the predecessor to American Operator Services, Inc., Mr. Switzer is responsible for, among other things, the marketing and sales functions. Prior to founding NTS, Mr. Switzer was First Vice President - Sales of the Robinson Humphrey/American Express Company. Joining that organization in August 1980, Mr. Switzer was promoted to Assistant Vice President in 1982, Vice President in 1983, and First Vice President in 1985. When named First Vice President, Mr. Switzer was one of the youngest officers of that rank in the entire American Express organization.

Prior experience includes banking officer positions with Manufacturers Hanover Bank in New York City, and the First Atlanta Corporation in Atlanta.

GABRIEL BATTISTA Senior Vice President; Sales and Operations

Mr. Battista is responsible for all line sales and operations functions. Mr. Battista's experience qualifies him exceptionally well for this position. Previous positions include:

US Sprint President; Eastern Business Group
President; Mid Atlantic Division

GTE TELENET Vice President; Sales and Field Marketing.

Other significant positions have involved general management, market development, and aquisition management, both within and outside the telecommunications industry. Mr. Battista's experience is extremely broad, on both a domestic and international basis. His educational credentials are:

B.S.E.E. Villanova University
M.S.E.E. Drexel University
M.B.A. Temple University

JOSEPH L. WILEY**Senior Vice President; Administration and Customer Service**

Mr. Wiley joined the Company's predecessor from AT&T, where he held progressively responsible positions over a period of five years, ending as Group Vice President-Administration, AT&T Credit Corporation. Prior to joining AT&T, Mr. Wiley was with the GTE Corporation for 11 years.

Mr. Wiley's background, in addition to being a Certified Public Accountant, includes:

B.S. Accounting
M.B.A.
Lecturer

University of Kentucky
Indiana University
Indiana University/Perdue University

JAMES F. BRYAN**Director, Telco & Regulatory Relations**

Mr. Bryan is responsible for negotiation and administration of Telco billing and collection contracts, general issues regarding LEC relationships and regulatory compliance. Mr. Bryan joined the Company's predecessor in February 1986 as Controller, a position he held until May 1987. Previous positions included Chief Financial Officer; Benton Brothers Film Express and Controller, Southern Tea Company.

JOHN BASILE**Director of Operations**

Mr. Basile is responsible for managing the Branch Technical Operations and Customer Relations functions. Mr. Basile's prior experience includes over five years with MCI Telecommunications, including the following positions:

Operations Manager; Northwest Division
Senior Manager, Customer Service; Pacific Division
Senior Manager, Engineering; Southeast Division
Senior Manager, Operations; Southeast Division

DONALD BOLAR**Director of Engineering**

Bolar is responsible for acquisition of the leased facilities used to access the Company's network and to complete the call once processed by the operator-handling system. Mr. Bolar has over ten years of progressively responsible management experience in the telecommunications field, including the following positions:

AT&T/Bell Communications Research

District Manager, Special Services/Network Planning
District Manager, Network Architecture

MCI Telecommunications

Senior Manager; Traffic Engineering and Network
Implementation

LDX Network

Director; Planning and Applications Engineering

DAN SMITH

Director of Operator Services

Mr. Smith is responsible for managing the operator workforce ultimately responsible for delivery of the Company's service offering. He also manages the department which administers the post-billing function. Mr. Smith has 20 years of telecommunications experience, including:

Contel

Director; Network Market Planning

Metromedia Long Distance

Director; Network Engineering

Satelco

Vice President; Operations

Southwestern Bell

Numerous positions over a 13-year period.

EXHIBIT D

The attached balance sheet and income statement are the latest available for National Telephone Services, Inc., which is the predecessor company to American Operator Services, Inc.

National Telephone Services, Inc.
Balance Sheet
December 31, 1987
 (All amounts in thousands)

Assets

Current Assets

Accounts Receivable	\$ 9,649
Deposits and Prepaid Expense	1,472

Total Current Assets	\$11,121

Fixed Assets	\$ 7,229
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Less Accumulated Depreciation	733
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Net Fixed Assets **\$ 6,496**

Total Assets	<u>\$17,617</u>
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Liabilities and Shareholders Equity

Current Liabilities

Accounts Payable and Accrued Expense	\$ 7,483
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Notes Payable	\$12,035
---------------	----------

Total Current Liabilities	\$19,518
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Long-term Obligations 378

Shareholders Equity

Paid in Capital	\$ 5,995
Accumulated Deficit	(8,274)
Shareholders Equity	(2,279)

Liabilities and Shareholders Equity	<u>\$17.617</u>
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National Telephone Services, Inc.
Income Statement
For the Three Months Ended December 31, 1987
(All amounts in thousands)

Revenue	\$ 8,549
Less: Reserve for bad debt	350

Net Revenue	\$ 8,199

Expenses

Transport and Technical Overhead	\$ 5,100
Commissions	1,295
Operator Services	1,398
Marketing	1,691
Administrative	1,056

Total Expense	\$10,540
 Pre-Tax Income/(Loss)	 (\$2,341)

National Telephone Services, Inc.
Balance Sheet
September 30, 1987

Assets

Current Assets

Accounts Receivable (net)	\$3,360,502
Deposits	1,089,225
Prepaid Expenses	<u>68,258</u>

Total Current Assets **\$4,517,985**

Fixed Assets

Furniture and Fixtures	\$ 277,279
Equipment	4,146,182
Leasehold Improvements	<u>189,435</u>
Total	\$4,612,896
Less: Depreciation and Amortization	479,995

Net Fixed Assets **4,132,901**

Total Assets **\$8,650,886**
=====

Liabilities and Shareholder's Equity

Current Liabilities

Accounts Payable and Accrued Expense	\$1,905,089
Other Current Liabilities	4,405
Revolving Line of Credit	<u>6,280,000</u>

Total Current Liabilities **\$8,189,494**

Long Term Capital Leases **400,436**

Shareholder's Equity

Paid-in Capital	\$5,994,769
Accumulated Deficit	(5,933,813)

Net Shareholder's Equity **60,956**

Total Liabilities and Shareholder's Equity **\$8,650,886**
=====

National Telephone Services, Inc.
Income Statement
For the Fiscal Year Ended September 30, 1987

<u>Revenues:</u>		
Gross Revenue		\$6,975,519
Less: Provision for Uncollectable Revenue		<u>212,569</u>
Net Revenue		\$6,762,950
 <u>Direct Expenses</u>		
Operator Expense		1,382,250
Telco Expense		3,482,609
Billing Expense		388,102
Commission Expense		<u>636,879</u>
Total Direct Expense		<u>\$5,889,840</u>
Gross Margin		<u>\$ 873,110</u>
 <u>Overhead and Sales Expenses</u>		
Marketing & Sales Expense		\$1,435,778
Operations Expense		1,558,690
General and Administrative Expense		1,711,941
Miscellaneous Expense		<u>53,293</u>
Total Overhead and Sales Expense		<u>\$4,759,702</u>
 Income (Loss) Before Interest, Depreciation, & Taxes		
		(\$3,886,592)
Interest	\$135,722	
Depreciation	407,273	<u>542,995</u>
Income (Loss) Before Taxes		(\$4,429,587)

EXHIBIT E

AMERICAN OPERATOR SERVICES, INC.

MISSOURI ACTIVITY PROJECTED CASH FLOW

		1	2	3	4	5	6	7	8	9	10	11	12
Revenue Collection	90 day lag	0.00	0.00	0.00	20,856.70	35,718.30	46,668.30	90,780.05	109,780.75	155,541.70	157,512.70	155,401.80	174,173.45
Direct Costs:													
Operator Services	Current month	2,285.60	3,914.40	5,114.40	9,968.40	12,030.80	17,045.60	17,261.60	17,030.40	19,087.60	21,696.40	27,228.40	27,228.40
Transport	60 day lag	0.00	0.00	8,000.00	13,700.00	17,900.00	34,820.00	42,107.60	59,660.00	60,416.00	59,606.00	66,806.00	75,938.00
Billing Services	30 day lag	0.00	1,142.80	1,957.20	2,557.20	4,974.20	6,015.40	8,522.80	8,630.80	8,515.20	9,543.80	10,848.20	13,614.20
Commissions	45 day lag	0.00	1,564.28	4,243.14	6,179.01	10,308.64	15,042.07	19,899.19	23,479.09	23,468.60	24,718.15	27,911.55	33,483.05
Bad Debt	90 day lag	0.00	0.00	0.00	1,042.84	1,785.92	2,333.42	4,539.00	5,489.04	7,777.09	7,875.64	7,770.09	8,708.67
Total Direct Cost Cash Flow		2,285.60	6,621.46	19,314.74	33,427.45	46,999.56	75,256.49	92,330.19	114,289.33	119,264.49	123,439.99	140,564.24	158,972.32
Indirect Costs, excluding Hardware	50% current month, 50% - 30 day lag	1,714.20	4,650.00	6,771.60	11,297.10	16,484.40	21,807.30	25,730.40	25,719.00	27,088.50	30,588.00	36,693.60	39,035.50
Total Cost, Cash Flow		3,999.80	11,271.46	26,086.34	44,724.55	63,483.96	97,063.79	118,060.59	140,008.33	146,352.99	154,027.99	177,257.84	198,007.82
Net Cash Flow		(3,999.80)	(11,271.46)	(26,086.34)	(23,867.85)	(27,765.66)	(50,595.49)	(27,280.54)	(30,227.58)	9,188.71	3,484.71	(21,856.04)	(23,834.37)

AMERICAN OPERATOR SERVICES, INC.

MISSOURI ACTIVITY PROJECTED CASH FLOW

		13	14	15	16	17	18	19	20	21	22	23	24
Revenue Collection	90 day lag	197,980.55	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15	248,460.05	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15
Direct Costs:													
Operator Services	Current month	27,228.40	23,277.20	23,277.20	27,228.40	27,228.40	27,228.40	23,277.20	23,277.20	23,277.20	27,228.40	27,228.40	
Transport	60 day lag	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	95,300.00	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	81,470.00
Billing Services	30 day lag	13,614.20	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20
Commissions	45 day lag	37,269.02	37,269.02	34,564.82	31,860.62	34,564.82	37,269.02	37,269.02	37,269.02	34,564.82	31,860.62	31,860.62	34,564.82
Brd Debt	90 day lag	9,899.03	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21	12,423.00	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21
Total Direct Cost Cash Flow		183,310.65	181,883.42	177,203.62	164,620.62	167,497.63	184,031.83	185,834.62	181,883.42	177,203.62	160,669.42	162,817.83	167,497.63
Indirect Costs, excluding Hardware	50% current month, 50% - 30 day lag	37,228.40	35,433.50	33,638.60	34,626.40	35,614.20	35,614.20	34,626.40	33,638.60	33,638.60	34,626.40	35,614.20	
Total Cost, Cash Flow		220,539.05	217,316.92	210,842.22	199,247.02	203,111.83	219,646.03	221,448.82	216,509.82	210,842.22	194,308.02	197,444.23	203,111.83
Net Cash Flow		(22,558.50)	31,143.13	37,617.83	49,213.03	9,292.32	(7,241.88)	27,011.23	31,950.23	37,617.83	54,152.03	14,959.92	9,292.32

AMERICAN OPERATOR SERVICES, INC.

MISSOURI ACTIVITY PROJECTED CASH FLOW

		25	26	27	28	29	30	31	32	33	34	35	36
Revenue Collection	90 day lag	212,404.15	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15	248,460.05	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15
Direct Costs:													
Operator Services	Current month	27,228.40	23,277.20	23,277.20	27,228.40	27,228.40	27,228.40	23,277.20	23,277.20	23,277.20	27,228.40	27,228.40	27,228.40
Transport	60 day lag	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	95,300.00	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	81,470.00
Billing Services	30 day lag	13,614.20	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20
Commissions	45 day lag	37,269.02	37,269.02	34,564.82	31,860.62	34,564.82	37,269.02	37,269.02	37,269.02	34,564.82	31,860.62	31,860.62	34,564.82
Bad Debt	90 day lag	10,620.21	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21	12,423.00	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21
Total Direct Cost Cash Flow		184,031.83	181,883.42	177,203.62	164,620.62	167,497.63	184,031.83	185,834.62	181,883.42	177,203.62	160,669.42	162,817.83	167,497.63
Indirect Costs, excluding Hardware	50% current month, 50% - 30 day lag	35,614.20	34,626.40	33,638.60	34,626.40	35,614.20	35,614.20	34,626.40	34,626.40	33,638.60	33,638.60	34,626.40	35,614.20
Total Cost, Cash Flow		219,646.03	216,509.82	210,842.22	199,247.02	203,111.83	219,646.03	221,448.82	216,509.82	210,842.22	194,308.02	197,444.23	203,111.83
Net Cash Flow		(7,241.88)	31,950.23	37,617.83	49,213.03	9,292.32	(7,241.88)	27,011.23	31,950.23	37,617.83	54,152.03	14,959.92	9,292.32

AMERICAN OPERATOR SERVICES, INC.

PROJECTED MISSOURI PROFIT & LOSS

MONTH OF OPERATION	1	2	3	4	5	6	7	8	9	10	11	12
# CALLS	5,714	9,786	12,786	24,871	30,077	42,614	43,154	42,576	47,719	54,241	68,071	68,071
# MINUTES	40,000	68,500	89,500	174,100	210,538	298,300	302,080	298,030	334,030	379,690	476,500	476,500
RESULTING REVENUE												
Operator Services Charge	8,856.70	15,168.30	19,818.30	38,550.05	46,619.35	66,051.70	66,888.70	65,992.80	73,964.45	84,073.55	105,510.05	105,510.05
Measured Rate	12,006.00	20,550.00	26,850.00	52,230.00	63,161.40	89,490.00	90,624.00	89,409.00	100,209.00	113,907.00	142,950.00	142,950.00
Total Revenue	20,866.70	35,718.30	46,668.30	90,780.05	109,780.75	155,541.70	157,512.70	155,401.80	174,173.45	197,980.55	248,460.05	248,460.05
Direct Costs												
Operator Services	2,285.60	3,914.40	5,114.40	9,948.40	12,030.80	17,045.60	17,261.60	17,030.40	19,087.60	21,696.40	27,228.40	27,228.40
Transport	8,000.00	13,700.00	17,900.00	34,820.00	42,107.60	59,660.00	60,416.00	59,606.00	66,806.00	75,938.00	95,300.00	95,300.00
Billing Services	1,142.80	1,957.20	2,557.20	4,974.20	6,015.40	8,522.80	8,630.80	8,515.20	9,543.80	10,848.20	13,614.20	13,614.20
Commissions	3,128.51	5,357.75	7,000.25	13,617.01	16,467.11	23,331.26	23,626.91	23,310.27	26,126.02	29,697.08	37,269.01	37,269.01
Bad Debts	1,042.84	1,785.92	2,333.42	4,539.00	5,489.04	7,777.09	7,875.64	7,770.09	8,708.67	9,899.03	12,423.00	12,423.00
Total Direct Costs	15,599.75	26,715.27	34,905.27	67,898.61	82,109.95	116,336.75	117,810.95	116,231.96	130,272.09	148,078.71	185,834.61	185,834.61
Indirect Costs												
Marketing	1,142.80	1,957.20	2,557.20	4,974.20	6,015.40	8,522.80	8,630.80	8,515.20	9,543.80	10,848.20	13,614.20	13,614.20
Technical Support	1,142.80	1,957.20	2,557.20	4,974.20	6,015.40	8,522.80	8,630.80	8,515.20	9,543.80	10,848.20	13,614.20	10,000.00
Customer Support	1,142.80	1,957.20	2,557.20	4,974.20	6,015.40	8,522.80	8,630.80	8,515.20	9,543.80	10,848.20	13,614.20	13,614.20
Hardware	285.70	489.30	639.30	1,243.55	1,503.85	2,130.70	2,157.70	2,128.80	2,385.95	2,712.05	3,403.55	3,403.55
Total Indirect Costs	3,714.10	6,360.90	8,310.90	16,166.15	19,550.05	27,699.10	28,050.10	27,674.40	31,017.35	35,256.65	44,246.15	40,631.95
Total Costs	19,313.85	33,076.17	43,216.17	84,064.76	101,660.00	144,035.85	145,861.05	143,906.36	161,289.44	183,335.36	230,080.76	226,466.56
Net income/(loss)	1,542.85	2,642.13	3,452.13	6,715.29	8,120.75	11,505.85	11,651.65	11,495.44	12,884.01	14,645.19	18,379.29	21,993.49

AMERICAN OPERATOR SERVICES, INC.

PROJECTED MISSOURI PROFIT & LOSS

MONTH OF OPERATION	13	14	15	16	17	18	19	20	21	22	23	24
7 CALLS	68,071	58,193	58,193	68,071	68,071	68,071	68,071	58,193	58,193	58,193	68,071	68,071
1 MINUTES	476,500	407,350	407,350	476,500	476,500	476,500	476,500	407,350	407,350	407,350	476,500	476,500
RESULTING REVENUE												
Operator Services Charge	105,510.05	90,199.15	90,199.15	105,510.05	105,510.05	105,510.05	105,510.05	90,199.15	90,199.15	90,199.15	105,510.05	105,510.05
Measured Rate	142,950.00	122,205.00	122,205.00	142,950.00	142,950.00	142,950.00	142,950.00	122,205.00	122,205.00	122,205.00	142,950.00	142,950.00
Total Revenue	248,460.05	212,404.15	212,404.15	248,460.05	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15	212,404.15	248,460.05	248,460.05
Direct Costs												
Operator Services	27,228.40	23,277.20	23,277.20	27,228.40	27,228.40	27,228.40	27,228.40	23,277.20	23,277.20	23,277.20	27,228.40	27,228.40
Transport	95,300.00	81,470.00	81,470.00	95,300.00	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	81,470.00	95,300.00	95,300.00
Billing Services	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20	13,614.20
Commissions	37,269.01	31,860.62	31,860.62	37,269.01	37,269.01	37,269.01	37,269.01	31,860.62	31,860.62	31,860.62	37,269.01	37,269.01
Bad Debts	12,423.00	10,620.21	10,620.21	12,423.00	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21	10,620.21	12,423.00	12,423.00
Total Direct Costs	185,834.61	158,866.63	158,866.63	185,834.61	185,834.61	185,834.61	185,834.61	158,866.63	158,866.63	158,866.63	185,834.61	185,834.61
Indirect Costs												
Marketing	13,614.20	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00	12,000.00
Technical Support	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Customer Support	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20	13,614.20
Hardware	3,403.55	2,909.65	2,909.65	3,403.55	3,403.55	3,403.55	3,403.55	2,909.65	2,909.65	2,909.65	3,403.55	3,403.55
Total Indirect Costs	40,631.95	36,548.25	36,548.25	39,017.75	39,017.75	39,017.75	39,017.75	36,548.25	36,548.25	36,548.25	39,017.75	39,017.75
Total Costs	226,466.56	195,414.88	195,414.88	224,852.36	224,852.36	224,852.36	224,852.36	195,414.88	195,414.88	195,414.88	224,852.36	224,852.36
Net income/(loss)	21,993.49	16,989.27	16,989.27	23,607.69	23,607.69	23,607.69	23,607.69	16,989.27	16,989.27	16,989.27	23,607.69	23,607.69

AMERICAN OPERATOR SERVICES, INC.

PROJECTED MISSOURI PROFIT & LOSS

MONTH OF OPERATION	25	26	27	28	29	30	31	32	33	34	35	36
# CALLS	68,071	58,193	58,193	68,071	68,071	68,071	68,071	58,193	58,193	58,193	68,071	68,071
# MINUTES	476,500	407,350	407,350	476,500	476,500	476,500	476,500	407,350	407,350	407,350	476,500	476,500
RESULTING REVENUE												
Operator Services Charge	105,510.05	90,199.15	90,199.15	105,510.05	105,510.05	105,510.05	105,510.05	90,199.15	90,199.15	90,199.15	105,510.05	105,510.05
Measured Rate	142,950.00	122,205.00	122,205.00	142,950.00	142,950.00	142,950.00	142,950.00	122,205.00	122,205.00	122,205.00	142,950.00	142,950.00
Total Revenue	248,460.05	212,404.15	212,404.15	248,460.05	248,460.05	248,460.05	248,460.05	212,404.15	212,404.15	212,404.15	248,460.05	248,460.05
Direct Costs												
Operator Services	27,228.40	23,277.20	23,277.20	27,228.40	27,228.40	27,228.40	27,228.40	23,277.20	23,277.20	23,277.20	27,228.40	27,228.40
Transport	95,300.00	81,470.00	81,470.00	95,300.00	95,300.00	95,300.00	95,300.00	81,470.00	81,470.00	81,470.00	95,300.00	95,300.00
Billing Services	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20	13,614.20
Commissions	37,269.01	31,860.62	31,860.62	37,269.01	37,269.01	37,269.01	37,269.01	31,860.62	31,860.62	31,860.62	37,269.01	37,269.01
Bad Debts	12,423.00	10,620.21	10,620.21	12,423.00	12,423.00	12,423.00	12,423.00	10,620.21	10,620.21	10,620.21	12,423.00	12,423.00
Total Direct Costs	185,834.61	158,866.63	158,866.63	185,834.61	185,834.61	185,834.61	185,834.61	158,866.63	158,866.63	158,866.63	185,834.61	185,834.61
Indirect Costs												
Marketing	12,000.00	10,000.00	10,000.00	12,000.00	12,000.00	12,000.00	12,000.00	10,000.00	10,000.00	10,000.00	12,000.00	12,000.00
Technical Support	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Customer Support	13,614.20	11,638.60	11,638.60	13,614.20	13,614.20	13,614.20	13,614.20	11,638.60	11,638.60	11,638.60	13,614.20	13,614.20
Hardware	3,403.55	2,909.65	2,909.65	3,403.55	3,403.55	3,403.55	3,403.55	2,909.65	2,909.65	2,909.65	3,403.55	3,403.55
Total Indirect Costs	39,017.75	36,548.25	36,548.25	39,017.75	39,017.75	39,017.75	39,017.75	36,548.25	36,548.25	36,548.25	39,017.75	39,017.75
Total Costs	224,852.36	195,414.88	195,414.88	224,852.36	224,852.36	224,852.36	224,852.36	195,414.88	195,414.88	195,414.88	224,852.36	224,852.36
Net income/(loss)	23,607.69	16,989.27	16,989.27	23,607.69	23,607.69	23,607.69	23,607.69	16,989.27	16,989.27	16,989.27	23,607.69	23,607.69