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CHARTERED

June 2, 1998

BY OVERNIGHT DELIVERY

Blanco S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

950712-TX

Re: Notification of Pacific Gateway Exchange, Inc. and International Exchange Communications, Inc. d/b/a IE Com Pro Forma Transfer of Control and Name Change

Dear Mr. Bayo:

On behalf of Pacific Gateway Exchange, Inc. ("PGE") and International Exchange Communications, Inc. d/b/a IE Com ("IE Com") (together "the Parties") this letter is to advise the Commission of a *pro forma* transfer of control of PGE's certificate to IE Com, PGE's wholly owned subsidiary, and name change. As part of an internal corporate restructuring, PGE intends to transfer and consolidate its domestic interstate and intrastate operations to IE Com. As described in more detail below, the transfer involves no change in the management team and ultimate ownership or control of PGE's certification, and therefore is entirely *pro forma*.

Description of the Parties

PGE, a Delaware corporation qualified to do business in the State of Florida, is a publicly traded corporation on the Nasdaq National Market System under the symbol "PGEX."¹ PGE maintains its principal offices at 533 Airport Boulevard, Suite 505, Burlingame, California 94010. PGE is a remarkably successful company that earned over \$298 million in annual revenues for the year ended December 31, 1997. PGE expects its annual net revenue for 1998 to increase significantly.

¹ PGE is a publicly held company of which no single shareholder owns more than 50% of the shares. However, until recently, Mr. Howard Neckowitz held authority to vote more than 50% of PGE's shares pursuant to his own shares and certain voting proxies. PGE recently learned that certain proxies expired on January 1, 1998, thereby automatically reducing Mr. Neckowitz's voting control in PGE from over 50% of the outstanding shares to roughly 17.2%. Accordingly, to the extent required, PGE herein seeks authority for this event.

3000 K STREET, N.W. ■ SUITE 300
WASHINGTON, D.C. 20007-5116

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The Commission granted PGE Certificate Number 4852 to provide alternative local exchange telecommunications services in Florida pursuant to Order No. PSC-97-0450-FOF-TX, dated April 21, 1997, in Docket No. 970055-TX. PGE is also authorized to provide resold intrastate interexchange telecommunications services in California, Connecticut, Maryland, Massachusetts, Michigan, New York, and Texas pursuant to certification, registration, or (where appropriate) deregulation and to provide local exchange service in Texas and Florida. At this time, PGE also has applications to provide resold intrastate interexchange telecommunications services pending in Pennsylvania. PGE intends to transfer control of all of its state certifications to IE Com.

IE Com, PGE's wholly owned subsidiary, is also a Delaware corporation qualified to do business in the State of Florida. A copy of IE Com's Articles of Incorporation is attached as Exhibit A. Its Certificate of Authority to Transact Business in Florida is attached as Exhibit B. IE Com also maintains its principal offices at 533 Airport Boulevard, Suite 505, Burlingame, California 94010.

Because IE Com will rely upon the financial resources of PGE, it will have access to the capital necessary to conduct telecommunications operations in Florida. Moreover, as noted earlier, IE Com will have the same management team as PGE, and hence, the same technical and managerial resources. Accordingly, IE Com will not require additional investment to offer telecommunications services in Florida.

Description of the Transfer

As part of an internal corporate restructuring, PGE intends to transfer and consolidate its domestic interstate and intrastate operations to IE Com, its wholly owned subsidiary. This restructuring will enable the companies to reduce operating expenses and realize operational and managerial efficiencies that will ultimately inure to the benefit of Florida consumers. Moreover, this internal restructuring will provide PGE greater flexibility to raise additional capital that may be required in the future to secure its competitive position in the telecommunications marketplace. The officers and directors of PGE, IE Com's parent, will not change, nor will there be a change in the management, operations or quality of service provided to customers. Therefore, the proposed transfer is merely *pro forma*.

Conclusion

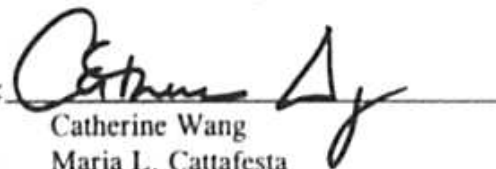
Upon review of the Florida statutes and Commission rules, it is the understanding of the Parties that prior Commission approval is not required for the *pro forma* transfer of control and name change described above. Absent receipt of written notification to the contrary within thirty (30) days, we will proceed on our understanding that no approval or other formal action with respect to this proposed transaction is required by the Commission. This letter is forwarded to

the Commission for informational purposes, to be included in the appropriate file. Please do not hesitate to contact the undersigned with any questions or comments regarding this filing.

Respectfully Submitted,

**PACIFIC GATEWAY EXCHANGE, INC. AND
INTERNATIONAL EXCHANGE
COMMUNICATIONS, INC. D/B/A IE COM**

By:



Catherine Wang

Maria L. Cattafesta

SWIDLER & BERLIN, CHARTERED

3000 K Street, N.W., Suite 300

Washington, D.C. 20007-5116

202/424-7500 (Tel)

202/424-7645 (Fax)

Their Counsel

cc: Tom Williams
Charles G. Taylor, Jr.

LIST OF EXHIBITS

- | | |
|-----------|---|
| Exhibit A | Articles of Incorporation |
| Exhibit B | Certificate of Qualification to Transact Business |

Exhibit A

Articles of Incorporation

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "INTERNATIONAL EXCHANGE COMMUNICATIONS, INC.", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF JUNE, A.D. 1997, AT 4:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.



Handwritten signature of Edward J. Freel in cursive.

Edward J. Freel, Secretary of State

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971215216

AUTHENTICATION: 8535777

DATE: 06-27-97

CERTIFICATE OF INCORPORATION
OF
INTERNATIONAL EXCHANGE COMMUNICATIONS, INC.

1. The name of the corporation is International Exchange Communications, Inc.
2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.
3. The nature of the business or purpose to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
4. The total number of shares of stock which the corporation shall have authority to issue is one thousand (1,000) common shares, at \$.01 par value per share.
5. The name and mailing address of the incorporator is as follows:

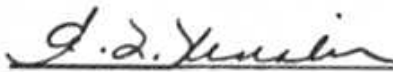
E. L. Kinsler
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801
6. The corporation is to have perpetual existence.
7. In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, alter or repeal the By-laws of the corporation.
8. Meetings of the stockholders may be held within or without the State of Delaware, as the By-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the By-laws of the corporation. Elections of directors need not be by written ballot unless the By-laws of the corporation shall so provide.
9. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

10. (A) Directors of the corporation shall have no personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of a director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violations of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which a director derived an improper personal benefit.

(B) The corporation shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, an action by or in the right of the corporation), by reason of his acting as a director or officer of the corporation (and the corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the corporation or is or was serving at the request of the corporation in any other capacity for or on behalf of the corporation) against any liability or expense actually and reasonably incurred by such person in respect thereof; provided, however, the corporation shall be required to indemnify an officer or director in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the Board of Directors of the corporation. Such indemnification is not exclusive of any other right to indemnification provided by law or otherwise. The right to indemnification conferred by this Section (B) shall be deemed to be a contract between the corporation and each person referred to herein.

(C) No amendment to or repeal of these provisions shall apply to or have any effect on the liability or alleged liability of any person for or with respect to any acts or omissions of such person occurring prior to such amendments.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts stated herein are true, and accordingly, have hereunto set my hand this 27th day of June, 1997.



E. L. Kinsler

Exhibit B

Certificate of Qualification to Transact Business



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

April 23, 1998

UCC FILING & SEARCH SERVICES

Qualification documents for INTERNATIONAL EXCHANGE COMMUNICATIONS, INC. were filed on April 23, 1998 and assigned document number F9800002337. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Jennifer Sindt
Document Examiner
Division of Corporations

Letter Number: 098A00022151

APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:

1. INTERNATIONAL EXCHANGE COMMUNICATIONS, INC.

(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION" or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. DELAWARE

(State or country under the law of which it is incorporated)

3. 94-3292374

(FEI number, if applicable)

4. 6/27/97

(Date of Incorporation)

5. PERPETUAL

(Duration: Year corp. will cease to exist or "perpetual")

6. UPON ACCEPTANCE

(Date first transacted business in Florida. (SEE SECTIONS 607.1501, 607.1502, AND 817.155, F.S.))

7. 533 AIRPORT BOULEVARD, SUITE 505

BURLINGAME CA 94010

(Current mailing address)

8. TO CONDUCT RETAIL COMMUNICATIONS SERVICES

(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent: (P.O. Box or Mail Drop Box NOT acceptable)

Name: HIQ CORPORATE SERVICES, INC.

Office Address: 529 EAST PARK AVENUE

TALLAHASSEE

, Florida, 32301

(Zip Code)

10. Registered agent's acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent

HIQ CORPORATE SERVICES, INC., BY: ROXANNE D. MONODIS, SECRETARY

Roxanne D. Monodis

(Registered agent's signature)

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

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 SECRETARY OF STATE
 DIVISION OF CORPORATIONS
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12. Names and addresses of officers and/or directors: (Street address ONLY- P. O. Box NOT acceptable)

A. DIRECTORS (Street address only- P. O. Box NOT acceptable)

Chairman: SEE ATTACHED

Address: _____

Vice Chairman: _____

Address: _____

Director: _____

Address: _____

Director: _____

Address: _____

B. OFFICERS (Street address only- P. O. Box NOT acceptable)

President: SEE ATTACHED

Address: _____

Vice President: _____

Address: _____

Secretary: _____

Address: _____

Treasurer: _____

Address: _____

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. Gail Granton
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. HOWARD NECKOWITZ, PRESIDENT GAIL GRANTON, SECRETARY
(Typed or printed name and capacity of person signing application)

FILED
SECRETARY OF STATE
DIVISION OF CORPORATE AFFAIRS
98 APR 23 PM 3:44