



November 26, 2001
Overnight Delivery

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

011606-77

RE: Initial Application and Tariff of **National Telephone Exchange, Inc.** for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Ms. Bayo:

Enclosed for filing are the original and six (6) copies of the above-referenced application and initial tariff of National Telephone Exchange, Inc.

Also enclosed is a Technologies Management, Inc. check in the amount of \$250.00 to cover the filing fee.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope provided for that purpose. I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to National Telephone Exchange, Inc.

Enclosures

TMF/ks

cc: Roger Ness, NTE
file: NTE - FL Debit
tms: FLd0100

DOCUMENT NUMBER-DATE

14923 NOV 27 01

FPSC-COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION

**DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION**

Application Form for Authority to Provide
Interexchange Telecommunications Service
Between Points Within the State of Florida

Instructions

- ◆ This form is used as an original application for an original certificate and for approval of assignment or transfer of an existing certificate. In case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 16).
- ◆ Print or Type all responses to each item requested in the application and appendices. If an item is not applicable, please explain why.
- ◆ Use a separate sheet for each answer which will not fit the allotted space.
- ◆ Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of **\$250.00** to:

**Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
(850) 413-6770**

- ◆ If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480**

1. This is an application for \checkmark (check one):

- Original certificate** (new company)
- Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve a new controlling entity.

2. Name of Company:

National Telephone Exchange, Inc. ("NTE")

3. Name under which applicant will do business (fictitious name, etc.):

Not applicable.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

National Telephone Exchange, Inc.
2417 North Front Street
Harrisburg, Pennsylvania 17110
Telephone: (717) 232 - 8201
Facsimile: (717) 232-9960
Toll Free: (800) 735-8822

5. Florida address (including street name & number, post office box, city, state, zip code):

See #4 Above

6. **Select type of business your company will be conducting. ✓ (check all that apply):**

- Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.
- Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

7. **Structure of organization:**

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other | |

8. **If individual, provide:**

Name:

Title:

Address:

City, ST, Zip:

Telephone #:

Fax #:

Internet E-Mail Address:

Internet Website Address:

9. **If incorporated in Florida**, provide proof of authority to operate in Florida:
 Florida Secretary of State Corporate Registration #: Not applicable
10. **If foreign corporation**, provide proof of authority to operate in Florida:
 Florida Secretary of State Corporate Registration #: F01000004347
11. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09,FS to operate in Florida:
 Florida Secretary of State fictitious name registration #: Not applicable
12. **If a limited liability partnership**, provide proof of registration to operate in Florida:
 Florida Secretary of State registration #: Not applicable
13. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.
- Name:**
Title:
Address:
City, ST, Zip:
- Telephone #:** **Fax #:**
Internet E-Mail Address:
Internet Website Address:
14. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169,FS), if applicable.
 Florida registration #: Not applicable
15. Provide **F.E.I. Number** (if applicable): 23-2281755

16. Provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services?
(X) Yes () No No bill is issued for Prepaid Card Services

(b) If not, who will bill for your services?

Name:

Title:

Address:

City, ST, Zip:

Telephone #:

Fax #:

(c) How is this information provided?

Not applicable

17. Who will receive the bills for your service?

- | | |
|--|--------------------------------------|
| () Residential customers | (X) Business customers |
| () PATS providers | () PATS station end-users |
| () Hotels & motels | () Hotel & motel guests |
| () Universities | () Universities dormitory residents |
| (X) Other: No bill will be issued for Prepaid Debit Card Services. | |

18. Who will serve as liaison th the Commission with regard to the following:

(a) the application:

Thomas M. Forte, Consultant
Consultant to National Telephone Exchange, Inc.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, Florida 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613
Internet E-Mail Address: tforte@tminc.com

(b) Official point of contact for the ongoing operations of the company:

Mr. Roger J. Ness, President
National Telephone Exchange, Inc.
2417 North Front Street
Harrisburg, Pennsylvania 17110
Telephone: (717) 232 - 8201
Facsimile: (717) 232-9960
Toll Free: (800) 735-8822

(c) Complaints/Inquiries from customers:

Customer Service Manager
National Telephone Exchange, Inc.
2417 North Front Street
Harrisburg, Pennsylvania 17110
Telephone: (717) 232 - 8201
Facsimile: (717) 232 - 9960
Toll Free: (800) 735 - 8822

19. List the states in which the applicant:

(a) has operated as an interexchange telecommunications company:

NTE is operating as an interexchange company in Pennsylvania, Maryland, New Jersey, West Virginia, Delaware and New York.

(b) has applications pending to be certificated as an interexchange telecommunications company:

None

(c) is certificated to operate as an interexchange telecommunications company:

NTE is certified with long distance authority in Pennsylvania, however, the company anticipates filing Interexchange applications throughout the United States during the remainder of 2001.

(d) has been denied authority to operate as an interexchange telecommunications company and the circumstances involved:

None

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved:

None

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved:

None

20. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

- (a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.**

No officer, director or stockholder of the Company has been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. No officer, director or stockholder of the Company is involved in proceedings which may result in such action.

- (b) an officer, director partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.**

No officer, director, partner or stockholder of the Company is an officer director or stockholder in any other Florida certificated telephone company.

21. The applicant will provide the following interexchange carrier services \checkmark (check all that apply):

- A. **MTS with distance sensitive per minute rates**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- B. **MTS with route specific rates per minute**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- C. **MTS with statewide flat rates per minute (i.e. not distance sensitive)**
 - Method of access is FGA
 - Method of access is FGB
 - Method of access is FGD
 - Method of access is 800

- D. **MTS for pay telephone service providers.**

- E. **Block of time calling plan (Reach Out Florida, Ring America, etc.)**

- F. **800 Service (Toll free)**

- G. **WATS type service (Bulk or volume discount)**
 - Method of access is via dedicated facilities
 - Method of access is via switched facilities

- H. **Private line services (Channel Services) (For ex. 1.544 mbps, DS-3, etc.)**

- I. **Travel service**
 - Method of access is 950
 - Method of access is 800

- J. **900 service**

- K. **Operator Services**
 - Available to presubscribed customers
 - Available to non presubscribed customers (for example, patrons of hotels, students in universities, patients in hospitals.
 - Available to inmates

Services included are:

 - Station assistance
 - Person to person assistance
 - Directory assistance
 - Operator verify and interrupt
 - Conference calling

22. **Submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485.(example enclosed).**

Please see Attachment I.

23. **Submit the following:**

- A. **Managerial capability:** give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.
- B. **Technical capability:** give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.
- C. **Financial capability.**

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

1. the balance sheet;
2. income statement; and
3. statement of retained earnings.

Note: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **A written explanation** that the applicant has sufficient financial capability to provide the requested service
2. **A written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **A written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations

THIS PAGE MUST BE COMPLETED AND SIGNED
APPLICANT ACKNOWLEDGMENT STATEMENT

1. REGULATORY ASSESSMENT FEE:

I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.

2. GROSS RECEIPTS TAX:

I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

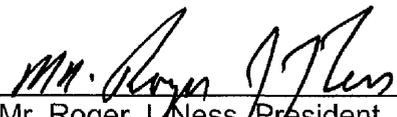
3. SALES TAX:

I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. APPLICATION FEE:

A non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:



Mr. Roger J. Ness, President
National Telephone Exchange, Inc.
2417 North Front Street
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Telephone: (717) 232 - 8201
Facsimile: (717) 232-9960
Toll Free: (800) 735-8822

10-8-01

Date

THIS PAGE MUST BE COMPLETED AND SIGNED

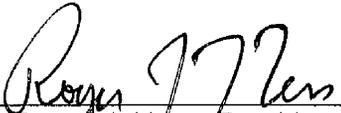
CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be provided in one of the following ways (applicant, please check one):

- () The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant intends to collect deposits and/or advance payments for more than one month's service and will file and maintain a surety bond with the Commission in an amount equal to the current balance of deposits and advance payment in excess of one month. (The bond must accompany the application).

UTILITY OFFICIAL:



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Toll Free: (800) 735-8822

6-19-01

Date

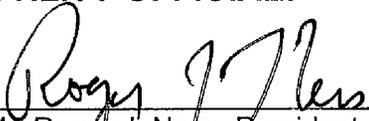
THIS PAGE MUST BE COMPLETED AND SIGNED

AFFIDAVIT

By my signature below, I the undersigned owner or officer attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the state of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL:



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6-19-01

Date

CURRENT FLORIDA INTRASTATE SERVICES

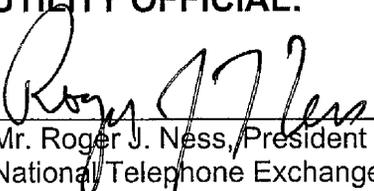
Applicant **has** () or **has not** () previously provided intrastate telecommunications in Florida.

If the answer is Has, fully describe the following:

- a) What services have been provided and when did these services begin?

- b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:



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6-19-01

Date

CERTIFICATE TRANSFER, OR ASSIGNMENT STATEMENT

I, _____ of _____, and current holder of Florida Public Service Commission Certificate Number # _____, have reviewed this application and join in the petitioner's request for a:

- Transfer
- Assignment

of the above mentioned certificate.

UTILITY OFFICIAL:

Name

Signature

Title

Date

Telephone No.

Fax No.

Address:

National Telephone Exchange, Inc.

Attachment I

Proposed Tariff

TITLE PAGE

FLORIDA TELECOMMUNICATIONS TARIFF

OF

National Telephone Exchange, Inc.

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of resold telecommunication services provided by National Telephone Exchange, Inc. with principal offices located at 2417 North Front Street, Harrisburg, PA 17110. This tariff applies to services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

CHECK SHEET

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION
1	Original *
2	Original *
3	Original *
4	Original *
5	Original *
6	Original *
7	Original *
8	Original *
9	Original *
10	Original *
11	Original *
12	Original *
13	Original *
14	Original *
15	Original *
16	Original *
17	Original *
18	Original *
19	Original *
20	Original *
21	Original *

* - indicates those pages included with this filing

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

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Check Sheet 2
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Tariff Format 5
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Section 4.0 - Rates 20

Issued: November 27, 2001

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Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

SYMBOLS

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

- (D) Delete or discontinue
- (I) Change resulting in an increase to a Customer's bill
- (M) Moved from another tariff location
- (N) New
- (R) Change resulting in a reduction to a Customer's bill
- (T) Change in text or regulation but no change in rate or charge

When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised sheet(s) through the use of the above mentioned symbols.

Issued: November 27, 2001

Effective:

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

TARIFF FORMAT

- A. Sheet Numbering** - Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff sheet in effect. Consult the check sheet for sheet currently in effect.
- C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1.
 - 2.1.1.
 - 2.1.1.A.
 - 2.1.1.A.1.
 - 2.1.1.A.1.(a).
 - 2.1.1.A.1.(a).I.
 - 2.1.1.A.1.(a).I.(i).
 - 2.1.1.A.1.(a).I.(i).(1).
- D. Check Sheets** - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

Issued: November 27, 2001

Effective: _____

Issued by:

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2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS

Abbreviations

The following abbreviations are used herein only for the purposes indicated below:

- FCC** - Federal Communications Commission
- FPSC** - Florida Public Service Commission
- IXC** - Interexchange Carrier
- LEC** - Local Exchange Carrier
- NTE** - National Telephone Exchange, Inc.

Issued: November 27, 2001

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2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Authorization Code - A pre-defined series of numbers to be dialed by the Customer or End User upon access to the Company's system to notify the caller and validate the caller's authorization to use the services provided. The Customer is responsible for charges incurred through the use of his or her assigned Authorization Code.

Available Usage Balance - The amount of usage remaining on a Prepaid Account at any particular point in time. Each Prepaid Account has an Initial Account Balance which is stated either in U.S. dollars or Call Units, depending upon the type of service. The Available Balance is depleted as services provided by the Company are utilized by the Customer.

Commission - The Florida Public Service Commission.

Company or Carrier - National Telephone Exchange, Inc. unless otherwise clearly indicated by the context.

Customer - Any person, firm, partnership, corporation, or other entity which uses telecommunications services under the provisions and regulations of this tariff and is responsible for payment of charges.

Initial Usage Balance - The amount of usage on a Prepaid Account upon issuance and before any depleting call activity.

LEC - Local Exchange Company

Marks - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

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Harrisburg, Pennsylvania 17110

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)

Personal Identification Number (PIN) - A numeric or alpha-numeric sequence which uniquely identifies a travel card or Prepaid card account. See Authorization Code.

Prepaid Account - An account which consists of a pre-paid usage balance depleted on a real-time basis during each Prepaid Service call.

Prepaid Card - A card issued by the Company which provides the Customer with a Personal Identification Number (PIN) and instructions for accessing the Carrier's network.

Prepaid Service Call - A service accessed via a "1-800" or other access code dialing sequence whereby the Customer or Authorized User dials all of the digits necessary to route a call. Network usage for each call is deducted from the available usage balance on a Company issued Prepaid Account.

Recharge - A method of replenishing a Prepaid Account's Available Usage Balance with additional minutes of usage as authorized and paid for by the Customer.

Sponsor - A corporation or other legal entity that exclusively permits the use of its Marks to the company for use with telephone cards or other merchandise, and contracts with the company for the marketing of the services described herein.

Subscriber - The person or legal entity which enters into arrangements for the Company's telecommunications services on behalf of him/her self or on behalf of a transient third party. A Subscriber may also be an End User when he/she utilizes the telecommunications services of National Telephone Exchange, Inc.

NTE - National Telephone Exchange, Inc., issuer of this tariff.

Issued: November 27, 2001

Effective:

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2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

SECTION 2.0 - RULES AND REGULATIONS

2.1 Undertaking of the Company

NTE's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff. NTE installs, operates, and maintains the communications services provided herein under in accordance with the terms and conditions set forth under this tariff.

2.2 Applicability of Tariff

This tariff is applicable to telecommunications services provided by NTE within the state of Florida.

2.3 Limitations of Service

2.3.1 Service will be furnished subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.3.2 NTE reserves the right to discontinue furnishing service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of law.

2.3.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.4 NTE reserves the right to discontinue the offering of service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

Issued: November 27, 2001

Effective:

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.4 Liability

- 2.4.1** The liability of the Company for any claim or loss, expense or damage (including indirect, special, or consequential damage) for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff shall not exceed an amount equivalent to the proportionate charges to the Customer for the period of service or the facility provided during which such interruption, delay, error, omission, or defect occurs.
- 2.4.2** The Company shall not be liable for any claim or loss, expense, or damage (including indirect, special, or consequential damage), for any interruption, delay, error, omission, or other defect in any service facility, or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by any act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control, unless ordered by the Commission.
- 2.4.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer and Subscriber against any claim or loss, expense, or damage, (i) for defamation, invasion of privacy, infringement of copyright or patent, unauthorized use of any trademark, trade name, or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property, or entity arising from the material data, information, or content revealed to, transmitted, processed, handled, or used by Company under this tariff, or (ii) for connecting, combining, or adapting Company's facilities with Customer's or Subscriber's apparatus or systems, or (iii) for any act or omission of the Customer or Subscriber, or (iv) for any personal injury or death of any person, or for any loss of or damage to Subscriber's or Customer's premises or any other property, whether owned by Customer, Subscriber or others, caused directly or indirectly by the installation, maintenance, location, condition, operation, failure or removal of equipment or wiring provided by the Company if not directly caused by negligence of the Company.
- 2.4.4** The Company shall not be liable for any claim, loss, or refund as a result of loss or theft of Prepaid Cards or Personal Identification Numbers issued for use with the Company's services. Nor will the Company be liable for any claim, loss or refund on any unused balance remaining on a Prepaid Card provided to a Customer before or after the expiration date assigned to each Prepaid Account.

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment and Credit Regulations

2.5.1 Payment Arrangements

For Subscriber Services, all charges due by the Customer are payable to any agency duly authorized to receive such payments. This includes payment for calls or services originated at the Customer's number(s); placed using a Prepaid Card as a form of payment regardless of the purchaser of the card or the originating location of the call; incurred at the specific request of the Customer.

Payments for service provided in association with Company-issued Prepaid Accounts must be received by the Company or its authorized agent prior to the activation of the Customer's Prepaid Account. The Customer shall be responsible for all calls placed via the Prepaid Account as the result of the Customer's intentional or negligent disclosure of their Personal Identification Number (PIN).

Renewal of Customer Account Balances made by charges to commercial credit cards are subject to the terms and conditions of the issuing commercial credit card company and those of NTE's credit card processing agent. Renewals of Customer Account Balances made by cashier's checks are subject to the terms and conditions of the issuing financial institution.

2.5.2 Deposits

The Company does not collect deposits from its Customers. The prepayment for services which are immediately available to the Customer does not constitute a deposit.

Issued: November 27, 2001

Effective:

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.5 Payment and Credit Regulations, (Cont'd.)

2.5.3 Advance Payments

The Company does not collect advance payments from its Customers. The prepayment of services immediately available does not constitute an Advance Payment.

2.5.4 Taxes

Federal, state and local taxes, including but not limited to federal excise tax, state gross receipts taxes, sales taxes, and municipal utilities taxes are listed as separate line items on the bill. For pre-paid services, taxes and fees shall be included in the rates and charges stated in the Company's rate schedule for this service.

2.5.5 Returned Checks

The Company reserves the right to assess a return check charge of up to \$20.00 or 5% of the balance due (whichever is greater) whenever a check or draft presented for payment of service is not accepted by the institution on which it is written.

2.5.6 Late Payment Charge

A late fee of 1.5% per month will be charged on any past due balance.

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Harrisburg, Pennsylvania 17110

FLd10100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.6 Refunds or Credits for Service Outages or Deficiencies

2.6.1 Interruption of Service

Credit allowances for interruptions of service which are not due to the Carrier's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4.2 herein. It shall be the obligation of the Customer to notify Carrier immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control or is not in wiring or equipment, if any, furnished by the Customer and connected to Carrier's terminal.

Credit allowances for interruptions of service caused by service outages or deficiencies are limited to the initial minimum period call charges for re-establishing the interrupted call.

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Harrisburg, Pennsylvania 17110

FLd10100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.7 Refusal or Discontinuance by Company

NTE may refuse or discontinue service for non-compliance with and/or violation of any Federal, State or municipal law, ordinance or regulation pertaining to telephone service.

2.7.1 Service may also be discontinued or refused without notice for the following conditions:

- A.** In the event of Customer use of equipment in such a manner as to adversely affect the company's equipment or the Company's service to others.
- B.** In the event of hazardous conditions or tampering with the equipment furnished and owned by the Company.
- C.** In the event of unauthorized or fraudulent use of service. If service is disconnected for fraudulent use, the Company may require the Customer to make, at his expense, all changes necessary to eliminate illegal use and pay any amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

2.7.2 Service may be discontinued after five (5) working days written notice for the following conditions:

- A.** For non-compliance with or violation of the Commission's regulations or the Company's rules and regulations on file with the Commission.
- B.** For nonpayment of bills for telephone service.

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2417 North Front Street
Harrisburg, Pennsylvania 17110

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SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.7 Refusal or Discontinuance by Company, (Cont'd)

2.7.3 Service may be discontinued after notice and a reasonable time to comply with any rules or remedy any deficiency for the following conditions:

- A.** For non-compliance with or violation of any state or municipal law, ordinance or regulation pertaining to telephone service.
- B.** For the use of telephone service for any other property or purpose than described in this tariff.
- C.** For neglect or refusal to provide reasonable access to the Company for inspection and maintenance of equipment owned by the Company.

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2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.8 Use of Service

Service may be used for any lawful purpose for which it is technically suited. Customers reselling NTE's Florida intrastate service must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

2.9 Applicable Law

This tariff shall be subject to and construed in accordance with Florida law.

2.10 Other Rules

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Personal Identification Numbers when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

Issued: November 27, 2001

Effective: _____

Issued by:

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2417 North Front Street
Harrisburg, Pennsylvania 17110

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SECTION 3 - SERVICE DESCRIPTIONS**3.1 General**

Service is offered to business and residential Customers and is available on a presubscription basis from equal access originating end offices only. Rates for service may vary by call type and/or term commitments. Usage rates, per-call service charges, monthly fees and installation charges may apply. Call timing is defined in the description for each service. Service is available 24 hours per day, 7 days per week.

3.2 Timing of Calls

- 3.2.1** Long distance usage charges are based on the actual usage of NTE's network. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connection.
- 3.2.2** Initial and additional billing increments are specified in the description for each service.
- 3.2.3** There is no billing applied for incomplete calls.
- 3.2.4** Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call.
- 3.2.5** The customer can expect a call completion rate of 99% per 100 calls attempted during peak use periods for all Feature Group D (1+) services. Carrier will engineer its switching systems on the basis that ninety-nine percent (99%) of the customers accessing their system will be served during the busy hour.
- 3.2.6** Call measurement and rounding increments for billing purposes are specified for each product in the rate section of this tariff.

Issued: November 27, 2001

Effective:

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2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 3 - SERVICE DESCRIPTIONS, (CONT'D.)

3.3 NTE Online Phone Card Service

NTE Online Phone Card Service is a renewable prepaid card service allows Customers to place calls from any location. Calls are originated by dialing an access number, followed by a personal identification number in addition to the called number. Prepaid card accounts maintain a Available Usage Balance which is depleted on a real-time basis as calls are placed. Customers are notified of their remaining account balance at the beginning of each call.

Calls are billed in one (1) minute increments. The minimum call duration for billing purposes is one (1) minute. NTE Online Phone Card Service is available 24 hours a day, seven days per week.

3.3.1 Terms and Conditions of Service

- (A) Calls to 500, 700, 900 and 976 numbers and calls requiring operator assistance and quotation of time and charges cannot be completed using the Prepaid Card. Air to ground and high seas service may not be completed. Calls may not be completed using rotary telephone service.
- (B) All Prepaid Cards expire six (6) months after last use.
- (C) A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur before the balance will be depleted.
- (D) Calls in progress will be terminated by the Company if the balance on the Prepaid Card is insufficient to continue the call. Customers who purchase renewable prepaid cards may renew their card balances. Card renewals may take up to one (1) business day to process.

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 3 - SERVICE DESCRIPTIONS, (CONT'D.)

3.3 NTE Online Phone Card Service, (Cont'd.)

3.3.2 Online Phone Card Description

All NTE Online Phone Card are offered for sale to the general public. The following listing provides an overview of the basic card types as well as the general market segment the cards are targeted at. Customers are free to choose the card that fits their particular calling pattern at the time of purchase.

- (A) **NTE Online Phone Card** - This card is targeted at domestic and international callers offering very competitive calling rates.

3.4 NTE Online Phone Card - Sponsor Program

The Online Phone Card Sponsor Program is offered to organizations or commercial entities for distribution to their members or patrons. The marketing vehicle and expiration period is selected by the Sponsor upon joint agreement between the Company and the Sponsor. The Sponsor is responsible for obtaining all necessary permissions for the use of any trade mark, trade name, service mark or other image on the card. The Sponsor may distribute the Carrier's debit card accounts at reduced rates or free of charge to end users for promotional purposes. At the option of the sponsor, these cards may not be replenished. The Company reserves the right to approve or reject any image and to specify the customer information language and use of the Carrier's trade mark, trade name, service mark or other image on the card.

Issued: November 27, 2001

Effective:

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLd10100

SECTION 4 - RATES

4.1 NTE Online Phone Card Service Rates

(1) Online Phone Card	
Initial Minute	\$0.2500
Each Additional Minute	\$0.2500

4.2 Pay Telephone Surcharge

Rate Per Call: \$0.50

4.3 The above mentioned prepaid card rates are Per Minute Rates and are not Time of Day or Distance sensitive.

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

SECTION 4 - RATES, (CONT'D.)

4.4 Promotions - General

From time to time the Company may, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. Promotions are subject to the FPSC review and will be made part of this tariff.

4.5 Demonstration Calls

From time to time NTE will demonstrate its services by providing free test calls of up to fifteen minutes duration over its network.

4.6 Discounts for the Hearing and Speech Impaired

A telephone toll message which is communicated using a telecommunications device for the deaf (TDD) by properly certified hearing or speech impaired persons or properly certified business establishments or individuals equipped with TDDs for communicating with hearing or speech impaired persons will receive, upon request, credit on charges for certain intrastate toll calls placed between TDDs. The credit to be given on a subsequent bill for such calls placed between TDDs will be equal to applying the evening rate during business day hours and the night/weekend rate during the evening rate period. Discounts do not apply to surcharges or per call add on charges for operator services when the call is placed by a method that would normally incur the surcharge.

Issued: November 27, 2001

Effective: _____

Issued by:

Mr. Roger J. Ness, President
2417 North Front Street
Harrisburg, Pennsylvania 17110

FLdl0100

National Telephone Exchange, Inc.

Attachment II

Secretary of State

NOV-20-01 TUE 11:03 AM

FAX NO.



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

August 16, 2001

Quality Acknowledgments to
Relation also Information

UCC FILING & SEARCH

TALLAHASSEE, FL.

Qualification documents for NATIONAL TELEPHONE EXCHANGE, INC. were filed on August 16, 2001 and assigned document number F01000004347. 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/uniform business 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) 245-6051, the Foreign Qualification/Tax Lien Section.

Buck Kohr
Corporate Specialist
Division of Corporations

Letter Number: 801A00046974

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:

FILED
01 AUG 16 PM 1:06
SECRETARY OF STATE
TALLAHASSEE, FLORIDA
FILED
01 AUG 16 PM 1:06
SECRETARY OF STATE
TALLAHASSEE, FLORIDA
FILED
01 AUG 6 PM 1:07
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

1. NATIONAL TELEPHONE EXCHANGE, 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. PENNSYLVANIA 3. 23-2281755
(State or country under the law of which it is incorporated) (FEI number, if applicable)

4. DECEMBER 9, 1983 5. PERPETUAL
(Date of incorporation) (Duration: Year corp. will cease to exist or "perpetual")

6. UPON QUALIFICATION
(Date first transacted business in Florida. If corporation has not transacted business in Florida, insert "upon qualification.")
(SEE SECTIONS 607.1501, 607.1502 and 817.155, F.S.)

7. 2417 NORTH FRONT STREET, HARRISBURG, PA. 17110
(Principal office address)

2417 NORTH FRONT STREET, HARRISBURG, PA. 17110
(Current mailing address)

8. PREPAID CALLING CARD SALES
(Purpose(s) of corporation authorized in home state or country to be carried out in state of Florida)

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

Name: DEC FILING & SEARCH SERVICES INC

Office Address: 526 E PARK AVE

TALLAHASSEE, Florida 32301
(City) (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.

Alicia Hand ASSISTANT SECY
(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.

NOV-20-01 TUE 11:03 AM

12. Names and business addresses of officers and/or directors:

A. DIRECTORS

Chairman: _____

Address: _____

Vice Chairman: _____

Address: _____

Director: _____

Address: _____

Director: _____

Address: _____

FILED
01 AUG 16 PM 1:06
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FILED
01 AUG 16 PM 1:06
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

B. OFFICERS

President: ROGER J. J. NESS

Address: 2417 NORTH FRONT ST.

HARRISBURG PA 17110

Vice President: _____

Address: _____

Secretary: MATTHEW WINEKA

Address: 2417 NORTH FRONT ST. HARRISBURG, PA 17110

Treasurer: _____

Address: _____

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

13. *Roger J. Ness*
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. ROGER J. J. NESS
(Typed or printed name and capacity of person signing application)

NOV-20-01 TUE 11:04 AM

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE

FILED
01 AUG 16 PM 1:08
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

AUGUST 14, 2001

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

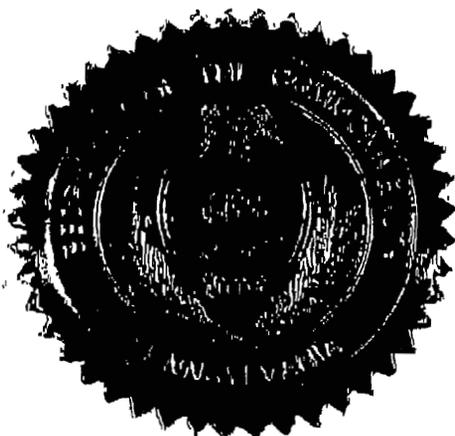
FILED
01 AUG 16 PM 1:08
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

I DO HEREBY CERTIFY THAT,

NATIONAL TELEPHONE EXCHANGE, INC.

is duly incorporated under the laws of the Commonwealth of Pennsylvania
and remains a subsisting corporation so far as the records of the
show, as of the date herein.

FILED
01 AUG 16 PM 11:06
SECRETARY OF STATE
TALLAHASSEE, FLORIDA



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written

Kim D'Amico

Secretary of the Commonwealth

DPOS

National Telephone Exchange, Inc.

Attachment III

Financial Statements

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 1999

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
REVENUE:				
REVENUE				
Sales - Billing Fees	\$244,315.98	59.7 %	3,300,591.28	63.2
Surcharge	2,657.62	.6	37,994.60	.7
Debit Card Income	1,665.37	.4	18,382.23	.4
Debit Card Income - Vending	104,631.61	25.5	1,230,293.13	23.6
Debit Card Income - Reloads	26,162.91	6.4	334,694.74	6.4
Debit Card Income - Ind Purch	10,541.70	2.6	105,255.51	2.0
Debit Card Income - 19 cents	150.00	.0	3,112.25	.1
Internet income	193.40	.0	11,219.76	.2
Miscellaneous Income	.00	.0	1,075.38	.0
Late Fees	942.22	.2	12,501.05	.2
Excess PICC	11,683.65	2.9	111,991.53	2.1
Excess U S F	5,362.27	1.3	37,320.39	.7
LD Commission Income	.00	.0	993.18	.0
Discounts Earned	145.64	.0	1,888.20	.0
TOTAL REVENUE	408,452.37	99.7	5,207,313.23	99.7
Non Operating Income				
Interest Income	1,089.02	.3	13,648.34	.3
TOTAL Non Operating Income	1,089.02	.3	13,648.34	.3
TOTAL REVENUE	409,541.39	100.0	5,220,961.57	100.0
COST OF SALES				
Line Fees	(56,150.84)	(13.7)	2,294,736.67	44.0
Line Fees - Prepaid Card	227,756.00	55.6	227,756.00	4.4
Hacker Expense	.00	.0	6,076.00	.1
Cards in lieu of Discounts	.00	.0	5,467.05	.1
LNP Charges	.00	.0	1,780.43	.0
Test/UB calls credited	.00	.0	457.34	.0
Telephone Equipment-Upgrade	.00	.0	153.20	.0
Dialer Installation Material	40.48	.0	1,912.41	.0
Referrals Paid	.00	.0	100.00	.0
Dialer Repair Expense	.00	.0	2,275.02	.0
LD Commission Paid - To LVC	3,056.27	.7	53,042.06	1.0
LD Commission Paid - LBC	501.71	.1	5,896.84	.1
LD Commission Paid - Pa Tele.	7.46	.0	372.84	.0
LD Commission Paid - Spangler	.00	.0	372.84	.0
LD Commission Paid - Lazzara	671.94	.2	11,604.99	.2
LD Commission Paid - M. Green	.00	.0	656.54	.0
LD Commission Paid - Grudi	242.00	.1	3,511.50	.1
LD Commission Paid- Braniff	.00	.0	27.85	.0
LD Commission Paid- LVChamber	132.94	.0	367.45	.0
LD Commission Pd- Wilson	.00	.0	4,407.30	.1
LD Commission- York Cty Chamb	114.50	.0	230.82	.0
LD Comm- Juniata Valley	1.83	.0	2.97	.0
NACT Contract Maintenance	1,198.28	.3	8,745.00	.2
Stromberg-Carlson Maintenance	1,407.73	.3	6,224.00	.1

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 1999

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
COST OF SALES	(Continued)			
Customer Credits	\$1,791.67	.4 %	28,954.47	.6
Debit Card Expense- Pick Up	.00	.0	35.00	.0
Debit Card Expense- outside pu	327.00	.1	2,716.59	.1
Debit card Expense- message	165.00	.0	610.00	.0
Debit Card Expense- Plastic	335.16	.1	48,144.70	.9
Debit Card Expense- Supplies	24.87	.0	3,144.55	.1
Debit Card Expense- Advertisin	839.21	.2	15,802.76	.3
Debit Card Expense- Signs	295.00	.1	2,027.19	.0
Debit Card Expense- CC Design	481.22	.1	12,232.96	.2
Debit Card Expense- Licenses	.00	.0	9.50	.0
Debit Card Expense- Rental Spc	.00	.0	622.00	.0
Debit Card Expense- Repair Pts	.00	.0	2,380.96	.0
Debit Card Expense- Tools	95.10	.0	108.39	.0
Debit Card Expense- Gas/Tolls	521.05	.1	6,627.91	.1
Debit Card Expense- Tax/Permit	.00	.0	2,024.91	.0
Debit Card Expense- Trans Fee	1,905.64	.5	18,960.60	.4
Debit Card Expense- Registra.	.00	.0	750.00	.0
Debit Card Expense- Refunds	20.00	.0	250.00	.0
Debit Card Expense- Meals	360.84	.1	3,847.91	.1
Debit Card Expense- Repairs	165.21	.0	743.11	.0
Debit Card Expense- Lodging	223.97	.1	3,915.14	.1
Debit Card Comm - Marriott PA	6,418.41	1.6	95,487.37	1.8
Debit Card Comm- Mart - WV	7,909.91	1.9	110,456.26	2.1
Debit Card Comm - Rubenetti	746.96	.2	7,824.20	.1
Debit Card Comm - P. Hastings	7.00	.0	465.46	.0
Debit Card Comm - Hbg Redevelo	79.50	.0	822.72	.0
Debit Card Comm - Farda Assoc	208.28	.1	1,305.45	.0
Debit Card Comm - Mike Green	649.19	.2	5,734.76	.1
Debit Card Comm - Tom Lazzara	72.60	.0	423.70	.0
Debit Card Comm - Sico Serve	28.91	.0	4,039.81	.1
Debit Card Comm - Hershey Park	63.50	.0	1,440.07	.0
Debit Card Comm - Grudi	65.00	.0	580.78	.0
Debit Card Comm - LVC	.00	.0	321.56	.0
Debit Card Comm - Marriott NJ	22,864.14	5.6	252,804.00	4.8
Debit Card Comm - EC Barnes	43.01	.0	1,031.16	.0
Debit Card Comm - Rodeway Inn	6.60	.0	129.80	.0
Debit Card Comm - Days Inn	8.80	.0	298.64	.0
Debit Card Comm - Sunnyway	1,149.19	.3	1,149.19	.0
Debit Card Comm - Highmeadow	.00	.0	286.53	.0
Debit Card Comm - Ocean Petrol	483.00	.1	4,241.24	.1
Debit Card Comm - Crossroad	65.12	.0	411.84	.0
Debit Card Comm - High's Dairy	1,011.70	.2	5,616.23	.1
Debit Card Comm - Sleep Inn	.00	.0	7.04	.0
Debit Card Comm - Travelodge	3.52	.0	79.20	.0
Debit Card Comm - Econolodge	.00	.0	70.40	.0
Debit Card Comm - Comfort Inn	.00	.0	70.32	.0
Debit Card Comm - Quality Inn	8.92	.0	321.94	.0
Debit Card Comm - TKC Vend	425.18	.1	5,030.31	.1
Debit Card Comm - Grantville	.00	.0	15.58	.0
Debit Card Comm - Pine Grove	.00	.0	17.60	.0
Debit Card Comm - Hampton Inn	.00	.0	9.60	.0

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 1999

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
COST OF SALES (Continued)				
Debit Card Comm - Clarion Inn	\$.00	.0 %	45.82	.0
Debit Card Comm - Col. Mall	.00	.0	46.66	.0
Debit Card Comm.- S.A.R.A.A.	199.96	.0	2,882.45	.1
Debit Card Comm - LV Expo	3.52	.0	165.95	.0
Debit Card Comm - Q Inn Get	.00	.0	28.16	.0
Debit Card Comm - KIM Motel	15.40	.0	136.40	.0
Debit Card Comm - Twin Oaks	10.57	.0	33.45	.0
Debit Card Comm - Wanda's	24.03	.0	193.18	.0
Debit Card Comm - Lion Ctry	.00	.0	2.64	.0
Debit Card Comm - Hbg Hld Inn	44.88	.0	233.62	.0
Debit Card Comm - King Citgo	85.80	.0	296.60	.0
Debit Card Comm- Lake Side	10.56	.0	10.56	.0
Debit Card Comm- Marriott Taj	2,009.80	.5	2,009.80	.0
Debit Card Comm- Everest	86.24	.0	86.24	.0
Debit Card Comm- PHMC	491.80	.1	491.80	.0
NACT/Switch Repairs	.00	.0	1,365.00	.0
Internet Expense	1,399.80	.3	8,132.20	.2
Dial Around Compensation Paid	.00	.0	41,576.64	.8
Sales Use Tax	171.23	.0	3,196.58	.1
TOTAL COST OF SALES	233,403.27	57.0	3,351,512.28	64.2
GROSS PROFIT	176,138.12	43.0	1,869,449.29	35.8
EXPENSES:				
Automobile Expense				
Gasoline	1,533.23	.4	14,927.60	.3
Gasoline-Roger Ness	513.88	.1	1,425.31	.0
Lease, Automobile	300.40	.1	5,878.64	.1
Lease- BMW	599.47	.1	7,193.64	.1
Auto Insurance	.00	.0	5,074.56	.1
Auto Allowance	3,107.85	.8	32,150.04	.6
Mileage Reimbursement	1,173.04	.3	8,228.55	.2
Other Auto Expense	.00	.0	100.80	.0
Repairs & Maintenance	.00	.0	(18.21)	.0
R&M Auto- 96 Nissan Quest	33.91	.0	1,050.54	.0
R&M Auto- 96 Saturn	.00	.0	733.24	.0
R&M Auto- 92 Ford Festiva	70.88	.0	70.88	.0
R&M Auto- 97 Ford Van	.00	.0	588.05	.0
R&M Auto- 98 Ford Van	1,107.82	.3	3,487.35	.1
R&M Auto- 98 BMW	115.93	.0	450.19	.0
TOTAL Automobile Expense	8,556.41	2.1	81,341.18	1.6
Occupancy				
Office Rent	3,319.21	.8	40,974.98	.8
Electricity	1,705.17	.4	14,755.30	.3
Insurance-property	.00	.0	751.00	.0
R & M, Office	824.05	.2	8,394.73	.2
Utilities	31.56	.0	2,506.53	.0

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 1999

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
TOTAL Occupancy	\$5,879.99	1.4 %	67,382.54	1.3
Salary & Wages				
Salary & Wages	386.24	.1	386.24	.0
Salaries	104,478.10	25.5	1,008,833.09	19.3
Bonus	2,100.00	.5	38,210.00	.7
Medical Insurance Employees	4,958.14	1.2	55,504.61	1.1
Dental Insurance Employees	562.44	.1	6,001.02	.1
Vision Insurance Employees	144.59	.0	1,602.72	.0
Aflac Insurance Employees	.00	.0	(412.13)	.0
Life Insurance - Employees	405.42	.1	4,431.71	.1
Life Insurance - OFFICERS	.00	.0	5,249.00	.1
Medical Expense- Officers	.00	.0	294.97	.0
Insurance, Workmen's Comp	.00	.0	6,917.00	.1
Payroll Tax-ER FICA	7,410.94	1.8	75,995.12	1.5
Payroll Tax-ER SUT	490.97	.1	13,140.48	.3
Payroll Tax-ER FUT	527.72	.1	2,058.84	.0
TOTAL Salary & Wages	121,464.56	29.7	1,218,212.67	23.3
General & Administrative				
Advertising	2,358.77	.6	29,316.02	.6
Awards	667.43	.2	1,392.16	.0
Charities & Contributions	3,026.50	.7	12,867.64	.2
Prepaid Cards- Charity	.00	.0	5,975.00	.1
Dues & Subscriptions	868.57	.2	14,588.33	.3
Office Equipment	2,332.41	.6	4,199.46	.1
Lease- Printer	359.34	.1	4,312.08	.1
Lease, Off Equip	.00	.0	10,411.96	.2
Lease- Telephone Equipment	(.20)	.0	(.20)	.0
R & M, Off. Equipment	552.47	.1	11,083.70	.2
Maint. Contract- HVAC	.00	.0	515.00	.0
Maint. Contract- Doc Star	.00	.0	865.47	.0
Maint. Contract- Generator	.00	.0	503.50	.0
Insurance, Corporate	.00	.0	14,292.08	.3
Interest Expense	727.45	.2	10,902.29	.2
Licenses	.00	.0	115.00	.0
Miscellaneous Expense	258.06	.1	2,013.70	.0
Payphone Expense	(1,021.52)	(.2)	(1,021.52)	.0
Expenses-Bank Rec	.00	.0	281.95	.0
Moving Expense	.00	.0	75.00	.0
Postage	3,437.82	.8	33,050.20	.6
Printing	1,714.98	.4	13,416.16	.3
Professional Fees	9.00	.0	109.00	.0
Prof Fees - Outside Consulting	37.39	.0	2,671.48	.1
Prof Fees - Employee Hires	.00	.0	7,195.28	.1
Prof Fees - Legal	.00	.0	5,522.88	.1
Prof Fees - Accounting	85.00	.0	14,735.00	.3
Prof Fees - Credit Reports	239.33	.1	1,741.90	.0
Prof Fees - Sales Leads	.00	.0	6,130.00	.1
Sales- Expense	.00	.0	650.66	.0
Sales Tax Expense	.00	.0	5.40	.0

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 1999

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
General & Administrative	(Continued)			
Service Charges, bank	\$43.67	.0 %	5,622.95	.1
Supplies	1,880.68	.5	27,346.24	.5
Computer supplies & programs	3,408.50	.8	18,801.90	.4
Regulatory Fees	.00	.0	100.00	.0
Taxes, other	.00	.0	2,839.61	.1
Pa Corporate taxes	2,823.00	.7	7,961.16	.2
Del Corporate Taxes	5.00	.0	353.99	.0
MD Corporate Taxes	(1.48)	.0	928.57	.0
WV Corporate Taxes	.00	.0	379.74	.0
NJ Corporate taxes	290.00	.1	2,225.00	.0
New York Corporation Tax	709.17	.2	1,590.54	.0
Telephone, office	1,654.89	.4	21,599.64	.4
Prepaid Cards, NTE Use	1,500.00	.4	3,058.27	.1
Telephone, Employee	872.76	.2	9,343.23	.2
Tel, Auto & Beeper	1,165.53	.3	14,974.28	.3
Travel & Entertainment	50.94	.0	1,611.55	.0
T&E-Travel Exp.	777.78	.2	8,162.80	.2
T&E-Entertainment/Meals	332.10	.1	7,308.07	.1
T&E- On-site Meals	723.57	.2	1,749.30	.0
T&E-Tradeshaw Exp.	.00	.0	4,822.49	.1
T&E-Education/Employee	353.00	.1	3,580.36	.1
Trade Show-Expense	.00	.0	46.64	.0
Education- Employee	.00	.0	333.38	.0
TOTAL General & Administrative	32,241.91	7.9	352,656.29	6.8
Non Operating Expenses				
Depreciation Expense	5,946.47	1.5	159,946.47	3.1
Depreciation Expense	22,842.63	5.6	22,842.63	.4
Bad Debt Expense - LD	201.38	.0	7,284.38	.1
Bad Debt Expense - Debit Cards	698.33	.2	8,784.15	.2
Tax Penalties	112.93	.0	2,941.71	.1
TOTAL Non Operating Expenses	29,801.74	7.3	201,799.34	3.9
TOTAL EXPENSES	197,944.61	48.3	1,921,392.02	36.8
NET INCOME FROM OPERATIONS	(21,806.49)	(5.3)	(51,942.73)	(1.0)
EARNINGS BEFORE INCOME TAX	(21,806.49)	(5.3)	(51,942.73)	(1.0)
NET INCOME (LOSS)	\$(21,806.49)	(5.3)%	(51,942.73)	(1.0)
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National Telephone Exchange, Inc.
BALANCE SHEET
DECEMBER 31, 1999

ASSETS

CURRENT ASSETS

Cash- Dauphin Deposit Checking	\$136,532.76	
Cash - PNC Bank Checking	87,489.77	
Cash- Debit Card- Allfirst	41,112.63	
Petty Cash- Test vend money	100.00	
Cash- Interactive Telephone	3,973.84	
Accounts Receivable-Harrisburg	167,381.58	
Accounts Rec.-Erate Government	23,346.22	
Accounts Receivable-Carlisle	16,034.77	
Accounts Rec.-Teaming Assoc.	1,062.86	
Accounts Receivable-Chambers.	31,446.10	
Accounts Receivable-Hagerstown	3,314.24	
Accounts Receivable - Gaughen	1,015.89	
Accounts Receivable - LVC	22,555.73	
Accounts Receivable - LBC	2,472.18	
Accounts Receivable-Executone	4,525.33	
Accts. Receivable-State Colleg	5,656.23	
Accounts Receivable- Wilson	4,249.40	
Overpaid Fed Excise	1,644.80	
A/R NACT	5,739.98	
Allowance for Bad Debts	(3,000.00)	
Changing World Accrued Account	12,000.00	
Due From Shareholders	730.00	
Prepaid Expenses	6,850.00	
Prepaid Flood Insurance	1,005.02	
Prepaid Line Fees	2,144.00	
Prepaid Gross Receipts tax	7,688.29	

TOTAL CURRENT ASSETS		587,071.62

FIXED ASSETS

New Dialers	229,365.95	
Office Furniture & Equipment	54,514.35	
Office Computer Equipment	65,781.86	
Automobiles	58,585.16	
Telephone Equipment-New	499,278.46	
Telephone Equipment-Upgrade	349,243.63	
Telephone Equipment-Debit Card	349,581.44	
Payphones	42,317.39	
Leasehold Improvements - 2417	79,471.39	
Accumulated Depreciation	(1,003,456.95)	

TOTAL FIXED ASSETS		724,682.68

OTHER ASSETS

Organizational Costs	18,605.09	
Accumulated Depr-Organization	(18,605.09)	
Security Deposits	2,628.57	

National Telephone Exchange, Inc.
BALANCE SHEET
DECEMBER 31, 1999

TOTAL OTHER ASSETS

\$2,628.57

TOTAL ASSETS

\$1,314,382.87

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National Telephone Exchange, Inc.
BALANCE SHEET
DECEMBER 31, 1999

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current portion-Long Term Debt	\$48,710.00	
Accounts Payable	326,925.35	
Pennsylvania Sales Tax Payable	14,543.40	
MD Gross Receipts Tax Payable	(464.76)	
Hbg Mercantile Tax Payable	7,341.64	
Federal Excise Tax Payable	10,426.16	
Penna Use tax Payable	257.30	
Accrued PPC minutes	30,000.00	
Accrued Dial Around Comp	13,654.32	
Federal Income Tax Withholding	3,269.63	
Employee Fica/Medicare W/hold	1,411.19	
Pennsylvania Tax Withholding	1,982.47	
Accrued- Employer Fica/Medicar	1,411.19	
Accrued ER FUTA tax	167.38	
LVC Student Deposits	2,842.09	
LBC Student Deposits	480.00	
Wilson Student Deposits	640.00	

TOTAL CURRENT LIABILITIES		463,597.36

LONG TERM LIABILITIES

Long Term Debt-Switch	92,955.90	
Current portion-Long Term Debt	(48,710.00)	

TOTAL LONG TERM LIABILITIES		44,245.90

TOTAL LIABILITIES		507,843.26

EQUITY

Capital Stock	135,000.00	
Treasury Stock	(113,810.00)	
Dividends Paid	(794,106.50)	
RETAINED EARNINGS - PRIOR	1,638,013.62	
RETAINED EARNINGS-CURRENT YEAR	(51,942.73)	
RETAINED EARNINGS-Interactive	(6,614.78)	

TOTAL EQUITY		806,539.61

TOTAL LIABILITIES AND EQUITY		\$1,314,382.87
		=====

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
REVENUE:				
REVENUE				
Sales - Billing Fees	\$259,679.31	61.1 %	3,549,418.32	63.5
Surcharge	7,310.51	1.7	49,197.99	.9
Debit Card Income	1,014.00	.2	14,562.80	.3
Debit Card Income - Vending	74,056.81	17.4	1,138,750.15	20.4
Debit Card Income - Reloads	24,433.50	5.7	296,884.68	5.3
Debit Card Income - Ind Purch	15,092.43	3.6	159,050.81	2.8
Debit Card Income - 19 cents	.00	.0	741.50	.0
Internet income	152.55	.0	2,775.43	.0
Payphone Income	5,266.05	1.2	75,680.89	1.4
Late Fees	581.98	.1	8,798.40	.2
Excess P ICC	41,853.53	9.8	214,188.29	3.8
Excess U S F	(6,341.52)	(1.5)	58,550.34	1.0
Operator Commission Income	.00	.0	479.28	.0
LD Commission Income	97.01	.0	925.93	.0
Discounts Earned	156.23	.0	1,928.52	.0
TOTAL REVENUE	423,352.39	99.6	5,571,933.33	99.7
Non Operating Income				
Interest Income	1,742.98	.4	18,615.70	.3
TOTAL Non Operating Income	1,742.98	.4	18,615.70	.3
TOTAL REVENUE	425,095.37	100.0	5,590,549.03	100.0
COST OF SALES				
Line Fees	204,337.55	48.1	2,641,130.45	47.2
Payphone Expenses	3,432.50	.8	47,754.28	.9
Cards in lieu of Discounts	5.00	.0	21,451.70	.4
LNP Charges	1.24	.0	1,498.69	.0
Customer Programming	.00	.0	127.20	.0
Telephone Equipment-Upgrade	.00	.0	369.68	.0
Dialer Installation Material	.00	.0	348.34	.0
Dialer Repair Expense	152.32	.0	4,320.01	.1
LD Commission Paid - To LVC	3,971.95	.9	53,865.67	1.0
LD Commission Paid - LBC	398.66	.1	5,180.75	.1
LD Commission Paid - Pa Tele.	5.58	.0	73.02	.0
LD Commission Paid - Lazzara	698.07	.2	10,029.17	.2
LD Commission Paid - M. Green	62.90	.0	600.58	.0
LD Commission Paid - Grudi	123.83	.0	2,387.30	.0
LD Commission Paid- LVChamber	72.60	.0	1,042.00	.0
LD Commission Pd- Wilson	992.60	.2	10,041.38	.2
LD Commission- York Cty Chamb	187.92	.0	2,375.97	.0
LD Comm- Juniata Valley	158.61	.0	2,070.80	.0
LD Commission Paid- BA	14.44	.0	134.33	.0
LD Commission Pd- Clearfield	1.13	.0	9.31	.0
NACT Contract Maintenance	1,351.30	.3	15,223.20	.3
Stromberg-Carlson Maintenance	.00	.0	200.00	.0
Customer Credits	720.45	.2	19,325.27	.3

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
(Continued)				
COST OF SALES				
NECA-USF	\$643.25	.2 %	6,439.99	.1
Debit Card Expense	.00	.0	114.00	.0
Debit Card Expense- outside pu	10.00	.0	3,123.80	.1
Debit card Expense- message	.00	.0	660.00	.0
Debit Card Expense- Plastic	2,394.00	.6	62,845.43	1.1
Debit Card Expense- Supplies	225.92	.1	2,107.74	.0
Debit Card Expense- Advertisin	518.60	.1	6,143.40	.1
Debit Card Expense- Signs	.00	.0	573.71	.0
Debit Card Expense- Adv Golf T	500.00	.1	6,140.00	.1
Debit Card Expense- CC Design	505.10	.1	11,159.51	.2
Debit Card Expense- Licenses	.00	.0	233.00	.0
Debit Card Expense- Repair Pts	138.01	.0	2,594.70	.0
Debit Card Expense- Gas/Tolls	607.44	.1	7,459.39	.1
Debit Card Expense- Tax/Permit	75.00	.0	38,219.99	.7
Debit Card Expense- Trans Fee	1,809.70	.4	18,456.50	.3
Debit Card Expense- Registra.	.00	.0	375.00	.0
Debit Card Expense- Refunds	10.00	.0	143.00	.0
Debit Card Expense- Meals	297.14	.1	3,600.14	.1
Debit Card Expense- Repairs	311.74	.1	1,235.71	.0
Debit Card Expense- Lodging	247.86	.1	4,180.09	.1
Debit Card-Dep Adjustment	.00	.0	50.04	.0
Debit Card Comm- Marriott I-95	6,107.61	1.4	46,057.49	.8
Debit Card Comm - Marriott PA	4,519.79	1.1	82,489.12	1.5
Debit Card Comm- Mart - WV	401.80	.1	15,481.29	.3
Debit Card Comm - Rubenetti	529.28	.1	8,564.94	.2
Debit Card Comm - P. Hastings	45.15	.0	660.67	.0
Debit Card Comm - Hbg Redevelo	48.00	.0	975.46	.0
Debit Card Comm - Farda Assoc	.00	.0	492.82	.0
Debit Card Comm - Mike Green	.00	.0	1,125.85	.0
Debit Card Comm - Tom Lazzara	34.90	.0	537.67	.0
Debit Card Comm - Sico Serve	214.56	.1	2,418.81	.0
Debit Card Comm - Hershey Park	12.69	.0	1,637.21	.0
Debit Card Comm - Grudi	17.00	.0	340.07	.0
Debit Card Comm - LVC	12.32	.0	347.92	.0
Debit Card Comm - Marriott NJ	11,528.73	2.7	209,073.40	3.7
Debit Card Comm - EC Barnes	13.38	.0	387.52	.0
Debit Card Comm - Rodeway Inn	8.80	.0	167.20	.0
Debit Card Comm - Days Inn	34.88	.0	285.32	.0
Debit Card Comm - Highmeadow	.00	.0	659.90	.0
Debit Card Comm - Ocean Petrol	296.00	.1	5,394.24	.1
Debit Card Comm - Crossroad	19.36	.0	305.36	.0
Debit Card Comm - High's Dairy	171.04	.0	2,569.90	.0
Debit Card Comm - Travelodge	.00	.0	265.18	.0
Debit Card Comm - Comfort Inn	.00	.0	16.39	.0
Debit Card Comm - Quality Inn	24.64	.0	348.36	.0
Debit Card Comm - TKC Vend	435.47	.1	4,846.10	.1
Debit Card Comm - Clarion Inn	.00	.0	3.96	.0
Debit Card Comm.- S.A.R.A.A.	240.65	.1	4,190.42	.1
Debit Card Comm - Q Inn Get	16.90	.0	337.27	.0
Debit Card Comm - KIM Motel	.00	.0	39.60	.0
Debit Card Comm - Twin Oaks	.00	.0	27.29	.0

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
(Continued)				
COST OF SALES				
Debit Card Comm - Wanda's	\$36.61	.0 %	681.77	.0
Debit Card Comm - Hbg Hld Inn	31.68	.0	462.37	.0
Debit Card Comm - King Citgo	15.40	.0	732.90	.0
Debit Card Comm- Lake Side	1.76	.0	204.16	.0
Debit Card Comm- King Sunoco	22.00	.0	530.20	.0
Debit Card Comm- Marriott Taj	2,675.90	.6	28,601.26	.5
Debit Card Comm- Everest	.00	.0	414.26	.0
Debit Card Comm- PHMC	362.00	.1	1,177.20	.0
Debit Card Comm-Kinney	24.20	.0	308.00	.0
Debit Card Comm-Centre Hotel	4.94	.0	472.40	.0
Debit Card Comm-Clothes Spin	33.00	.0	149.82	.0
Debit Card Comm-BJ Valley	.00	.0	7.92	.0
Debit Card Comm-Sayford	.00	.0	319.79	.0
Debit Card Comm- El Marwa	101.16	.0	1,130.77	.0
Debit Card Comm- Camp Curtin	.00	.0	185.68	.0
Debit Card Comm- Bel-Mar	.00	.0	67.32	.0
Debit Card Comm- PA Dutch	1.73	.0	127.96	.0
Debit Card Comm- Zeek's	.00	.0	282.56	.0
Debit Card Comm- Sharma	8.80	.0	372.90	.0
Debit Card Comm- Maclay	56.76	.0	385.44	.0
Debit Card Comm- Comtel	596.82	.1	4,088.31	.1
Debit Card Comm.-Tower Sales	1,483.68	.3	6,756.64	.1
Debit Card Comm- Allen's	6.60	.0	110.88	.0
Debit Card Comm- Knights Inn	15.49	.0	116.87	.0
Debit Card Comm- AJ's Texaco	72.60	.0	72.60	.0
Debit Card Comm- Ray Kadingo	27.50	.0	27.50	.0
NACT/Switch Repairs	850.65	.2	7,020.14	.1
Internet Expense	812.35	.2	7,146.00	.1
Dial Around Compensation Paid	27,639.60	6.5	51,301.15	.9
Sales Use Tax	346.61	.1	4,233.84	.1
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TOTAL COST OF SALES	284,943.20	67.0	3,522,949.58	63.0
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GROSS PROFIT	140,152.17	33.0	2,067,599.45	37.0

EXPENSES:

Automobile Expense				
Gasoline	1,154.01	.3	15,697.24	.3
Gasoline-Roger Ness	164.16	.0	2,382.39	.0
Lease, Automobile	.00	.0	300.40	.0
Lease- BMW	.00	.0	3,596.82	.1
Lease- Jeep 2000	507.25	.1	7,141.99	.1
Auto Insurance	.00	.0	4,550.46	.1
Auto Allowance	1,950.00	.5	27,719.88	.5
Mileage Reimbursement	735.66	.2	8,082.31	.1
Other Auto Expense	.00	.0	1,425.00	.0
R&M Auto- 96 Nissan Quest	26.71	.0	1,952.79	.0
R&M Auto- 96 Saturn	40.93	.0	823.98	.0
R&M Auto- 97 Ford Van	10.55	.0	1,485.27	.0
R&M Auto- 98 Ford Van	.00	.0	1,740.25	.0

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
Automobile Expense	(Continued)			
R&M Auto- 98 BMW	\$.00	.0 %	635.96	.0
R&M Auto- Jeep Roger	64.01	.0	740.11	.0
TOTAL Automobile Expense	4,653.28	1.1	78,274.85	1.4
Occupancy				
Office Rent	3,556.26	.8	41,425.60	.7
Electricity	1,677.86	.4	15,690.41	.3
Insurance-property	.00	.0	751.00	.0
R & M, Office	920.96	.2	8,671.70	.2
Utilities	209.38	.0	3,003.42	.1
Document Storage	75.94	.0	1,295.04	.0
TOTAL Occupancy	6,440.40	1.5	70,837.17	1.3
Salary & Wages				
Salary & Wages	194.37	.0	204.17	.0
Salaries	72,307.82	17.0	997,899.62	17.8
Bonus	.00	.0	13,325.00	.2
Medical Insurance Employees	5,864.79	1.4	62,428.93	1.1
Dental Insurance Employees	615.44	.1	6,683.73	.1
Vision Insurance Employees	140.94	.0	1,642.30	.0
Life Insurance - Employees	1,132.02	.3	5,574.73	.1
Life Insurance - OFFICERS	625.00	.1	6,494.00	.1
Medical Expense- Officers	89.18	.0	1,764.47	.0
Insurance, Workmen's Comp	.00	.0	9,945.00	.2
Payroll Tax-ER FICA	4,713.35	1.1	74,453.22	1.3
Payroll Tax-ER SUT	(6,547.50)	(1.5)	7,298.90	.1
Payroll Tax-ER FUT	16.60	.0	2,182.61	.0
TOTAL Salary & Wages	79,152.01	18.6	1,189,896.68	21.3
General & Administrative				
Advertising	3,048.41	.7	30,397.80	.5
Awards	.00	.0	876.36	.0
Charities & Contributions	2,002.18	.5	9,104.09	.2
Prepaid Cards- Charity	25.00	.0	4,822.50	.1
Dues & Subscriptions	2,026.40	.5	12,893.59	.2
Office Equipment	.00	.0	2,559.26	.0
Lease- Printer	413.58	.1	4,400.17	.1
Lease, Off Equip	1,923.68	.5	7,694.72	.1
Lease- Telephone Equipment	575.88	.1	6,247.48	.1
Purchase, Off Equipment	1,330.29	.3	4,752.84	.1
Maint. Contract-Docstar	.00	.0	940.01	.0
R & M, Off. Equipment	392.41	.1	5,535.08	.1
Maint. Contract- Telephones	370.53	.1	370.53	.0
Maint. Contract- HVAC	.00	.0	515.00	.0
Maint. Contract- Generator	.00	.0	503.50	.0
Insurance, Corporate	1,005.02	.2	14,779.02	.3
Interest Expense	186.81	.0	6,596.08	.1
Licenses	.00	.0	40.00	.0
Miscellaneous Expense	24,975.25	5.9	27,244.22	.5

National Telephone Exchange, Inc.
INCOME STATEMENT
FOR THE 12 PERIODS ENDED DECEMBER 31, 2000

	PERIOD TO DATE		YEAR TO DATE	
	ACTUAL	PERCENT	ACTUAL	PERCENT
General & Administrative	(Continued)			
Payphone Expense	\$.00	.0 %	15.62	.0
Postage	482.35	.1	34,566.14	.6
Printing	2,039.05	.5	31,504.32	.6
Prof Fees - Outside Consulting	146.98	.0	2,124.03	.0
Prof Fees - Employee Hires	.00	.0	201.44	.0
Prof Fees - Legal	150.00	.0	10,977.50	.2
Prof Fees - Accounting	.00	.0	11,875.00	.2
Prof Fees - Credit Reports	52.95	.0	927.95	.0
Service Charges, bank	636.51	.1	10,003.56	.2
Supplies	2,289.69	.5	20,913.98	.4
Printer Supplies	1,066.65	.3	2,066.23	.0
Computer supplies & programs	2,580.17	.6	19,639.09	.4
Taxes, other	3,692.95	.9	7,138.95	.1
Taxes, Corporate	2,139.00	.5	2,447.27	.0
Pa Corporate taxes	.00	.0	5,027.91	.1
Del Corporate Taxes	.00	.0	195.59	.0
MD Corporate Taxes	1,000.00	.2	3,886.57	.1
WV Corporate Taxes	.00	.0	309.00	.0
NJ Corporate taxes	.00	.0	(680.00)	.0
New York Corporation Tax	.00	.0	1,236.79	.0
Telephone, office	1,277.27	.3	15,587.58	.3
Prepaid Cards, NTE Use	1,540.00	.4	2,585.00	.0
Telephone, Employee	809.81	.2	10,768.84	.2
Tel, Auto & Beeper	1,696.04	.4	21,167.29	.4
Travel & Entertainment	67.20	.0	829.43	.0
T&E-Travel Exp.	.00	.0	650.15	.0
T&E-Entertainment/Meals	1,067.47	.3	7,298.67	.1
T&E- On-site Meals	511.69	.1	2,179.68	.0
T&E-Tradeshaw Exp.	.00	.0	3,209.87	.1
T&E-Education/Employee	.00	.0	578.81	.0
TOTAL General & Administrative	61,521.22	14.5	369,504.51	6.6
Non Operating Expenses				
Depreciation Expense	28,270.56	6.7	191,383.56	3.4
Bad Debt Expense - LD	.00	.0	8,483.75	.2
Bad Debt Expense - Debit Cards	763.35	.2	9,375.39	.2
Tax Penalties	.00	.0	4,551.14	.1
Gain/Loss on Sale of Assets	467.85	.1	467.85	.0
TOTAL Non Operating Expenses	29,501.76	6.9	214,261.69	3.8
TOTAL EXPENSES	181,268.67	42.6	1,922,774.90	34.4
NET INCOME FROM OPERATIONS	(41,116.50)	(9.7)	144,824.55	2.6
EARNINGS BEFORE INCOME TAX	(41,116.50)	(9.7)	144,824.55	2.6
NET INCOME (LOSS)	\$(41,116.50)	(9.7)%	144,824.55	- 2.6

National Telephone Exchange, Inc.
BALANCE SHEET
DECEMBER 31, 2000

ASSETS

CURRENT ASSETS

Cash- Dauphin Deposit Checking	\$244,922.15
Cash - PNC Bank Checking	113,273.91
Cash- Debit Card- Allfirst	86,459.26
Petty Cash-Harrisburg	1,248.66
Cash- Interactive Telephone	35,900.16
Accounts Receivable-Harrisburg	180,915.30
Accounts Rec.- Erate Schools	(2,439.09)
Accounts Rec.-Erate Government	19,707.96
Accounts Receivable-Carlisle	16,054.00
Accounts Rec.-Teaming Assoc.	774.67
Accounts Receivable-Chambers.	35,777.49
Accounts Receivable-Hagerstown	2,960.68
Accounts Receivable - Gaughen	1,973.26
Accounts Receivable - LVC	21,620.08
Accounts Receivable - LBC	2,230.34
Accounts Receivable-Executone	4,017.95
Accts. Receivable-State Colleg	9,437.84
Accounts Receivable- Wilson	4,970.31
Allowance for Bad Debts	(3,000.00)
Changing World Accrued Account	12,000.00
Prepaid Expenses- Advertising	2,000.00

TOTAL CURRENT ASSETS

790,804.93

FIXED ASSETS

New Dialers	229,365.95
Office Furniture & Equipment	56,135.51
Office Computer Equipment	82,594.99
Automobiles	73,281.01
Alarm Access Installation-New	1,390.00
Telephone Equipment-New	499,278.46
Telephone Equipment-Upgrade	372,475.23
Telephone Equipment-Debit Card	365,784.63
Payphones	42,317.39
Leasehold Improvements - 2417	81,083.39
Accumulated Depreciation	(1,192,598.03)

TOTAL FIXED ASSETS

611,108.53

OTHER ASSETS

Security Deposits	3,073.57
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TOTAL OTHER ASSETS

3,073.57

TOTAL ASSETS

\$1,404,987.03

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National Telephone Exchange, Inc.
BALANCE SHEET
DECEMBER 31, 2000

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Current portion-Long Term Debt	\$48,710.00
Accounts Payable	360,175.53
Pennsylvania Sales Tax Payable	13,639.57
Gross Rec/Surcharge Payable	7,000.00
MD Gross Receipts Tax Payable	1,062.28
Hbg Mercantile Tax Payable	5,000.00
Federal Excise Tax Payable	9,366.07
Penna Use tax Payable	410.27
Accrued PPC minutes	30,000.00
Accrued Dial Around Comp	13,978.56
Pennsylvania Tax Withholding	1,014.40
Local Tax Withholding	980.64
OPT Withholding	9.80
Accrued ER SUTA tax	502.59
Accrued ER FUTA tax	143.85
LVC Student Deposits	2,763.66
LBC Student Deposits	535.33
Wilson Student Deposits	703.98

TOTAL CURRENT LIABILITIES		495,996.53
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LONG TERM LIABILITIES

Long Term Debt-Switch	44,336.34
Current portion-Long Term Debt	(48,710.00)

TOTAL LONG TERM LIABILITIES		(4,373.66)
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TOTAL LIABILITIES		491,622.87
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EQUITY

Capital Stock	135,000.00
Treasury Stock	(113,810.00)
Dividends Paid	(38,000.00)
RETAINED EARNINGS - PRIOR	785,349.61
RETAINED EARNINGS-CURRENT YEAR	144,824.55

TOTAL EQUITY		913,364.16
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TOTAL LIABILITIES AND EQUITY		\$1,404,987.03
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