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APR 21 2000

FILES
ALBANY, N.Y.

April 20, 2000

VIA AIRBORNE EXPRESS

Executive Secretary
New York Public Service Commission
Empire State Plaza, Building 3
Albany, NY 12223

Re: Application by Now Communications, Inc. and
Tel-Link, L.L.C. for Approval of an Asset Purchase
Agreement


Dear Sir or Madam:

On behalf of Now Communications, Inc. and Tel-Link, L.L.C., enclosed please find an original and three (3) copies of the referenced Application.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,


EllenAnn Sands

EAS/rph

Enclosures

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF NEW YORK

JOINT APPLICATION OF NOW COMMUNICATIONS, INC. AND TEL-LINK, L.L.C. FOR APPROVAL OF AN ASSET PURCHASE AGREEMENT	DOCKET NUMBER _____
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APPLICATION

NOW Communications, Inc. ("NOW") and Tel-Link, L.L.C. ("Tel-Link") (sometimes referred to jointly herein as "Applicants"), pursuant to Section 108 of the New York Public Service Law, hereby request Commission approval of a proposed Asset Purchase Agreement (the "Agreement").¹ As will be described in more detail below, the Agreement contemplates the purchase by NOW of the assets of Tel-Link. NOW proposes to acquire the assets of Tel-Link, including all customer accounts, certifications and licenses, to the extent permitted by this Commission. As regulated telecommunications providers, NOW and Tel-Link hereby seek Commission approval of the Agreement.

Commission approval of the Agreement will be beneficial to the involved companies as well as their customers. Following consummation of the Agreement, NOW will be able to provide communications services to its customers in a more efficient manner. Approval of the Agreement will not in any way be detrimental to the public interests of the State of Illinois. The customers of both NOW and Tel-Link will continue to receive the same high quality service presently rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party.

¹ A copy of the proposed Asset Purchase Agreement is attached as Exhibit "A."

In support of this Application, Applicants show the following:

I. THE PARTIES

1. NOW is a privately held Mississippi corporation with principal offices located at 713 Country Place Drive, Jackson, Mississippi 39208-6619. NOW is a non-dominant carrier that resells local service and intrastate, interstate and international long distance service purchased from various facilities-based carriers.

2. NOW is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in fourteen (14) states. NOW is a certificated interexchange carrier and local service provider in the State of New York.²

3. Tel-Link is a privately held Georgia limited liability company with principal offices located at 8601 Dunwoody Place, Suite 406, Atlanta, GA 30350. Tel-Link is a non-dominant carrier that resells local service and intrastate, interstate long distance service purchased from various facilities-based carriers pursuant to the FCC's *Competitive Carrier* policies.

4. Tel-Link is authorized by the FCC to provide intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in eighteen (18) states. Tel-Link is a interexchange certificated carrier and local service provider in the State of New York.³

² NOW is certificated in this State, pursuant to authority granted in Docket No.99-C-0233, dated April 28, 1999.

³Tel-Link is certificated in this State, pursuant to authority granted in Docket No. 97-C-158, dated December 16, 1997.

II. DESIGNATED CONTACT

5. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Telefax: (504) 831-0892

6. Copies of such correspondence should also be sent to:

R. Scott Seab, Vice President, Regulatory Affairs
NOW Communications, Inc.
711 South Tejon Street, Suite 201
Colorado Springs, Colorado 80903
Telephone: (719) 633-3059
Efax: (413) 431-8445

and

Terry E. Fields, President
Tel-Link, L.L.C.
8601 Dunwoody Place, Suite 406
Atlanta, Georgia 30350
Telefax: (770-552-7345

III. REQUEST FOR APPROVAL OF THE ASSET PURCHASE AGREEMENT

7. Applicants propose a transaction which will accomplish the following:
- a. NOW will buy, and Tel-Link will sell, transfer and assign to NOW all of Tel-Link's right, title and interest in Tel-Link's assets, as defined in the Agreement;
 - b. In consideration for the above transfer and sale of assets, NOW will pay to Tel-Link the purchase consideration as described more fully in the Agreement; and
 - c. The assets to be sold to NOW include Tel-Links's customer accounts, certifications and licenses, to the extent permitted by this Commission.

8. NOW is well-qualified to consummate the transaction which is the subject of this Application. Current financial information for NOW is attached hereto as Exhibit "B".⁴

9. NOW proposes to accomplish this transaction in order to create a single, larger long distance carrier operating in a greater number of states. By virtue of these transactions, NOW will realize significant economic, marketing and administrative efficiencies.

10. Following consummation of the Acquisition, NOW will continue to serve all of the present customer accounts of Tel-Link pursuant to Tel-Link's certification previously issued by this Commission, or in the event this Commission does not allow transfer of Tel-Link's certification to NOW, then pursuant to NOW's certification previously issued by this Commission. Prior to consummation of the Acquisition, NOW intends to notify all current customers of Tel-Link of the Acquisition, by either a separate mailing or bill insert. However, the Acquisition will, in effect, be transparent to the customers of Tel-Link and NOW. Tel-Link's tariffs will remain in place and in effect following consummation of the Acquisition. Thus, the Acquisition should not cause any inconvenience or confusion to the customers of either Tel-Link or NOW.⁵

11. The technical, managerial and financial personnel of NOW will serve both the existing NOW customers and the Tel-Link customers with the same high level of expertise.

⁴ Exhibit "B" consists of Tel-Link's Financial Statement for the year ended December 31, 1999.

⁵ Upon consummation of the proposed transaction, NOW intends to notify all current end users of Tel-Link of the Acquisition and no customers of Tel-Link will experience any change in rates due to the transaction by bill insert, a sample copy of which is attached hereto as Exhibit "C".

IV. PUBLIC INTEREST CONSIDERATIONS

12. Critical to the Acquisition is the need to ensure the continuation of high quality service to all customers currently served by both NOW and Tel-Link. The Acquisition will serve the public interest for the following reasons:

- a. It will enable NOW to provide a streamlined level of service for all involved customers by creating a single, larger telecommunications operator to provide local and long distance service to the customers in this State as well as other states.
- b. It will increase the appeal to present and potential customers because of NOW's larger size and greater variety of service offerings.
- c. It will result in cost savings as a result of discounts on quantity ordering of underlying and services.
- d. It will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of NOW to compete in the marketplace and to provide telecommunications services for a greater number of consumers of this State at competitive rates.
- e. It will enable NOW to possess a larger customer base as the result of the Acquisition, and will thus be a stronger carrier to provide high quality service to all customers presently serviced by both NOW and Tel-Link.

13. Accordingly, the Acquisition will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of NOW to

compete in the marketplace and to provide telecommunications services for a greater number of consumers of this State at competitive rates.

14. Additionally, NOW will possess a greater customer account base as a result of the Acquisition, and will thus be a stronger carrier to provide high quality service to all customers presently serviced by both NOW and Tel-Link.

15. Applicants shall inform all customers of Tel-Link of the proposed transaction for each of at least two billing cycles in advance of the consummation of the transaction. Applicants shall place the notification in a separate envelope to be inserted into the invoices of the customers of Tel-Link and all such envelopes shall be clearly labeled "Important Information Regarding Your Telephone Service".

V. EXPEDITED REVIEW

16. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. TRANSFER OF CERTIFICATES

16. To the extent allowable under the Commission's rules, Applicants request the transfer of Tel-Link's Certificate of Public Convenience and Necessity, or other operating authority, to NOW.

VII. CONCLUSION

17. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission authorize NOW and Tel-Link to consummate the Acquisition described above. More specifically, Applicants request that the Commission, on an expedited basis, approve the Agreement, the asset purchase transaction contemplated therein and the transfer of Tel-Links's current operating authority to NOW.

DATED this 20th day of April, 2000

Respectfully submitted,



EllenAnn G. Sands
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
(504) 832-1984
Counsel for NOW Communications, Inc.
and Tel-Link, L.L.C.

EXHIBIT A

ASSETS PURCHASE AGREEMENT
dated as of January 26, 2000

by and between
NOW COMMUNICATIONS, INC.,

and

TEL-LINK, L.L.C.

with respect to certain assets of

Tel-Link, L.L.C.

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ASSETS PURCHASE AGREEMENT

THIS ASSETS PURCHASE AGREEMENT (this "Agreement") dated as of this 26th day of January, 2000, is made and entered into by and between NCW Communications, Inc., a Mississippi corporation ("Purchaser"), and Tel-Link, L.L.C., a Georgia limited liability company ("Seller"). Capitalized terms not otherwise defined herein have the meanings set forth in Section 10.01.

W I T N E S S E T H:

WHEREAS, Seller is engaged in the business of purchasing and reselling home telephone and other telecommunications services (the "Business"); and

WHEREAS, Seller desires to sell, transfer and assign to Purchaser, and Purchaser desires to purchase and acquire from Seller, certain of the assets of Seller relating to the operation of the Business, and in connection therewith, Purchaser has agreed to assume certain of the liabilities of Seller relating to the Business, all on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

SALE OF ASSETS

1.01 Assets. (a) Assets Transferred. On the terms and subject to the conditions set forth in this Agreement, Seller will sell, transfer, convey, assign and deliver to Purchaser, and Purchaser will purchase and pay for, on February 10, 2000 (the "Effective Date"), free and clear of all Liens other than Permitted Liens, all of Seller's right, title and interest in, to and under the following Assets of Seller used in connection with the Business, as the same exists on the Effective Date (collectively, with any proceeds and awards referred to in Section 1.02, the "Assets"):

(i) Real Property Lease. The lease of real property described in Section 1.01(a)(i) of the Disclosure Schedule (the "Business Premises"), as to which Seller is the lessee, together with any options to renew or to purchase the underlying property and

leasehold improvements thereon, and all other rights, licenses, permits, deposits and profits appurtenant to or related to such lease (the "Real Property Lease");

(ii) Inventory. All office and other supplies, parts, packaging materials and other accessories related thereto which are used by Seller in the conduct of the Business, together with all rights of Seller against suppliers of such inventories (the "Inventory");

(iii) Customer Base. Seller's customer base, including past-due, current and previous accounts (including all Books and Records evidencing or otherwise relating thereto) (the "Customer Base");

(iv) Tangible Personal Property. All furniture, fixtures, equipment, machinery and other tangible personal property, other than Inventory, used in the conduct of the Business (including but not limited to the items listed in Section 1.01(a)(iv) of the Disclosure Schedule (the "Tangible Personal Property");

(v) Personal Property Leases. The leases of Tangible Personal Property described in Section 1.01(a)(v) of the Disclosure Schedule, as to which Seller is the lessee, together with any options to purchase the underlying property (the "Personal Property Leases");

(vi) Business Contracts. The Contracts described in Section 1.01(a)(vi) of the Disclosure Schedule, as to which Seller is a party and which are utilized in the conduct of the Business (the "Business Contracts");

(vii) Intangible Personal Property. All Intellectual Property used in the conduct of the Business (including Seller's goodwill therein) and all rights, privileges, claims, causes of action and options relating or pertaining to the Business or the Assets, including but not limited to Seller's right, title and interest in, to and under the name "Tel-Link," in, to and under its Internet website and, in, to and under its customer list (including all Books and Records evidencing or otherwise relating thereto), and in, to and under the items listed in Section 1.01(a)(vii) of the Disclosure Schedule (the "Intangible Personal Property");

(viii) Licenses. To the extent their transfer is permitted under the terms thereof or under applicable

Laws, all Licenses (including applications therefor) utilized in the conduct of the Business, including but not limited to the Licenses listed in Section 1.01(a)(viii) of the Disclosure Schedule (the "Business Licenses");

(ix) Security Deposits. All security deposits deposited by or on behalf of Seller as lessee under the Real Property Lease and any and all Personal Property leases and Business Contracts (collectively, the "Security Deposits");

(x) Business Books and Records. All Books and Records of Seller constituting, evidencing or relating to the Real Property Lease, the Customer Base (including all customer lists), the Personal Property Leases, the Business Contracts, the Intangible Personal Property (including all vendor lists) and the Business Licenses.

(b) Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the following Assets of Seller (the "Excluded Assets") shall be excluded from and shall not constitute Assets:

(i) Cash. Cash, commercial paper, certificates of deposit and other bank deposits, treasury bills and other cash equivalents;

(ii) Insurance. Life insurance policies of officers and other employees of Seller and all casualty, business interruption and other insurance policies relating to the operation of the Business, including, without limitation, any and all claims and proceeds of claims made under any such policies;

(iii) Employee Benefit Plans. All assets owned or held by any Benefit Plans;

(iv) Tax Refunds. All refunds or credits, if any, of Taxes due to or from Seller;

(v) Company Books and Records. All Books and Records used in the conduct of the Business, including financial statements, tax returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, minute books and

membership records of Seller, but excluding the Business Books and Records;

(vi) Litigation Claims. Any rights (including indemnification) and claims and recoveries under litigation of Seller against third parties arising out of or relating to events prior to the Effective Date;

(vii) Excluded Obligations. The rights of Seller in, to and under all Contracts of any nature, the obligations of Seller under which expressly are not assumed by Purchaser pursuant to Section 1.03(b); and

(viii) This Agreement. Seller's rights under this Agreement.

1.02 Liabilities. (a) Assumed Liabilities. In connection with the sale, transfer, conveyance, assignment and delivery of the Assets pursuant to this Agreement, on the terms and subject to the conditions set forth in this Agreement, Purchaser hereby assumes and agrees to pay, perform and discharge when due the following obligations of Seller arising in connection with the operation of the Business, as the same shall exist on the Effective Date (the "Assumed Liabilities"), and no others:

(i) Real Property Lease Obligations. All obligations of Seller under the Real Property Lease arising and to be performed on or after the Effective Date, and excluding any such obligations arising or to be performed prior to the Effective Date;

(ii) Personal Property Lease Obligations. All obligations of Seller under the Personal Property Leases arising and to be performed on or after the Effective Date, and excluding any such obligations arising or to be performed prior to the Effective Date;

(iii) Obligations under Contracts and Licenses. All obligations of Seller under the Business Contracts and Business Licenses arising and to be performed on or after the Effective Date, but excluding any such obligations arising or to be performed prior to the Effective Date; and

(iv) Assumed Telephone Liability. All obligations of Seller to end users for telephone installation services and home telephone and other telecommunications

services, regardless of when used or due to be performed (the "Assumed Telephone Liability").

(b) Retained Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume by virtue of this Agreement or the transactions contemplated hereby, and shall have no liability for, the following obligations of Seller:

(i) any other Liabilities of Seller not constituting Assumed Liabilities (including, without limitation, those related to the Business) of any kind, character or description whatsoever (collectively, the "Retained Liabilities").

1.03 Purchase Price; Allocation. (a) Purchase Price. The aggregate purchase price for the Assets is the sum of (i) One Million Dollars (\$1,000,000) plus (ii) the aggregate amount of all Security Deposits (the "Purchase Price"), payable in the manner provided in Section 1.04 on the Effective Date.

(b) Allocation of Purchase Price. Purchaser and Seller have negotiated in good faith prior to the Effective Date to determine the allocation of the consideration paid by Purchaser for the Assets. Each party hereto agrees (a) that any such allocation is consistent with the requirements of Section 1060 of the Code and the regulations thereunder, (b) that such party will complete jointly and file separately Form 8594 with its Federal income Tax Return consistent with such allocation for the tax year in which the Effective Date occurs, and (c) that no party will take a position on any income, transfer or gains tax return, before any Governmental or Regulatory Authority charged with the collection of any such Tax or in any judicial proceeding, that is in any manner inconsistent with the terms of any such allocation without the consent of the other party.

1.04 Purchase and Sale. Purchaser agrees to pay, on the Effective Date, the Purchase Price by wire transfer of immediately available funds to Seller's account, Tel-Link, LLC account number 60834350 at SouthTrust Bank Routing number 061000256. Simultaneously, (a) Seller will assign and transfer to Purchaser good and valid title in and to the Assets (free and clear of all Liens, other than Permitted Liens) by delivery of (i) a General Assignment and Bill of Sale substantially in the form of Exhibit A hereto (the "General Assets Assignment"), duly executed by Seller, and (ii) such other good and sufficient instruments of conveyance, assignment and transfer, in form and substance reasonably acceptable to Purchaser, as shall be effective to vest in Purchaser good title to the Assets (the General Assets Assignment and the

other instruments referred to in clause (ii) being collectively referred to herein as the "Assets Assignment Instruments"; (b) Seller will take all action to amend its articles of organization necessary to change its name to a name which, in the respective opinions of Purchaser and the Secretary of State of Georgia, is not confusingly similar to "Tel-Link, L.L.C."; and (c) Purchaser will assume from Seller the due payment, performance and discharge of the Assumed Liabilities by delivery of (i) an Assumption Agreement substantially in the form of Exhibit B hereto (the "Assumption Agreement"), duly executed by Purchaser, and (ii) such other good and sufficient instruments of assumption, in form and substance reasonably acceptable to Seller's counsel, as shall be effective to cause Purchaser to assume the Assumed Liabilities as and to the extent provided in Section 1.03(a) (the Assumption Agreement and such other instruments referred to in clause (ii) being collectively referred to herein as the "Assumption Instruments"). There shall also be delivered on the Effective Date, to Seller, the Secretary's Certificate of Purchaser in the form of Exhibit D, and, to Purchaser, the Manager's Certificate of Seller in the form of Exhibit C.

1.05 Prorations. The following prorations relating to the Assets and the ownership and operation of the Business will be made as of the Effective Date (except as otherwise provided in subsection (f) below), with Seller liable to the extent such items relate to any time period prior to the Effective Date (except as otherwise provided in subsection (f) below) and Purchaser liable to the extent such items relate to periods beginning with and subsequent to the Effective Date (except as otherwise provided in subsection (f) below):

- (a) Ad valorem taxes on or with respect to the Assets.
- (b) Rents, additional rents, taxes and other items payable by Seller under the Real Property Lease.
- (c) The amount of rents, taxes and charges for sewer, water, telephone, electricity and other utilities relating to the Business Premises.
- (d) All other items normally adjusted in connection with similar transactions.
- (e) All pre-paid items for which Seller has paid prior to the Effective Date and on account of such pre-payment Purchaser receives, after the Effective Date, goods or services without charge by the provider of such goods or services.

(f) All payments for telephone installation services and home telephone and other telecommunications services sold by a LEC to Seller and resold by Seller to end users shall be prorated so that Seller shall receive all payments for services sold to Seller by a LEC and resold by Seller to end users to the extent that Seller shall have paid the LEC or shall be billed by the LEC for such services determined in accordance with the formula contained in Exhibit F attached hereto.

(g) All credit owed to Seller by any LEC which credit is billed on or before the Effective Date, or that is billed in any billing period within ninety (90) days thereafter, shall be prorated so that Seller shall be reimbursed by Purchaser for all such credit.

Except as otherwise agreed by the parties, the net amount of all such prorations will be settled and paid as soon as reasonably practicable after the Effective Date.

1.06 Further Assurances; Post-Effective Date Cooperation. a) Subject to the terms and conditions of this Agreement, at any time or from time to time after the Effective Date, at Purchaser's request and without further consideration, Seller shall execute and deliver to Purchaser such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Assets, and, to the full extent permitted by Law, to put Purchaser in actual possession and operating control of the Business and the Assets and to assist Purchaser in exercising all rights with respect thereto, and otherwise to cause Seller to fulfill its obligations under this Agreement and the Operative Agreements.

(b) Following the Effective Date, each party will afford the other party, its counsel and its accountants, during normal business hours, reasonable access to the books, records and other data relating to the Business in its possession with respect to periods prior to the Effective Date and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party in connection with (i) the preparation of tax returns, (ii) the performance, determination or enforcement of rights and obligations under this Agreement, (iii) compliance with the requirements of any Governmental or Regulatory Authority, and (iv) in connection with any actual or threatened Action or Proceeding. Further, each party agrees for a period extending one (1) year after the Effective Date not to

destroy or otherwise dispose of any such books, records and other data unless such party shall first offer in writing to surrender such books, records and other data to the other party and such other party shall not agree in writing to take possession thereof during the ten (10) day period after such offer is made.

(c) If, in order properly to prepare its tax returns, other documents or reports required to be filed with Governmental or Regulatory Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that a party be furnished with additional information, documents or records relating to the Business not referred to in paragraph (b) above, and such information, documents or records are in the possession or control of the other party, such other party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the recipient's request, cost and expense. Any information obtained by such party in accordance with this paragraph shall be held confidential by such party in accordance with Section 12.05.

(d) Notwithstanding anything to the contrary contained in this Section, if the parties are in an adversarial relationship in litigation or arbitration, the furnishing of information, documents or records in accordance paragraph (c) of this Section shall be subject to applicable rules relating to discovery.

e For a period of ninety (90) days commencing on the Effective Date, Purchaser shall furnish to Seller, without cost or charge, office facilities at the Premises for three representatives of Seller for use in connection with the winding up of the business of Seller, including a private office, office furniture, telephone, access to telecopy and photocopy machines, storage space adequate to keep and maintain the Business Books Records, and reasonable access to administrative staff personnel, and for a period of, at the option of Seller, up to two (2) years, data processing hardware and software containing and compatible with Sellers current general ledger software and operating systems, together with Seller's current data bases, and like office facilities for one representative of Seller (or its affiliate, TLA) for use in connection with the winding up of the business of Seller and/or the services being rendered by TLA and its affiliates under any agreement in effect between TLA and Purchaser.

1.07 Third-Party Consents. To the extent that any Business Contract, Business License or Personal Property Lease as defined in Schedule 1.01(a)(v) of the Disclosure Schedule is not assignable without the consent of another party, this Agreement shall not constitute an assignment or an attempted assignment thereof if such

assignment or attempted assignment would constitute a breach thereof. Seller and Purchaser shall use commercially reasonable efforts to obtain the consent of such other party to the assignment of any such Business Contract, Business License or Personal Property Lease to Purchaser in all cases in which such consent is or may be required for such assignment. If any such consent shall not be obtained, Seller shall cooperate with Purchaser in any reasonable arrangement designed to provide for Purchaser the benefits intended to be assigned to Purchaser under the relevant Business Contract, Business License or Personal Property Lease, including enforcement at the cost and for the account of Purchaser of any and all rights of Seller against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise. If and to the extent that such arrangement cannot be made, Purchaser shall have no obligation with respect to any such Business Contract, Business License or Personal Property Lease.

1.03 [Intentionally Omitted.]

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

2.01 Corporate Existence of Seller. Seller is a limited liability company, validly existing and in good standing under the Laws of the State of Georgia, and has full power and authority to conduct the Business as and to the extent now conducted and to own, use and lease the Assets.

2.02 Authority. Seller has full power and authority to execute and deliver this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including without limitation to sell and transfer (pursuant to this Agreement) the Assets. The execution and delivery by Seller of this Agreement and the Operative Agreements to which it is a party, and the performance by Seller of its obligations hereunder and thereunder, have been duly and validly authorized by the manager of Seller, no other action on the part of Seller or its members being necessary. This Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by Seller of the Operative Agreements to which it is a party, such Operative Agreements will constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms.

2.03 No Conflicts. The execution and delivery by Seller of this Agreement do not, and the execution and delivery by Seller of the Operative Agreements to which it is a party, the performance by Seller of its obligations under this Agreement and such Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the articles of organization or operating agreement of Seller;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in Section 2.03 of the Disclosure Schedule, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Seller or any of its Assets and Properties (other than such conflicts, violations or breaches (i) which could not in the aggregate reasonably be expected to adversely affect the validity or enforceability of this Agreement or any of such Operative Agreements or to have a material adverse effect on the Condition of the Business or (ii) as would occur solely as a result of the legal or regulatory status of Purchaser or any of its Affiliates); or

(c) except as disclosed in Section 2.03 of the Disclosure Schedule or as could not, individually or in the aggregate, reasonably be expected to be materially adverse to the Condition of the Business or to adversely affect the ability of Seller to consummate the transactions contemplated hereby or by any such Operative Agreements or to perform its obligations hereunder or thereunder, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Seller to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien upon Seller or any of its Assets under any Contract or License to which Seller is a party or by which any of its Assets is bound.

2.04 Legal Proceedings. Except as disclosed in Section 2.04 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) there are no Actions or Proceedings pending or, to the Knowledge of Seller, threatened against, relating to or affecting Seller with respect to the Business or any of its Assets and Properties which could reasonably be expected (i) to result in the issuance of an Order restraining, enjoining or otherwise

prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements, or (ii) individually or in the aggregate with other such Actions or Proceedings, to have a material adverse effect on the Condition of the Business; and

(b) there are no Orders outstanding against Seller which, individually or in the aggregate with other such Orders, materially adversely affect the Condition of the Business.

2.05 Tangible Personal Property. Seller is in possession of and has good title to, or has valid leasehold interests in or valid rights under Contract to use, all the Tangible Personal Property used in and individually or in the aggregate with other such property material to the Condition of the Business. All the Tangible Personal Property is free and clear of all Liens, other than Permitted Liens and Liens disclosed in Section 2.05 of the Disclosure Schedule. SELLER MAKES NO FURTHER WARRANTIES OF ANY KIND RESPECTING THE TANGIBLE PERSONAL PROPERTY, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, PURCHASER TAKING THE TANGIBLE PERSONAL PROPERTY "AS IS."

2.06 Intellectual Property Rights. Section 1.01(a)(viii) of the Disclosure Schedule discloses all Intellectual Property used in and individually or in the aggregate with other such Intellectual Property material to the Condition of the Business, each of which Seller either has all right, title and interest in or valid and binding rights to use, except as disclosed in Section 2.06 of the Disclosure Schedule. Except as disclosed in Section 2.06 of the Disclosure Schedule, (i) there are no material restrictions on the direct or indirect transfer of any Contract, or any interest therein, held by Seller in respect of such Intellectual Property, and (ii) to the Knowledge of Seller, Seller is not, nor has it received any notice that it is, in default (or with the giving of notice or lapse of time or both, would be in default) in any material respect under any Contract to use such Intellectual Property. Except as disclosed in Section 2.06 of the Disclosure Schedule, Seller has not received notice that Seller is infringing any Intellectual Property of any other Person in connection with the conduct of the Business, to the Knowledge of Seller no claim is pending or has been made to such effect that has not been resolved, and, to the Knowledge of Seller, Seller is not infringing any Intellectual Property of any other Person the effect of which, individually or in the aggregate, could reasonably be expected to be materially adverse to the Condition of the Business.

2.07 Contracts. (a) Section 2.07(a) of the Disclosure Schedule (with paragraph references corresponding to those set forth below)

contains a true and complete list of each of the following Contracts (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and supplements thereto, have been delivered to Purchaser prior to the execution of this Agreement; to which Seller is a party or by which any of the Assets is bound:

(i) all Contracts providing for a commitment of employment or consultation services for a specified or unspecified term to, or otherwise relating to employment or the termination of employment of, any Employee, the name, position and rate of compensation of each Employee party to such a Contract and the expiration date of each such Contract; and

(ii) all Contracts with telephone service suppliers with whom Seller deals in connection with the Business.

(b) Each Contract required to be disclosed in Section 2.07(a) of the Disclosure Schedule, and except as disclosed in Section 2.07(a) of the Disclosure Schedule, is in full force and effect and constitutes a legal, valid and binding agreement, enforceable in accordance with its terms, of Seller and, to the Knowledge of Seller, of each other party thereto except as disclosed in Section 2.07(a) of the Disclosure Schedule.

2.08 Licenses. Section 1.01(a)(viii) of the Disclosure Schedule contains a true and complete list of all Licenses used in and individually or in the aggregate with other such Licenses material to the Condition of the Business (and all pending applications for any such Licenses), setting forth the grantor, the grantee, the function and the expiration and renewal date of each. Prior to the execution of this Agreement, Seller has delivered to Purchaser true and complete copies of all such Licenses. Except as disclosed in Section 2.08 of the Disclosure Schedule:

(i) Seller owns or validly holds all such Licenses;

(ii) each Business License is valid, binding and in full force and effect; and

(iii) to the Knowledge of Seller, Seller is not in default (or with the giving of notice or lapse of time or both, would be in default) under any Business License in any material respect.

2.09 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by

Seller directly with Purchaser without the intervention of any Person on behalf of Seller in such manner as to give rise to any valid claim by any Person against Purchaser for a finder's fee, brokerage commission or similar payment.

2.10 Bulk Transfer Law. Seller is not subject to the provisions of Article 6 (Bulk Transfers) of the Uniform Commercial Code, as enacted in Georgia as O.C.G.A. § 11-6-101 et seq.

2.11 Transfer. No sale, transfer, conveyance, assignment or delivery of Assets as contemplated in this Agreement is being made by Seller with the intent to hinder, delay or defraud either present or future creditors of Seller.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

3.01 Corporate Existence. Purchaser is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Mississippi. Purchaser has full corporate power and authority to enter into this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

3.02 Authority. The execution and delivery by Purchaser of this Agreement and the Operative Agreements to which it is a party, and the Performance by Purchaser of its obligations hereunder and thereunder, have been duly and validly authorized by the Board of Directors of Purchaser, no other corporate action on the part of Purchaser or its stockholders being necessary. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes, and upon the execution and delivery by Purchaser of the Operative Agreements to which it is a party, such Operative Agreements will constitute, legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

3.03 No Conflicts. The execution and delivery by Purchaser of this Agreement do not, and the execution and delivery by Purchaser of the Operative Agreements to which it is a party, the performance by Purchaser of its obligations under this Agreement and such Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the [certificate] [articles] of incorporation or by-laws (or other comparable corporate charter document) of Purchaser;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in Schedule 3.04 hereto, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Purchaser or any of its Assets and Properties (other than such conflicts, violations or breaches which could not in the aggregate reasonably be expected to adversely affect the validity or enforceability of this Agreement or any of such Operative Agreements); or

(c) except as disclosed in Schedule 3.03 hereto, or as could not, individually or in the aggregate, reasonably be expected to adversely affect the ability of Purchaser to consummate the transactions contemplated hereby or by any such Operative Agreements or to perform its obligations hereunder or thereunder, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Purchaser to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien upon Purchaser or any of its Assets or Properties under, any Contract or License to which Purchaser is a party or by which any of its Assets and Properties is bound.

3.04 Governmental Approvals and Filings. Except as disclosed in Schedule 3.04 hereto, no consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority on the part of Purchaser is required in connection with the execution, delivery and performance of this Agreement or the Operative Agreements to which it is a party or the consummation of the transactions contemplated hereby or thereby, except where the failure to obtain any such consent, approval or action, to make any such filing or to give any such notice could not reasonably be expected to adversely affect the ability of Seller to consummate the transactions contemplated by this Agreement or any of such Operative Agreements or to perform its obligations hereunder or thereunder.

3.05 Legal Proceedings. There are no Actions or Proceedings pending or, to the knowledge of Purchaser, threatened against, relating to or affecting Purchaser or any of its Assets and Properties which could reasonably be expected to result in the

issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements.

3.06 Brokers. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Purchaser directly with Seller without the intervention of any Person on behalf of Purchaser in such manner as to give rise to any valid claim by any Person against Seller for a finder's fee, brokerage commission or similar payment.

ARTICLE IV

COVENANTS OF SELLER

Seller covenants and agrees with Purchaser that, from and after the Effective Date, Seller will comply with all covenants and provisions of this Article IV, except to the extent Purchaser may otherwise consent in writing.

4.01 Regulatory and Other Approvals. Seller will (a) take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith and use commercially reasonable efforts, as promptly as practicable to obtain all consents, approvals or actions of, to make all filings with and to give all notices to Governmental or Regulatory Authorities or any other Person required of Seller to effect the transfers contemplated hereby and by the Operative Agreements, including without limitation those described in Sections 2.03 and 2.04 of the Disclosure Schedule, (b) provide such other information and communications to such Governmental or Regulatory Authorities or other Persons as such Governmental or Regulatory Authorities or other Persons may reasonably request in connection therewith and (c) provide reasonable cooperation to Purchaser in obtaining all consents, approvals or actions of, making all filings with and giving all notices to Governmental or Regulatory Authorities or other Persons required of Purchaser to effect the transfers contemplated hereby and by the Operative Agreements. Seller will provide prompt notification to Purchaser when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise Purchaser of any communications (and, unless precluded by law, provide copies of any such communications that are in writing) with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement or any of the Operative Agreements.

4.02 Security Deposits. Seller will take all commercially reasonable steps necessary to transfer to Purchaser the Effective Date all of Seller's right, title and interest in and to the Security Deposits, and will indemnify and hold Purchaser harmless against any failure to effect such release on or before the Effective Date.

ARTICLE V

COVENANTS OF PURCHASER

Purchaser covenants and agrees with Seller that, at all times from and after the Effective Date, Purchaser will comply with all covenants and provisions of this Article V, except to the extent Seller and the Members may otherwise consent in writing. .

5.01 Regulatory and Other Approvals. Purchaser will (a) take all steps necessary or desirable, and proceed diligently and in good faith, to obtain all consents, approvals or actions of, to make all filings with and to give all notices to Governmental or Regulatory Authorities or any other Person required of Purchaser to effect the transfers contemplated hereby and by the Operative Agreements, including without limitation those described in Schedules 3.03 and 3.04 hereto, (b) provide such other information and communications to such Governmental or Regulatory Authorities or other Persons as such Governmental or Regulatory Authorities or other Persons may reasonably request in connection therewith, and (c) provide reasonable cooperation to Seller in obtaining all consents, approvals or actions of, making all filings with and giving all notices to Governmental or Regulatory Authorities or other Persons required of Seller to effect the transfers contemplated hereby and by the Operative Agreements. Purchaser will provide prompt notification to Seller when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise Seller of any communications (and, unless precluded by Law, provide copies of any such communications that are in writing) with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement or any of the Operative Agreements.

5.02 Release of Guarantees. Purchaser shall cooperate with Seller and Title Loans of America, Inc. ("TLA") in seeking to have TLA released from all payments TLA is required to make from and after the Effective Date in respect of any guarantee that TLA has given in respect of the Indebtedness of Seller under the Real Property Lease and those Personal Property Leases identified by Seller in a written notice given by Seller to Purchaser on or

before the Effective Date (the "Guaranteed Leases"), and will indemnify and hold TLA harmless against all payments TLA is required to make from and after the Effective Date in respect of any guarantee that TLA has given in respect of any Assumed Liabilities, including the Indebtedness of Seller under the Real Property Lease and the Guaranteed Leases.

ARTICLE VI

[INTENTIONALLY OMITTED]

ARTICLE VII

[INTENTIONALLY OMITTED]

ARTICLE VIII

SURVIVAL; NO OTHER REPRESENTATIONS

8.01 Survival of Representations, Warranties, Covenants and Agreements. The representations and warranties contained in this Agreement shall survive the Effective Date and any covenant or agreement of the parties hereto which by its terms contemplates performance after the Effective Date, shall survive for the respective periods set forth herein.

8.02 No Other Representations. Notwithstanding anything to the contrary contained in this Agreement, it is the explicit intent of each party hereto that Seller is making no representation or warranty whatsoever, express or implied, including but not limited to any implied representation or warranty as to condition, merchantability or suitability as to any of the Assets or other properties of the Business, except those representations and warranties contained in Article II. It is understood that, except to the extent otherwise expressly provided herein, Purchaser takes the Assets "AS IS" and "WHERE IS."

ARTICLE IX

[INTENTIONALLY OMITTED]

ARTICLE X

DEFINITIONS

10.01 Definitions. (a) Defined Terms. As used in this Agreement, the following defined terms have the meanings indicated below:

"Actions or Proceedings" means any action, suit, proceeding, arbitration or Governmental or Regulatory Authority investigation.

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by Contract or otherwise and, in any event and without limitation of the previous sentence, any Person owning ten percent (10%) or more of the voting securities of another Person shall be deemed to control that Person.

"Agreement" means this Purchase Agreement and the Exhibits, the Disclosure Schedule and the Schedules hereto.

"Assets" has the meaning ascribed to it in Section 1.01(a).

"Assets Assignment Instruments" has the meaning ascribed to it in Section 1.04

"Associate" means, with respect to any Person, any corporation or other business organization of which such Person is an officer or partner or is the beneficial owner, directly or indirectly, of ten percent (10%) or more of any class of equity securities, any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as a trustee or in a similar capacity and any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person.

"Assumed Liabilities" has the meaning ascribed to it in Section 1.03(a).

"Assumed Telephone Liability" has the meaning ascribed to it in Section 1.03(a).

"Assumption Agreement" has the meaning ascribed to it in Section 1.04.

"Assumption Instruments" has the meaning ascribed to it in Section 1.04.

"Benefit Plan" means any Plan established by Seller, or any predecessor or Affiliate of Seller, existing at the Effective Date or at any time within the five (5) year period prior thereto, to which Seller contributes or has contributed on behalf of any Employee, former Employee or director, or under which any Employee, former Employee or director of Seller or any beneficiary thereof is covered, is eligible for coverage or has benefit rights.

"Books and Records" of any Person means all files, documents, instruments, papers, books and records relating to the business, operations, condition of (financial or other); results of operations and Assets and Properties of such Person, including without limitation financial statements, tax returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock certificates and books, stock transfer ledgers, Contracts, Licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans.

"Business" has the meaning ascribed to it in the forepart of this Agreement.

"Business Books and Records" has the meaning ascribed to it in Section 1.01(a) xii.

"Business Contracts" has the meaning ascribed to it in Section 1.01(a) vii.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in the States of Georgia and Alabama are authorized or obligated to close.

"Business Licenses" has the meaning ascribed to it in Section 1.01(a) viii.

"Business Premises" has the meaning ascribed to it in Section 1.01(a) iii.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Condition of the Business" means the business, financial condition, results of operations and Assets and Properties of the Business.

"Contract" means any agreement, lease, license, evidence of Indebtedness, mortgage, indenture, security agreement or other contract.

"Customer Base" has the meaning ascribed to it in Section 1.01(a)(iii).

"Disclosure Schedule" means the record delivered to Purchaser by Seller herewith and dated as of the Effective Date, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Seller pursuant to this Agreement.

"Effective Date" means February 10, 2000.

"Employee" means each employee, officer or consultant of Seller engaged primarily in the conduct of the Business.

"Excluded Assets" has the meaning ascribed to it in Section 1.01(b).

"General Assets Assignment" has the meaning ascribed to it in Section 1.04.

"Governmental or Regulatory Authority" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States[, any foreign country] or any [domestic or foreign] state, county, city or other political subdivision.

"Indebtedness" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

"Intangible Personal Property" has the meaning ascribed to it in Section 1.01(a)(vii).

"Intellectual Property" means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, inventions, copyrights and copyright rights, [processes, formulae, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies, computer programs (including all source codes) and related documentation, technical information, manufacturing, engineering and technical drawings,] know-how and all pending applications for and registrations of patents, trademarks, service marks and copyrights.

"Inventory" has the meaning ascribed to it in Section 10.01(a)(ii).

"Knowledge of Seller" means the actual knowledge of the officers and employees of Seller listed in Section 10.01 of the Disclosure Schedule.

"Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States or any state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

"LEC" means BellSouth Telecommunications, Inc., a Georgia corporation, or any other local exchange telecommunications company for which Seller shall have been, as of the Effective Date, authorized to resell telecommunications services.

"Liabilities" means all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due).

"Licenses" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental or Regulatory Authority.

"Liens" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"Loss" means any and all damages, fines, penalties, deficiencies, losses and expenses (including without limitation interest, court costs, reasonable fees of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings or of any claim, default or assessment).

"Operative Agreements" means, collectively, the General Assets Assignment and the other Assets Assignment Instruments, the Assumption Agreement and the other Assumption Instruments.

"Order" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each such case whether preliminary or final).

"Permitted Lien" The interest of the respective lienholder or lessor of tangible personal property set forth in §2.05 of the Disclosure Schedule.

"Person" means any natural person, corporation, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

"Personal Property Lease" has the meaning ascribed to it in Section 1.01(a)(v).

"Plan" means any bonus, incentive compensation, deferred compensation, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workmen's compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or arrangement of any kind, whether written or oral, including, but not limited to, any "employee benefit plan" within the meaning of Section 3(3) of ERISA.

"Purchase Price" has the meaning ascribed to it in Section 1.03 a.

"Purchaser" has the meaning ascribed to it in the forepart of this Agreement.

"Real Property Lease" has the meaning ascribed to it in Section 1.01 a (ii).

"Retained Liabilities" has the meaning ascribed to it in Section 1.03 b (i).

"Security Deposit" has the meaning ascribed to it in Section 1.01 a (ix).

"Seller" has the meaning ascribed to it in the forepart of this Agreement.

"TIA" has the meaning ascribed to it in Section 5.02.

"Tangible Personal Property" has the meaning ascribed to it in Section 1.01(a)(iv).

(b) Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; and (v) the phrase "ordinary course of business"

refers to the business of Seller in connection with the Business. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP. Any representation or warranty contained herein as to the enforceability of a Contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar law affecting the enforcement of creditors' rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

ARTICLE XI

COVENANT NOT TO COMPETE

Seller hereby agree that for a period of two (2) years commencing on the Effective Date neither Seller, nor the Members, nor any of their respective members, owners, officers, trustees or subsidiaries will, directly or indirectly, engage in the Business in any state or jurisdiction in the United States of America in which Seller is on the Effective Date engaging, or has at any time since its inception engaged, in the Business, provided that nothing contained herein shall be deemed to prohibit TLA or any of its stockholders, officers, directors, subsidiaries or any of their respective affiliates from engaging in the business of selling or reselling prepaid long distance telephone service.

ARTICLE XII

MISCELLANEOUS

12.01 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to Purchaser, to:
NOW Communications, Inc.
P. O. Box 807
Jackson, Mississippi 39205-0807
Facsimile No.: (601) 969-6656
Attention: Larry W. Seab
President and Chief Executive Officer

with a copy to:

Carroll H. Ingram, Esq.
Ingram & Associates
P. O. Box 15039
Hattiesburg, Mississippi 39404-5039
Facsimile No.: (601) 261-1393

If to Seller, to:

Tel-Link, L.L.C.
8601 Dunwoody Place
Suite 406
Atlanta, Georgia 30350
Facsimile No.: (770) 552-7345
Attention: Terry E. Fields
President

With a copy to:

Stephen M. Forte, Esq.
Smith, Gambrell & Russell, LLP
Suite 3101, Promenade II
1230 Peachtree Street, N. E.
Atlanta, Georgia 30309-3592
Facsimile No.: (404) 815-6856

All such notices, requests and other communications will (i) if delivered personally to the address of the party as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section, it being the understanding of the parties that delivery to any such other Person shall not be deemed delivery, without delivery to the party as set forth above). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

12.02 Entire Agreement. This Agreement and the Operative Agreements supersede all prior discussions and agreements between the parties with respect to the subject matter hereof and thereof, including without limitation that certain letter from Purchaser to Seller, dated September 24, 1999, and contains the sole and entire

agreement between the parties hereto with respect to the subject matter hereof and thereof:

12.03 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party will pay its own costs and expenses incurred in connection with the negotiation, execution and the Effective Date of this Agreement and the Operative Agreements and the transactions contemplated hereby and thereby.

12.04 Public Announcements. At all times at or before the Effective Date, Seller and Purchaser will not issue or make any reports, statements or releases to the public with respect to this Agreement or the transactions contemplated hereby without the consent of the other. Seller and Purchaser will also obtain the other party's prior approval of any press release to be issued immediately following the Effective Date announcing the consummation of the transactions contemplated by this Agreement.

12.05 Confidentiality. Each party hereto will hold, and will use its best efforts to cause its Affiliates, and in the case of Purchaser, any Person who has provided, or who is considering providing, financing to Purchaser to finance all or any portion of the Purchase Price, and their respective Representatives to hold, in strict confidence from any Person (other than any such Affiliate, Person who has provided, or who is considering providing, financing or Representative, unless (i) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental or Regulatory Authorities) or by other requirements of law or (ii) disclosed in an Action or Proceeding brought by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other party or any of its Affiliates furnished to it by the other party or such other party's Representatives in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving party or (c) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential; provided that following the Effective Date the foregoing restrictions will not apply to Purchaser's use of documents and information concerning the Business, the Assets or the Assumed

Liabilities furnished by Seller hereunder. In the event the transactions contemplated hereby are not consummated, upon the request of the other party, each party hereto will, and will cause its Affiliates, any Person who has provided, or who is providing, financing to such party and their respective Representatives to, promptly (and in no event later than five (5) Business Days after such request) redeliver or cause to be redelivered all copies of confidential documents and information furnished by the other party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the party furnished such documents and information or its Representatives.

12.06 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

12.07 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

12.08 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person.

12.09 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except (a) for assignments and transfers by operation of Law and (b) that Purchaser may assign any or all of its rights, interests and obligations hereunder to a wholly-owned subsidiary, provided that any such subsidiary agrees in writing to be bound by all of the terms, conditions and provisions contained herein, but no such assignment referred to in clause (b) shall relieve Purchaser of its obligations hereunder. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is

enforceable by the parties hereto and their respective successors and assigns.

12.10 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

12.11 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

12.12 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Georgia applicable to a contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

12.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

12.14 Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement or any contract or agreement entered into pursuant hereto or the performance by the parties, of its or their terms or enforcement thereof, shall be submitted to binding arbitration in Atlanta, Georgia, in accordance with such procedures and to be determined by such arbitrator or arbitrators as shall be mutually agreed to by the parties or, in the absence of agreement within twenty (20) days after written notice of the dispute, controversy or claim, shall have been given by the aggrieved party to the other, in accordance with the rules and procedures of the American Arbitration Association. The parties agree to endeavor in good faith to obtain a decision of the arbitrator(s) as promptly as reasonably practicable and, if possible, within three months of any submission.

12.15 Time of the Essence. Time is of the essence of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party as of the date first above written.

Seller:

Tel-Link, L.L.C.

By: _____

Name:

Title:

Purchaser:

NOW Communications, Inc.

By: _____

Name

Title:

EXHIBIT A

GENERAL ASSIGNMENT AND BILL OF SALE

THIS GENERAL ASSIGNMENT AND BILL OF SALE is made this ____ day of _____, _____, by Tel-Link, L.L.C., a Georgia limited liability company ("Seller"), in favor of NOW Communications, a Mississippi corporation ("Purchaser").

WHEREAS, Purchaser and Seller have entered into a Purchase Agreement, dated as of January 26, 2000 (the "Purchase Agreement"; capitalized terms not defined herein shall have the meanings ascribed to them in the Purchase Agreement), pursuant to which Seller has agreed to sell, transfer, convey, assign and deliver to Purchaser and Purchaser has agreed to purchase from Seller substantially all of the assets used by Seller in connection with its business of purchasing and reselling home telephone and other telecommunications services, and Purchaser has agreed, in partial consideration therefor, to assume certain obligations in connection therewith by executing an Assumption Agreement of even date herewith;

WHEREAS, Seller desires to transfer and assign to Purchaser the assets described below pursuant to Section 1.04 of the Purchase Agreement and Purchaser desires to accept the sale, transfer, conveyance, assignment and delivery thereof;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Seller hereby irrevocably sells, transfers, conveys, assigns and delivers to Purchaser free and clear of all Liens, other than Permitted Liens, all of Seller's right, title and interest in, to and under the following Assets of Seller used in connection with the Business, other than the Excluded Assets, as the same shall exist on the Effective Date: (i) the Real Property Lease, (ii) the Inventory, (iii) the Customer Base, (iv) the Tangible Personal Property, (v) the Personal Property Leases, (vi) the Business Contracts, (vii) the Intangible Personal Property, (viii) the Business Licenses, (ix) the Security Deposits, (x) the Sold Telephone Payments, and (xi) the Business Books and Records (collectively, the "Assigned Assets"), TO HAVE AND TO HOLD the same unto Purchaser, its successors and assigns, forever.

Purchaser hereby accepts the sale, transfer, conveyance, assignment and delivery of the Assigned Assets.

Seller represents, warrants, covenants and agrees that it: (a) has good and marketable title to the Assigned Assets, free and clear of all Liens other than Permitted Liens; and (b) will warrant and defend the sale of the Assigned Assets against all and every Person or Persons whomsoever claiming against any or all of the same, subject to the terms and provisions of the Purchase Agreement. Seller is making no representation or warranty whatsoever, express or implied, including but not limited to any implied representation or warranty as to condition, merchantability or suitability as to any of the Assets, except those representations and warranties contained above and in Article II of the Purchase Agreement. It is understood that, except to the extent otherwise expressly provided herein, Purchaser takes the Assets "AS IS" and "WHERE IS."

At any time or from time to time after the Effective Date, at Purchaser's request and without further consideration, Seller shall execute and deliver to Purchaser such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Assigned Assets, and, to the full extent permitted by Law, to put Purchaser in actual possession and operating control of the Assigned Assets and to assist Purchaser in exercising all rights with respect thereto.

This General Assignment and Bill of Sale may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

This General Assignment and Bill of Sale shall be governed by and construed in accordance with the laws of the State of Georgia applicable to a contract executed and performed in such State without giving effect to the conflicts of laws principles thereof, except that if it is necessary in any other jurisdiction to have the law of such other jurisdiction govern this General Assignment and Bill of Sale in order for this General Assignment and Bill of Sale to be effective in any respect, then the laws of such other jurisdiction shall govern this General Assignment and Bill of Sale to such extent.

IN WITNESS WHEREOF, the undersigned have caused their duly authorized officers to execute this General Assignment and Bill of Sale on the day and year first above written.

Tel-Link, L.L.C.

By: _____
Name:
Title:

Accepted:

NOW Communications, Inc.

By: _____
Name:
Title:

ASSUMPTION AGREEMENT

THIS ASSUMPTION AGREEMENT is entered into this ____ day of _____, _____, by and between NOW Communications, Inc., a Mississippi corporation ("Purchaser"), and Tel-Link, L.L.C., a Georgia limited liability company ("Seller").

WHEREAS, Purchaser and Seller have entered into a Purchase Agreement, dated as of January 26, 2000 (the "Purchase Agreement"; capitalized terms not defined herein shall have the meanings ascribed to them in the Purchase Agreement), pursuant to which Seller has agreed to sell, transfer, convey, assign and deliver to Purchaser and Purchaser has agreed to purchase from Seller substantially all of the assets used by Seller in connection with the conduct of its business of purchasing and reselling home telephone and other telecommunications services, and Purchaser has agreed, in partial consideration therefor, to assume certain obligations in connection therewith by executing this Assumption Agreement;

WHEREAS, pursuant to Section 1.04 of the Purchase Agreement, Purchaser is required to execute and deliver to Seller this Agreement whereby Purchaser assumes such obligations;

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Purchaser hereby undertakes and agrees from and after the Effective Date, subject to the limitations contained herein, to assume and to pay, perform and discharge when due the Assumed Liabilities.

Nothing contained herein shall require Purchaser to pay or discharge any debts or obligations expressly assumed hereby so long as Purchaser shall in good faith contest or cause to be contested the amount or validity thereof.

Other than as specifically stated above or in the Purchase Agreement, Purchaser assumes no debt, liability or obligation of Seller, including without limitation the Retained Liabilities, by this Assumption Agreement, and it is expressly understood and agreed that all debts, liabilities and obligations not assumed

hereby by Purchaser shall remain the sole obligation of Seller, its successors and assigns.

No Person other than Seller, its successors and assigns shall have any rights under this Assumption Agreement or the provisions contained herein.

This Assumption Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Georgia applicable to a contract executed and performed in such State without giving effect to the conflicts of laws principles thereof, except that if it is necessary in any other jurisdiction to have the law of such other jurisdiction govern this Assumption Agreement in order for this Assumption Agreement to be effective in any respect, then the laws of such other jurisdiction shall govern this Assumption Agreement to such extent.

IN WITNESS WHEREOF, the undersigned have caused their duly authorized officers to execute this Assumption Agreement on the day and year first above written.

NOW Communications, Inc.

By: _____
Name:
Title:

Fel-Link, L.L.C.

By: _____
Name:
Title:

EXHIBIT C

Tel-Link, L.L.C.

Manager's Certificate

I, _____, Manager of Tel-Link, L.L.C., a Georgia limited liability company ("Seller"), pursuant to Section 4.23 of the Purchase Agreement dated as of January 26, 2000 (the "Purchase Agreement") between NOW Communications, a Mississippi corporation, and Seller, DO HEREBY CERTIFY on behalf of Seller as follows:

1. Attached hereto as Exhibit A is a true, complete and correct copy of the Articles of Organization of Seller and all amendments thereto (as so amended, the "Articles of Organization"), and no amendment to the Articles of Organization has been authorized or become effective since the date of the last of such amendments, no amendment or other document relating to or affecting the Articles of Organization has been filed in the office of the Secretary of State of the State of Georgia since such date and no action has been taken by Seller, its members, managers or officers in contemplation of the filing of any such amendment or other document or in contemplation of the liquidation or dissolution of Seller.

2. Attached hereto as Exhibit B is a true, complete and correct copy of the Operating Agreement of Seller as in full force and effect on the Effective Date.

3. Attached hereto as Exhibit C is a true, complete and correct copy of resolutions adopted by the manager of Seller with respect to the Purchase Agreement and the Operative Agreements to which it is a party and the transactions contemplated thereby, which resolutions were duly and validly adopted by the manager on _____, _____. All such resolutions are in full force and effect on the Effective Date in the form in which adopted and no other resolutions have been adopted by the manager of Seller or any committee thereof relating to the Purchase Agreement and the Operative Agreements to which it is a party and the transactions contemplated thereby.

4. Each of the following named individuals is a duly elected or appointed, qualified and acting officer of Seller who holds, and at all times since October __, 1999, has held, the offices set opposite such individual's name, and the signature written opposite the name and title of such officer is such officer's genuine signature:

[Name]	[Title]	_____
[Name]	[Title]	_____
[Name]	[Title]	_____
[Name]	[Title]	_____

IN WITNESS WHEREOF, Seller has caused this Certificate to be executed on its behalf by the undersigned, on and as of the ____ day of _____.

Tel-Link, L.L.C.

By: _____
Name: _____
Title: _____

I, _____, of Seller, DO HEREBY CERTIFY on behalf of Seller that _____ is the duly elected or appointed, qualified and acting _____ of Seller, and the signature set forth above is the genuine signature of such officer.

Name: _____
Title: _____
_____, _____

EXHIBIT D

NOW Communications, Inc.

[Assistant] Secretary's Certificate

Secretary of NOW Communications, Inc., a Mississippi corporation ("Purchaser"), pursuant to Section 5.03 of the Purchase Agreement dated as of January 26, 2000 (the "Purchase Agreement"), between Purchaser and Tel-Link, L.L.C., a Georgia limited liability company, DO HEREBY CERTIFY on behalf of Purchaser as follows:

1. Attached hereto as Exhibit A is a true, complete and correct copy of the [Restated] [Certificate] [Articles] of Incorporation of Purchaser and all amendments thereto (as so amended, the "[Certificate] [Articles] of Incorporation"), and no amendment to the [Certificate] [Articles] of Incorporation has been authorized or become effective since the date of the last of such amendments, no amendment or other document relating to or affecting the [Certificate] [Articles] of Incorporation has been filed in the office of the Secretary of State of the State of Mississippi since such date and no action has been taken by Purchaser, its [stockholders] [shareholders], directors or officers in contemplation of the filing of any such amendment or other document or in contemplation of the liquidation or dissolution of Purchaser.

2. Attached hereto as Exhibit B is a true, complete and correct copy of the By-Laws of Purchaser as in full force and effect on the Effective Date and at all times since [date of last amendment].

3. Attached hereto as Exhibit C is a true, complete and correct copy of resolutions adopted by the Board of Directors of Purchaser with respect to the Purchase Agreement and the Operative Agreements to which it is a party and the transactions contemplated thereby, which resolutions were duly and validly adopted at a meeting of the Board of Directors of Purchaser on _____, _____, at which a quorum was present and acting throughout. All such resolutions are in full force and effect on the Effective Date in the form in which adopted and no other resolutions have been adopted by the Board of Directors of Purchaser or any committee thereof relating to the Purchase Agreement and the Operative Agreements to which it is a party and the transactions contemplated thereby.

4. Each of the following named individuals is a duly elected or appointed, qualified and acting officer of Purchaser who holds, and at all times since [date of execution of Purchase Agreement] has held, the office set opposite such individual's name, and the signature written opposite the name and title of such officer is such officer's genuine signature:

[Name]	[Title]	_____
[Name]	[Title]	_____
[Name]	[Title]	_____
[Name]	[Title]	_____

IN WITNESS WHEREOF, Purchaser has caused this Certificate to be executed on its behalf by the undersigned on and as of the _____ day of _____, _____.

NOW Communications, Inc.

By: _____
Name: _____
Title: _____

I, _____ of Purchaser, DO HEREBY CERTIFY on behalf of Purchaser that _____ is the duly elected or appointed, qualified and acting [Assistant] Secretary of Purchaser, and the signature set forth above is the genuine signature of such officer.

Name: _____
Title: _____

_____, _____

Exhibit F

ILLUSTRATIVE EXAMPLE

EXHIBIT B

NOW COMMUNICATIONS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 1999

NOW Communications, Inc.
Balance Sheet
December 31, 1999

ASSETS

Current Assets

Petty Cash	250.00
Cash on Hand	300.00
Trustmark - General Account	1,191,814.95
Trustmark - Commission Account	70.00
Trustmark - Refund Account	75.20
Trustmark - Payroll Account	1,000.00
AmSouth - Agent Account	97.29
BancorpSouth	9.98
Bank at Broadmoor	100.00
Bank of Anguilla	45.79
Bank Plus	43.94
Citizens State Bank	3,974.89
Community Bank	16,864.97
First Nat'l Bank - Clarksdale	4.56
First Nat'l Bank - Picaune	12.20
First Tennessee Bank	215.48
Hibernia National Bank	90.25
Merchants & Planters Bank	639.00
Trustmark National Bank	69.96
Union Planters Bank	1,686.31
A/R - Tel-Link, Inc.	11,317.88
A/R - First Choice America	285,267.31
Inventory - Pagers	5,190.07
Inventory - Accessories	1,921.25
Inventory - Cellular Phones	5,000.00
Inventory - Phone Cards	41,913.60
Prepaid Expenses	544,153.22
Prepaid Insurance	18,098.00
Employee Advances	3,437.20

Total Current Assets

2,133,663.30

Property and Equipment

Furniture and Fixtures	206,901.96
Equipment	39,225.75
Computer Eq. and Software	927,666.31
Copier and Fax Machines	1,386.64
Switch	133,051.00
Telephone System	672,329.71
Automobiles	34,151.28
Other Depreciable Property	12,898.37
Trademarks	995.00
Leasehold Improvements	81,012.40
Location Signage	10,462.79
Accumulated Depreciation	<64,746.98>

Total Property and Equipment

2,055,334.23

Other Assets

Deposits	74,355.00
Organization Costs	871,874.74
Organ. Costs - AL	26,284.93
Organ. Costs - AR	12,112.71
Organ. Costs - AZ	604.44
Organ. Costs - CA	3,175.20
Organ. Costs - CO	17,225.42
Organ. Costs - DC	11,056.71

NOW Communications, Inc.
Balance Sheet
December 31, 1999

Organ. Costs - DE	849.25	
Organ. Costs - CT	275.00	
Organ. Costs - FL	15,031.11	
Organ. Costs - GA	16,804.54	
Organ. Costs - IA	100.00	
Organ. Costs - ID	100.00	
Organ. Costs - IL	1,257.22	
Organ. Costs - IN	18,009.96	
Organ. Costs - KS	2,122.65	
Organ. Costs - KY	10,180.40	
Organ. Costs - LA	12,479.00	
Organ. Costs - MD	5,530.00	
Organ. Costs - ME	526.55	
Organ. Costs - MI	23,873.52	
Organ. Costs - MA	640.10	
Organ. Costs - MN	200.00	
Organ. Costs - MO	11,092.71	
Organ. Costs - MS	15,206.59	
Organ. Costs - MT	120.00	
Organ. Costs - NC	2,907.80	
Organ. Costs - NH	255.05	
Organ. Costs - NJ	177.00	
Organ. Costs - NE	145.00	
Organ. Costs - NM	243.40	
Organ. Costs - ND	315.65	
Organ. Costs - NV	767.00	
Organ. Costs - OH	51,270.26	
Organ. Costs - OK	10,095.38	
Organ. Costs - OR	490.10	
Organ. Costs - PA	1,835.50	
Organ. Costs - RI	685.05	
Organ. Costs - SC	10,393.40	
Organ. Costs - TN	6,628.33	
Organ. Costs - TX	4,044.14	
Organ. Costs - UT	232.00	
Organ. Costs - VT	100.00	
Organ. Costs - VA	6,718.87	
Organ. Costs - WA	837.60	
Organ. Costs - WV	1,220.58	
Organ. Costs - WI	654.00	
Organ. Costs - WY	460.10	
Organ. Costs - Universal	210,424.53	
Accum Amortiz - Organiz Costs	<207,459.37>	
Deferred Legal Costs	67,419.06	
Deferred Loan Costs	677,371.97	
		<hr/>
Total Other Assets		1,999,320.15
<i>TOTL Other, P, & L: 4,034,654.</i>		
Total Assets	\$	<u>6,188,317.68</u>

LIABILITIES AND CAPITAL

Current Liabilities	
Accounts Payable	\$ 1,125,676.34
Accrued Expenses	59,564.10
Sales Tax Payable	14,729.52
Excise Tax Payable	2,468.00
Judicial P/R Deductions	184.00

Unaudited - For Management Purposes Only

NOW Communications, Inc.
Balance Sheet
December 31, 1999

Federal W/H Taxes Payable	9,188.12	
FICA & Medicare Taxes Payable	12,269.88	
FUTA Tax Payable	90.58	
MS W/ H Taxes Payable	5,439.00	
LA W/ H Taxes Payable	185.00	
QA W/ H Taxes Payable	1,123.69	
CO W/H Taxes Payable	826.00	
SUTA Tax Payable	720.18	
N/P - Trustmark - Open	<u>12,500.00</u>	
Total Current Liabilities		1,244,964.41
Long-Term Liabilities		
N/P - M & P Bank	14,113.81	
N/P - Exocleron	200,000.00	
N/P - Merchants - Switch	65,913.04	
N/P - First Bank	261,331.06	
N/P - MCG Finance Corp.	<u>3,000,000.00</u>	
Total Long-Term Liabilities		3,541,357.91
Total Liabilities		4,786,322.32
Capital		
Common Stock	1,000,000.00	
Retained Earnings	<788,360.22>	
Treasury Stock	<35,000.00>	
Net Income	<u>1,225,355.58</u>	
Total Capital		1,401,995.36
Total Liabilities & Capital		<u>\$ 6,188,317.68</u>

NOW Communications, Inc.
Income Statement
For the Twelve Months Ending December 31, 1999

	Current Month		Year to Date	
Revenues				
Telephone Service	0.00	0.00	0.00	0.00
Local Telephone Service	1,283,678.54	99.10	13,705,142.48	99.46
Long Distance	15,393.22	1.19	117,896.99	0.86
Refunds	<4,225.58>	<0.33>	<50,981.20>	<0.37>
Cellular Service	0.00	0.00	945.00	0.01
Pager Service	503.80	0.04	6,997.18	0.05
Accessories	0.00	0.00	15.00	0.00
Other Income	0.00	0.00	0.00	0.00
Sales Tax Compensation	0.00	0.00	0.00	0.00
Total Revenues	1,295,349.98	100.00	13,780,015.45	100.00
Cost of Sales				
Cost of Telephone Service	0.00	0.00	0.00	0.00
Cost of Local Service	696,233.74	53.75	7,925,400.92	57.51
Cost of Long Distance	7,696.61	0.59	58,435.54	0.42
Cost of Cellular Service	0.00	0.00	985.94	0.01
Cost of Pager Service	438.40	0.03	8,831.51	0.06
Cost of Sales- Accessories	0.00	0.00	0.00	0.00
Total Cost of Sales	704,368.75	54.38	7,993,653.91	58.01
Gross Profit	590,981.23	45.62	5,786,361.54	41.99
Expenses				
Advertising - TV	7,215.00	0.56	243,582.37	1.77
Advertising - Print	0.00	0.00	2,000.00	0.01
Advertising - Outdoor	0.00	0.00	500.00	0.00
Advertising - Radio	3,990.00	0.31	5,585.00	0.04
Advertising - Signs	834.60	0.06	9,424.18	0.07
Advertising - Promo	0.00	0.00	5,867.61	0.04
Advertising - Prod. Costs	3,500.00	0.27	54,275.56	0.39
Amortization Expense	10,232.17	0.79	122,786.04	0.89
Auto Expenses	0.00	0.00	0.00	0.00
Bank Charges	380.61	0.03	5,254.52	0.04
Cash Over and Short	0.00	0.00	0.00	0.00
Casual & Temporary Labor	14,751.75	1.14	68,195.63	0.49
Charitable Contributions	200.00	0.02	2,825.00	0.02
Commissions and Fees	61,796.10	4.77	678,562.20	4.92
Cost of Billing	0.00	0.00	33,470.00	0.24
Depreciation Expense	0.00	0.00	0.00	0.00
Dues and Subscriptions	2,353.92	0.18	23,956.71	0.17
Employee Benefits	2,188.82	0.17	7,682.16	0.06
Eq. Lease - Copiers	609.90	0.05	12,871.04	0.09
Eq. Lease - Fax Machines	486.74	0.04	5,476.81	0.04
Eq. Lease - Pager Eq.	0.00	0.00	1,316.24	0.01
Eq. Lease - Postage Eq.	0.00	0.00	15,697.65	0.11
Eq. Lease - Other	1,642.94	0.13	17,034.12	0.12
Forms	0.00	0.00	0.00	0.00
Ins. - Medical & Dental	8,802.54	0.68	118,945.59	0.86
Ins. - Property	0.00	0.00	77,697.58	0.56
Ins. - Workers' Comp	0.00	0.00	3,829.15	0.03
Interest Expense	23,504.72	1.81	189,874.96	1.38
Janitorial Expense	575.00	0.04	6,399.00	0.05
Legal and Professional	31,896.37	2.46	140,938.00	1.02
Licenses Expense	144.55	0.01	2,999.94	0.02
Maintenance Expense	4,169.95	0.32	22,326.87	0.16

For Management Purposes Only

NOW Communications, Inc.
Income Statement
For the Twelve Months Ending December 31, 1999

	Current Month		Year to Date	
Miscellaneous Expenses	0.00	0.00	0.00	0.00
Moving & Storage Costs	0.00	0.00	0.00	0.00
Office Expense	5,943.46	0.46	29,747.90	0.22
Payroll Tax Expense	14,403.67	1.11	139,712.55	1.01
Postage & Shipping	11,797.46	0.91	89,984.59	0.65
Printing	5,447.83	0.42	56,624.13	0.41
Rent - Corporate Office	7,500.00	0.58	90,000.00	0.65
Rent - Field Offices	1,395.67	0.11	19,900.85	0.14
Rent - Switch Space	0.00	0.00	1,808.00	0.01
Repairs	500.29	0.04	2,398.18	0.02
Salaries - Executive	22,250.00	1.72	152,250.00	1.10
Salaries - Legal	9,500.00	0.73	59,500.00	0.43
Salaries - Accounting	13,795.40	1.06	206,448.65	1.50
Salaries - Data Entry	25,365.82	1.96	287,013.39	2.08
Salaries - Administrative	18,540.08	1.43	166,538.20	1.21
Salaries - Human Resources	7,750.00	0.60	47,060.06	0.34
Salaries - Mgt - BusDev	14,833.34	1.15	87,026.83	0.63
Salaries - Regional Managers	12,083.32	0.93	107,641.56	0.78
Salaries - Field Sales Offices	6,817.38	0.53	54,856.42	0.40
Salaries - Mgt - Cust Service	8,416.66	0.65	68,874.95	0.50
Salaries - Bi-Lingual	5,227.49	0.40	64,246.66	0.47
Salaries - Agent Support	0.00	0.00	50,504.70	0.37
Salaries - Customer Service	27,842.40	2.15	276,704.73	2.01
Salaries - Overtime	1,123.21	0.09	26,649.89	0.19
Security Expense	133.96	0.01	2,639.62	0.02
Supplies Expense	0.00	0.00	1,600.29	0.01
Taxes - Other	0.00	0.00	3,602.97	0.03
Telephone Ex - Office	6,646.31	0.51	60,515.45	0.44
Telephone Ex - Sales	25,435.83	1.96	307,473.32	2.23
Telephone Ex - Field Offices	1,661.65	0.13	10,745.92	0.08
Telephone Ex - Cellular	1,896.04	0.15	13,900.43	0.10
Telephone Ex - Switch	526.80	0.04	2,080.23	0.02
Telephone Ex - Data	2,215.27	0.17	14,666.38	0.11
Travel & Bus. Meals	1,878.72	0.15	10,003.33	0.07
Travel Expense - Agents	10,700.96	0.83	66,153.29	0.48
Travel Expense - Other	12,252.46	0.95	99,393.38	0.72
Utilities Expense	242.30	0.02	3,365.18	0.02
Wages Expense	0.00	0.00	0.00	0.00
Purchase Disc- Expense Items	0.00	0.00	0.00	0.00
Gain/Loss on Sale of Assets	0.00	0.00	0.00	0.00
Total Expenses	463,399.46	35.77	4,561,005.96	33.10
Net Income	\$ 127,581.77	9.85	\$ 1,225,355.58	8.89

**NOW COMMUNICATIONS, INC.
(A MISSISSIPPI CORPORATION)
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND DECEMBER 31, 1997
AUDITORS' REPORT THEREON**

PHILIP M. STEVENS and ASSOCIATES, P.A.
Certified Public Accountants

DOWNING BUILDING 509 CENTRAL AVENUE
Post Office Box 133
Laurel, Mississippi 39441

Telephone (601) 425-5654


Fax (601) 425-5697

NOW COMMUNICATIONS, INC.
JACKSON, MISSISSIPPI

We have audited the accompanying balance sheets of **NOW COMMUNICATIONS, INC.** (A Mississippi Corporation) as of December 31, 1998 and 1997 and the related statements of income, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **NOW COMMUNICATIONS, INC.** as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.


Philip M. Stevens and Associates, P.A.
Laurel, Mississippi
February 8, 1999

NOW COMMUNICATIONS, INC.
BALANCE SHEETS
DECEMBER 31, 1998 and 1997

ASSETS	1998	1997
Cash in Bank	\$ 137,651	\$ 90,057
Accounts Receivable	-0-	70,106
Prepaid Expenses	472,771	-0-
Inventory	<u>12,314</u>	<u>8,906</u>
Total Current Assets	<u>622,736</u>	<u>169,069</u>
Non-Current Assets		
Equipment	963,883	259,241
Trademarks and Deferred Organization Costs	1,187,119	664,772
Less Accumulated Depreciation and Amortization	<u>(149,420)</u>	<u>(46,581)</u>
Total Non - Current Assets	<u>2,001,582</u>	<u>877,432</u>
Other Assets - Security Deposits	<u>55,855</u>	<u>41,355</u>
Total Assets	<u>\$ 2,680,173</u>	<u>\$ 1,087,856</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 1,899,355	\$ 295,337
Current Portion of Long-Term Debt	259,369	146,141
Taxes and Other Payables	<u>121,926</u>	<u>42,507</u>
Total Current Liabilities	<u>2,280,650</u>	<u>483,985</u>
Non - Current Liabilities		
Notes Payable	447,252	216,360
Less Current Portion	<u>(259,369)</u>	<u>(146,141)</u>
Total Non - Current Liabilities	<u>187,883</u>	<u>70,219</u>
Total Liabilities	<u>2,468,533</u>	<u>554,204</u>
Stockholders' Equity		
Common Stock, 1,000,000 shares Authorized.		
1,000,000 shares Issued and Outstanding	1,000,000	10,000
Additional Paid in Capital	-0-	551,382
Retained Earnings (Deficit)	<u>(788,360)</u>	<u>(27,730)</u>
Total Stockholders' Equity	<u>211,640</u>	<u>533,652</u>
Total Liabilities and stockholder's Equity	<u>\$ 2,680,173</u>	<u>\$ 1,087,856</u>

See Accompanying Notes and Accountants' Report :

NOW COMMUNICATIONS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
REVENUES	\$ 7,422,809	\$1,442,823
COST OF REVENUES	<u>5,252,915</u>	<u>824,889</u>
GROSS PROFIT	<u>2,169,894</u>	<u>617,934</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Commissions	338,244	65,130
Auto Expense	21,150	-0-
Bank Charges	11,534	2,367
Salaries & Benefits	1,277,493	252,999
Coupon Books	55,121	-0-
Taxes	127,263	34,222
Advertising & Printing	332,598	96,176
Dues & Subscriptions	2,322	-0-
Rent & Leasing	114,657	42,523
Legal & Professional Fees	8,910	-0-
Maintenance	20,613	4,583
Utilities	3,934	4,334
Telephone	232,521	28,583
Insurance	85,214	13,250
Office Supplies & Expenses	35,890	9,659
Postage	40,508	5,527
Travel	45,430	23,833
Consultants & Temporary Labor	29,215	6,095
Depreciation and Amortization	<u>102,839</u>	<u>35,134</u>
Total Operating Expenses	<u>2,885,456</u>	<u>624,525</u>
Net Income (Loss) From Operations	(715,562)	(6,591)
Interest Expense	<u>45,068</u>	<u>10,573</u>
Net Income (Loss)	(760,630)	(17,164)
Retained Earnings (Deficit), Jan. 1	(27,730)	(10,566)
Retained Earnings (Deficit), Dec. 31	<u>(\$ 788,360)</u>	<u>(\$ 27,730)</u>

See Accompanying Notes and Accountants' Report

NOW COMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 1998 AND 1997

	1998	1997
Cash Flows From Operating Activities:		
Net Income(Loss)	(\$ 760,630)	(\$ 17,164)
Adjustments to Reconcile Net Income		
To Net Cash Provided By Operating Activities:		
Depreciation and Amortization	102,839	35,134
Increase in Prepaid Expenses	(472,771)	-0-
Decrease (Increase) in Accounts Receivable	70,106	(69,856)
Decrease (Increase) in Security Deposits	(14,500)	3,925
Decrease (Increase) in Inventory	(3,408)	21,606
Increase in Taxes and Other Payables	79,419	39,216
Increase in Accounts Payable	<u>1,604,018</u>	<u>295,337</u>
Net Cash Provided By Operating Activities	<u>505,073</u>	<u>308,198</u>
Cash Flows From Investing Activities:		
Issuance of Capital Stock	438,618	366,382
Purchase of Fixed and Deferred Assets	<u>(1,226,989)</u>	<u>(314,808)</u>
Net Cash Flows From Investing Activities	<u>(788,371)</u>	<u>(448,426)</u>
Cash Flows From Financing Activities		
Proceeds From Borrowing	476,675	231,528
Principal Payments	<u>(245,783)</u>	<u>(15,268)</u>
Net Cash Provided By Financing Activities	<u>230,892</u>	<u>216,360</u>
Increase In Cash	47,594	76,132
Cash-January 1	<u>90,057</u>	<u>13,925</u>
Cash-December 31	<u>\$ 137,651</u>	<u>\$ 90,057</u>

See Accompanying Notes and Accountants' Report

NOW COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NOW COMMUNICATIONS, INC. IS A COMPETITIVE LOCAL EXCHANGE CARRIER PROVIDING LOCAL TELEPHONE SERVICE ON A RESOLD BASIS IN 5 STATES. NOW IS CERTIFICATED IN 19 STATES TO PROVIDE SERVICES. WITH APPLICATIONS PENDING IN FOUR ADDITIONAL STATES.

THE COMPANY'S FINANCIAL STATEMENTS ARE PREPARED ON THE ACCRUAL BASIS OF ACCOUNTING. INVENTORIES ARE STATED AT COST. PROPERTY, PLANT AND EQUIPMENT IS STATED AT COST AND DEPRECIATION IS COMPUTED USING THE STRAIGHT LINE METHOD. DEFERRED ASSETS ARE AMORTIZED OVER 40 YEARS USING A STRAIGHT LINE BASIS.

NOTE 2 - LONG-TERM DEBT

A SUMMARY OF LONG-TERM DEBT FOLLOWS:

TRUSTMARK NATIONAL BANK, 9.5% SECURED BY PERSONAL GUARANTY, 10% OF PRINCIPAL DUE QUARTERLY	22,500
AMSOUTH BANK, PRIME + 1.5%, SECURED BY PERSONAL GUARANTY, DUE JUNE 29, 1999	50,000
CITIZENS NATIONAL BANK, 12.0% SECURED BY PERSONAL GUARANTY, DUE APRIL 27, 1999	30,000
BANCORPSOUTH, 10% PAYABLE MONTHLY \$ 1507.35 SECURED BY COMMUNICATION EQUIPMENT	1,690
BANCORPSOUTH, 9.75% SECURED BY PERSONAL GUARANTY DUE MAY 26, 1999	14,440
MERCHANTS BANK, 10.25% PAYABLE MONTHLY \$ 418.00 SECURED BY COMMUNICATION EQUIPMENT	5,000
MERCHANTS BANK, PRIME + 2% LINE OF CREDIT SECURED BY PERSONAL GUARANTY	200,000
MISSISSIPPI BUSINESS FINANCE CORP. AND MERCHANTS BANK, 10.5%, PAYABLE MONTHLY \$ 1588.00, SECURED BY COMMUNICATION EQUIPMENT	77,002
TRUSTMARK NATIONAL BANK, 9.5% PAYABLE MONTHLY \$ 1926.00 SECURED BY EQUIPMENT, FURNITURE AND INTANGIBLES	<u>46,620</u>
TOTAL	447,252
LESS CURRENT PORTION	(259,369)
TOTAL	<u>\$ 187,883</u>

NOW COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

NOTE 2 - LONG-TERM DEBT CONTINUED

FUTURE MATURITIES OF LONG-TERM DEBT

1999	259,369
2000	134,597
2001	19,928
2002	15,808
2003	<u>17,550</u>
	<u>\$ 447,252</u>

NOTE 3 - MATTERS BEFORE PUBLIC SERVICE COMMISSIONS

NOW COMMUNICATIONS, INC. FILED A REQUEST FOR A RATE INCREASE FROM THE MISSISSIPPI PUBLIC SERVICE COMMISSION ON OCTOBER 21, 1998 TO INCREASE THE RATE CHARGED CUSTOMERS FROM \$35.40 TO \$49.00. A HEARING WAS HELD DECEMBER 21, 1998 AND AN ORDER ISSUED JANUARY 12, 1999 REMOVING ANY MAXIMUM STATE-WIDE RATE FOR RESIDENTIAL LOCAL EXCHANGE SERVICE. NOW COMMUNICATIONS, INC. BEGAN UTILIZING THE NEW RATES EFFECTIVE FEBRUARY 1, 1999.

HAD THERE BEEN A REMOVAL OF THE RATE CAP FOR THE YEAR 1998, NET REVENUES WOULD HAVE INCREASED \$ 1,827,754 AS REFLECTED IN THE SUPPLEMENTAL INFORMATION PRODUCED BELOW. MANAGEMENT ANTICIPATES AN INCREASE IN CUSTOMER COUNT DUE TO GROWTH IN ITS OVERALL COVERAGE AND EXPANSION INTO NEW AREAS.

APPLICATION FOR CERTIFICATION IN ADDITIONAL STATES IS PROGRESSING WITH FOUR APPLICATIONS NOW PENDING. THE COMPANY IS NOW APPROVED IN 19 STATES AND IS OPERATING IN 5 OF THOSE STATES.

NOTE 4 - SUBSEQUENT EVENTS

THE COMPANY WAS SUCCESSFUL IN OBTAINING A SUBSTANTIAL INVESTOR, ISSUING WARRANTS REPRESENTING 20% OF THE OUTSTANDING SHARES OF THE COMPANY, AND CLOSING A \$ 1,500,000 LONG-TERM LOAN PACKAGE ON JANUARY 15, 1999

NOTE 5 - LITIGATION

ON NOVEMBER 17, 1998 THE COMPANY FILED SUIT IN UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ALABAMA, WESTERN DIVISION, AGAINST BELL SOUTH TELECOMMUNICATIONS, INC. CITING UNFAIR BUSINESS PRACTICES. IN JANUARY 1999, THE COMPANY AMENDED THE LAWSUIT TO INCLUDE ANTI-TRUST PROVISIONS AND IN FEBRUARY 1999 THE COMPANY AMENDED THE LAWSUIT TO A CLASS ACTION SUIT.

BECAUSE OF THE ADVERSE EFFECT ON THE COMPANY CAUSED BY THE ACTIONS OF BELL SOUTH AND NOW'S DISPUTE OVER BELL SOUTH'S BILLING, CERTAIN PAYMENTS TO BELL SOUTH WERE WITHHELD BY NOW. NOW REQUESTED, AND WAS SUCCESSFUL IN OBTAINING, A RESTRAINING ORDER FROM THE COURT WHICH ORDERED BELL SOUTH NOT TO DISCONNECT NOW'S CUSTOMERS AND TO CONTINUE PROCESSING NEW ORDERS. NOW PAID BELL SOUTH \$ 100,000 ON ACCOUNT AND POSTED A \$ 1,600,000 BOND IN COMPLIANCE WITH NOW'S REQUESTED RESTRAINING ORDER. MANAGEMENT AND COUNSEL BELIEVE THE CASE IS MERITORIOUS AND PREDICT A FAVORABLE OUTCOME FOR NOW COMMUNICATIONS, INC.

SUPPLEMENTAL
INFORMATION

NOW COMMUNICATIONS, INC.
PROFORMA INCOME STATEMENT

HAD THE COMPANY BEEN OPERATING UNDER MISSISSIPPI PUBLIC SERVICE COMMISSION ORDER 98-UN-0723 FOR 1998, THE RESULTS OF OPERATIONS WOULD HAVE BEEN AS FOLLOWS:

REVENUE	\$ 9,250,563
COST OF REVENUE	<u>5,252,915</u>
GROSS PROFIT	3,997,648
OPERATING EXPENSES	<u>2,885,456</u>
NET INCOME BEFORE TAXES	<u>\$ 1,112,192</u>

See Accountants' Notes and Accountants' Report

EXHIBIT C

(Form Letter)

Now Communications, Inc.

Tel-Link, L.L.C.

(Customer Name)
(Address)

Dear Customer:

On, Now Communications, Inc. ("NOW") and Tel-Link, L.L.C. ("Tel-Link") entered into an agreement whereby, subject to the regulatory approval, the telecommunications assets of Tel-Link will be acquired by NOW, and NOW will become your telecommunication service provider.

This change in ownership will not affect or in any way disrupt your current service. No charges or fees will be imposed and no rate increase will occur as a result of this transaction. The toll free Customer Service number will remain the same and if you have any questions, please call one of our Customer Service Representatives at

You have a choice of carriers. If you do not wish to remain a customer, you may change carriers and such change will be at the present carrier's expense.

We at Now Communications, Inc. are pleased to welcome you to our team and would like to express our appreciation for allowing us the opportunity of being your telecommunication service provider. We are confident that you will be pleased with the high quality of our service.