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Arizona Corporation Commission  
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AZ. CORP. COMMISSION

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOCUMENT  
CONTROL

APPLICATION OF EXCEL  
TELECOMMUNICATIONS, INC.  
FOR CERTIFICATE OF CON-  
VENIENCE AND NECESSITY  
AS A TELECOMMUNICATIONS  
RESELLER WITHIN THE STATE  
OF ARIZONA

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§

APPLICATION NO. U-2584-91-016

APPLICATION

Excel Telecommunications, Inc. ("Applicant" or "Excel") respectfully requests that it be granted permission to establish service as a long distance telecommunications reseller under the provisions of Arizona Revised Statutes Section 40-101 et. seq., and the Arizona Administrative Code for fixed utilities R14-2-502. Applicant's application and all exhibits attached thereto are in accordance with the applicable sections of Title 14, Chapter 2 of the Arizona Administrative Code.

In support of its application, Applicant provides the following information:

A. The correct name, address, and telephone number of the applicant:

Excel Telecommunications, Inc.  
11910 Greenville Avenue, Suite 400  
Dallas, Texas 75243

(214) 783-4567

The postal address is as follows:

Excel Telecommunications, Inc.  
Post Office Box 744114  
Dallas, Texas 75374

- B. Name, address and telephone number of the management contact for the Applicant:

Mr. Kenny A. Troutt, President  
Excel Telecommunications, Inc.  
Post Office Box 744114  
Dallas, Texas 75374

(214) 783-4567

- C. Name, address and telephone number of the attorney for the Applicant:

- D. Describe in detail the nature of the services the Applicant will provide.

Applicant seeks authority to operate as a reseller of telecommunications services throughout the State of Arizona. Such authority would include 24 hour originating and terminating intrastate interLATA calls of business and residential customers. Applicant is a pure reseller, and will provide service solely by reselling calls routed over facilities owned by other carriers. Applicant has no switches or other telecommunications facilities of its own, and is therefore not a facilities-based carrier. Applicant is not an alternative operator service provider.

- E. Indicate whether the applicant is a "C" Corporation, "S" Corporation, Partnership, Sole Proprietorship, etc.

Applicant is a "C" Corporation.

F. 1. Provide a copy of the Articles of incorporation.

Attached as Exhibit I.

- a. Provide a copy of the "Authority to Transact Business in Arizona."

Attached as Exhibit II.

- b. Provide a copy of a current "Certificate of Good Standing" from the State of Arizona and the State of Incorporation.

"Certificate of Good Standing" from the State of Texas is attached as Exhibit III. Applicant has only recently received qualification from the Arizona Secretary of State to transact business in the State of Arizona, and not yet initiated business activity in the State of Arizona, and therefore does not submit a Certificate of Good Standing from the State of Arizona.

2. List the names of the officers and directors.

The sole officer and director of Excel Telecommunications, Inc. is Kenny A. Troutt, President.

3. Not applicable, as Applicant is not an Arizona corporation.

- G. Not applicable as Applicant is not a Partnership.
- H. Not applicable as Applicant is not a sole Proprietorship.
- I. Not applicable as the Applicant will have no facilities in Arizona.
- J. Not applicable as the Applicant will construct no facilities in Arizona.
- K. Not applicable as the applicant will construct no facilities in Arizona.
- L. Provide the actual number of customers, by class, within the service area as of the time of the filing

and the estimated number of customers to be served for each of the first five years of operation.

Excel has no customers in Arizona at the present time.

Projections for the first five years of operation are as follows:

	RESIDENTIAL	BUSINESS
1991	120	48
1992	240	96
1993	360	144
1994	480	192
1995	600	240

- M. Provide a current balance sheet and a one year projected balance sheet that will reflect the first year of operation after a Certificate issues.

Attached as Exhibits IV and V.

- N. Provide a current income statement, and indicate whether this statement is Arizona jurisdictional information or company combined.

See company combined current income statement, attached as Exhibit VI.

- O. Indicate the date the utility expects it will begin to make a profit.

Excel is currently profitable.

- P. Provide a complete copy of your proposed tariffs which describe all the rates and charges, terms and conditions or Rules under which the Applicant will provide service.

Attached as Exhibit VII.

WHEREFORE, premises considered, Excel respectfully requests that its application for a Certificate of Convenience and Necessity to provide interexchange telecommunications service in Arizona be granted.

Dated at Dallas, Texas this 15 day of January  
1991.

Respectfully submitted,

Kenny A. Trout

**EXHIBIT I**  
**ARTICLES OF INCORPORATION**



The State of Texas  
Secretary of State

DEC. 6, 1988

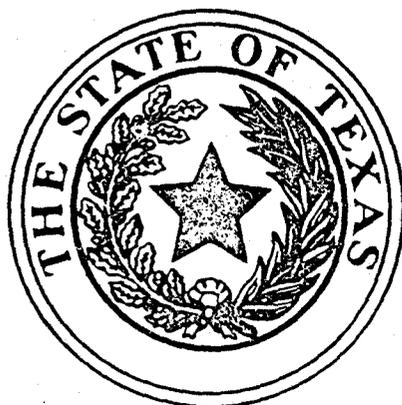
DAVID L. SHERWOOD  
600 NORTH DALLAS BANK TOWER 12900 PRESTON RD  
DALLAS ,TX 75230

RE:  
EXCEL TELECOMMUNICATIONS, INC.  
CHARTER NUMBER 01096708-00

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

AS A CORPORATION, YOU ARE SUBJECT TO STATE TAX LAWS. SOME NON-PROFIT CORPORATIONS ARE EXEMPT FROM THE PAYMENT OF FRANCHISE TAXES AND MAY ALSO BE EXEMPT FROM THE PAYMENT OF SALES AND USE TAX ON THE PURCHASE OF TAXABLE ITEMS. IF YOU FEEL THAT UNDER THE LAW YOUR CORPORATION IS ENTITLED TO BE EXEMPT YOU MUST APPLY TO THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE EXEMPTION. THE SECRETARY OF STATE CANNOT MAKE SUCH DETERMINATION FOR YOUR CORPORATION.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,

A handwritten signature in black ink, appearing to read "Cecil M. Beins".

Secretary of State



The State of Texas  
Secretary of State

CERTIFICATE OF INCORPORATION

OF

EXCEL TELECOMMUNICATIONS, INC.  
CHARTER NUMBER 01096708

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS,  
HEREBY CERTIFIES THAT ARTICLES OF INCORPORATION FOR THE ABOVE  
CORPORATION, DULY SIGNED AND VERIFIED HAVE BEEN RECEIVED IN THIS  
OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY THE UNDERSIGNED, AS SUCH SECRETARY OF STATE, AND BY  
VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES  
THIS CERTIFICATE OF INCORPORATION AND ATTACHES HERETO A COPY OF THE  
ARTICLES OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE  
USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER  
UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE  
ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED 6 1988



*Paul M. Raines*  
Secretary of State

ARTICLES OF INCORPORATION  
OF  
EXCEL TELECOMMUNICATIONS, INC.

FILED  
In the Office of the  
Secretary of State of Texas

DEC 06 1988

Clerk I-B  
Corporations Section

Article I

The name of the corporation is EXCEL TELECOMMUNICATIONS, INC.

Article II

The period of its duration is perpetual.

Article III

The purpose for which the corporation is organized is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.

Article IV

The aggregate number of shares which the corporation shall have authority to issue is one hundred thousand (100,000) shares of no par value.

Article V

The corporation will not commence business until it has received for the issuance of shares consideration of the value of One Thousand Dollars (\$1,000.00) consisting of money, labor done, or property actually received.

Article VI

The street address of its initial registered office is 12202 Pleasant Valley Drive, Dallas, Texas 75243, and the name of its initial registered agent at such address is Kenny A. Troutt.

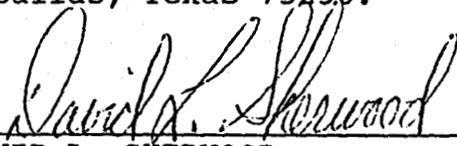
Article VII

Kenny A. Troutt shall constitute the initial sole director of the Board of Directors, and he shall serve as director until the first annual meeting of the shareholders, or until his successor shall be elected and qualify. The address of said director is:

Kenny A. Troutt                      12202 Pleasant Valley Drive  
Dallas, Texas 75243

Article VIII

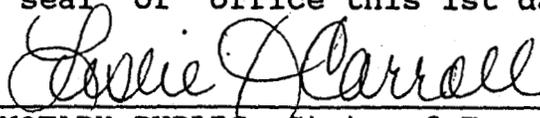
The name and address of the incorporator is David L. Sherwood, Post Office Box 670035, Dallas, Texas 75230.

  
\_\_\_\_\_  
DAVID L. SHERWOOD

STATE OF TEXAS    )  
                          :ss.  
COUNTY OF DALLAS)

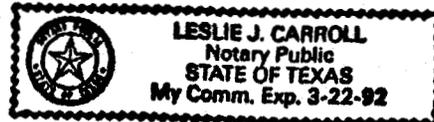
BEFORE ME, the undersigned Notary Public, on this day personally appeared DAVID L. SHERWOOD, known to me to be the person whose name is subscribed to the foregoing document, and being by me first duly sworn, declared that the statements therein contained are true and correct.

GIVEN under my hand and seal of office this 1st day of December, 1988.

  
\_\_\_\_\_  
NOTARY PUBLIC, State of Texas

My commission expires:

3/22/92



**EXHIBIT II**

**AUTHORITY TO TRANSACT BUSINESS IN ARIZONA**



ARIZONA CORPORATION COMMISSION

November 8, 1990

Excel Telecommunications, Inc.

We are pleased to notify you that your Application for Authority to transact business in Arizona was approved and filed on November 8, 1990

You must publish a copy of your Application for Authority WITHIN SIXTY (60) DAYS from the File Date. The publication must be in a newspaper of general circulation in Maricopa County, for three (3) consecutive publications. An Affidavit from the newspaper, evidencing such publication, must be delivered to the Commission for filing WITHIN NINETY (90) DAYS from the File Date.

All corporations transacting business in Arizona are required to file an Annual Report with the Commission, no later than the 15th day of the fourth (4th) month following the close of each fiscal year. Your fiscal year end is December 31, 1990. A preprinted Annual Report form will be mailed to you during that month.

If you have any questions or need further information, please contact us at (602)542-3135 or Toll Free (Arizona residents only) 1-800-345-5819.

Very truly yours,

Sonia Greer  
\_\_\_\_\_  
Examiner Technician  
Corporations Division  
Arizona Corporation Commission

NOV 1 3 39 PM '90

FILED BY Donna Saew  
DATE FILED 11/17/90  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_ TIME \_\_\_\_\_

APPLICATION FOR AUTHORITY OF

f- 046200

Excel Telecommunications, Inc.  
Exact Corporate Name

TO: CORPORATION COMMISSION, STATE OF ARIZONA  
P. O. Box 6019, Phoenix, Arizona 85005  
(or)  
402 West Congress, Tucson, Arizona 85701

PURSUANT TO THE PROVISIONS OF SECTIONS 10-110, 10-111 and 10-118, ARIZONA BUSINESS CORPORATION ACT, THE UNDERSIGNED CORPORATION HEREBY APPLIES FOR AUTHORITY TO TRANSACT BUSINESS IN ARIZONA.

FIRST: This application is:

- (1) An original application pursuant to A.R.S. Sec. 10-110.
- (2) An application for new authority pursuant to A.R.S. Sec. 10-118 as a result of:
  - (a) A change in the corporation's name as set forth in the second paragraph.
  - (b) A desire to pursue in this State different or additional purposes than those set forth in the corporation's prior Application for Authority as more fully described in the ninth paragraph herein.

SECOND: The name of the corporation is: \_\_\_\_\_  
Excel Telecommunications, Inc.

THIRD: If the name of the corporation does not contain the word "association", "bank", "corporation", "company", "incorporated" or "limited" or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in ARIZONA is:  
\_\_\_\_\_

FISCAL YEAR END: December 31

FOURTH: It is incorporated under the laws of Texas

FIFTH: The date of its incorporation is December 6, 1988  
and the period of its duration is Perpetual

SIXTH: The address of its principal office in the jurisdiction under the laws of the state or county in which it is incorporated is: 11910 Greenville Ave, 4th Floor  
Dallas, TX 75374

SEVENTH: The address of the proposed known place of business in Arizona is: C T CORPORATION SYSTEM,  
3225 North Central Avenue, Phoenix, Maricopa County, Arizona 85012

EIGHTH: The name and address of the proposed statutory agent in Arizona is:  
C T CORPORATION SYSTEM, 3225 North Central Avenue,  
Phoenix, Maricopa County, Arizona 85012

NINTH: A brief statement of the character of the business which the corporation initially intends to conduct in Arizona and the purpose for which the corporation is organized is:

To provide 24-hour commercial and residential long distance  
telecommunications service.

and the transaction of all lawful business for which corporations may be incorporated under the Arizona Business Corporation Act.

TENTH: The names and respective addresses of its directors and officers are:

NAME	OFFICE	ADDRESS	DATE OF TAKING OFFICE
Kenny Troutt,	President/Secy/Treas/Direc.	12202 Pleasant Valley Dr., Dallas TX 75243	

ELEVENTH: The aggregate number of shares which it is authorized to issue, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
100,000	Common	----	NO PAR

TWELFTH: The aggregate number of its issued shares, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

Number of Shares	Class	Series	Par Value Per Share or Statement That Shares Are Without Par Value
100,000	Common	----	NO PAR

THIRTEENTH: The amount of its stated capital, as defined in the Arizona Business Corporation Act is:  
\$ 350,000

FOURTEENTH: The application is accompanied by a copy of its Articles of Incorporation and all amendments thereto, duly authenticated by the proper officer of the State or County under the laws of which it is incorporated.

FIFTEENTH: Has any person(s): (a) serving either by election or appointment as an officer, director or trustee, incorporator of the corporation, (b) controlling or holding 20% of the proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked?

YES \_\_\_\_\_ NO X

If your answer to the above question is "YES", you MUST attach the following information for each such corporation:

1. Name and address of the corporation.
2. Full name, including alias(es) and address(es) of each person or person(s) involved.
3. State(s) in which the corporation:
  - (a) Was incorporated
  - (b) Has transacted business
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, the court or agency involved, and the file or cause number of the case.

SIXTEENTH: Under penalties of law, I declare that I will comply with the provisions of A.R.S. Sec. 10-128.01.

Under penalties of law, I declare that I have examined this application and to the best of my knowledge and belief it is true, correct and complete.

Excel Telecommunications, Inc.

(CORPORATE NAME)

By: Kenny A Troutt Pres  
President  Kenny Troutt

By: Kenny A Troutt Pres  
Secretary  Kenny Troutt

I, E. Wayne Patterson, having been designated to act as Statutory Agent, hereby consent to act in that capacity until removed or resignation is submitted in accordance with the Arizona Revised Statutes.

E. Wayne Patterson

(Signature of Statutory Agent)

E. Wayne Patterson, Assistant Vice President

ARIZONA CORPORATION COMMISSION  
INCORPORATING DIVISION

Phoenix Address: 1200 West Washington  
Phoenix, Arizona 85007

Tucson Address: 402 West Congress  
Tucson, Arizona 85701

CERTIFICATE OF DISCLOSURE

A.R.S. Sections 10-128 & 10-1084

PLEASE SEE REVERSE SIDE

Excel Telecommunications, Inc.

EXACT CORPORATE NAME

CHECK APPROPRIATE BOX(ES) A or B

ANSWER "C"

THE UNDERSIGNED CERTIFY THAT:

A. No persons serving either by elections or appointment as officers, directors, incorporators and persons controlling, or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Have been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
2. Have been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraining the trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate.
3. Have been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate where such injunction, judgment, decree or permanent order:
- (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) Involved the violation of the consumer fraud laws of that jurisdiction; or
  - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction.

B. For any person or persons who have been or are subject to one or more of the statements in Items A.1 through A.3 above, the following information MUST be attached:

- 1. Full name and prior name(s) used.
- 2. Full birth name.
- 3. Present home address.
- 4. Prior addresses (for immediate preceding 7-year period).
- 5. Date and location of birth.
- 6. Social Security number.
- 7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or cause number of case.

STATEMENT OF BANKRUPTCY, RECEIVERSHIP OR REVOCATION

A.R.S. Sections 10-128.01 and 10-1083

C. Has any person serving (a) either by election or appointment as an officer, director, trustee or incorporator of the corporation or, (b) major stockholder possessing or controlling any proprietary, beneficial or membership interest in the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked? YES \_\_\_ NO X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- 1. Name and address of the corporation.
- 2. Full name, including alias and address of each person involved.
- 3. State(s) in which the corporation:
  - (a) Was incorporated.
  - (b) Has transacted business.
- 4. Dates of corporate operation.
- 5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency involved and the file or cause number of the case.

Under penalties of law, the undersigned incorporators/Officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete.

BY Kenny A Troutt DATE 10/28/90  
TITLE Kenny Troutt, President

BY Kenny A Troutt DATE 10/28/90  
TITLE Kenny Troutt, Secretary

FISCAL DATE: \_\_\_\_\_

# Arizona News Service, Inc.

P.O. Box 2260

Phoenix, Arizona 85002

(602) 258-7026

Arizona Capitol Times • Arizona Legislative Report • Yellow Sheet Report • LOLA

ARIZONA CAPITOL TIMES

A F F I D A V I T O F P U B L I C A T I O N

RECEIVED  
DEC 20 1990  
ARIZONA CORP. COMMISSION

STATE OF ARIZONA )  
County of Maricopa ) ss

DIANA CREIGHTON, being duly sworn deposes and says: I am the Associate Publisher of the ARIZONA CAPITOL TIMES, a weekly newspaper of general circulation published at Phoenix, Maricopa County, Arizona, and that the

Application for Authority

(Filed: 11/8/90)

of

EXCEL TELECOMMUNICATIONS, INC.

was published in said newspaper once a week for three successive and/or consecutive weeks, with publication dates as follows:  
December 5, 12 and 19, 1990

Diana Creighton

Subscribed and sworn to before me this 20th day of December, 1990

Jodie L. Boursell



OFFICIAL SEAL  
JODIE L. BOURSELL  
Notary Public - Arizona  
Principal Offices in  
Maricopa County  
My Commission Expires Oct. 19, 1991

**EXHIBIT III**  
**CERTIFICATE OF GOOD STANDING**



BOB BULLOCK  
Comptroller

COMPTROLLER OF PUBLIC ACCOUNTS  
STATE OF TEXAS  
AUSTIN, 78774

NOVEMBER 28, 1990

COYLE KELLY  
1004 WEST AVE  
AUSTIN, TX 78701

THE STATE OF TEXAS

COUNTY OF TRAVIS

I, Bob Bullock, Comptroller of Public Accounts of the State of Texas,  
DO HEREBY CERTIFY that according to the records of this office  
EXCEL TELECOMMUNICATIONS INC  
is, as of this date, in good standing with this office, for the  
purpose of dissolution, merger or withdrawal having filed the  
required franchise tax reports and having paid the franchise tax  
computed to be due thereunder through April 30, 1991.

GIVEN UNDER MY HAND AND SEAL OF OFFICE  
in the City of Austin, this 28th day  
of November, 1990, A.D.

BOB BULLOCK  
COMPTROLLER OF PUBLIC ACCOUNTS

**EXHIBIT IV**  
**CURRENT BALANCE SHEET**

## EXCEL TELECOMMUNICATIONS, INC.

## BALANCE SHEET

AT SEPTEMBER 30, 1990  
WITH COMPARATIVE STATEMENT FOR SEPTEMBER 30, 1989

A S S E T S

	<u>SEPTEMBER</u> <u>30, 1990</u>	<u>SEPTEMBER</u> <u>30, 1989</u>
<u>CURRENT ASSETS:</u>		
Cash in Bank	\$ 339,956.95	\$ 2,706.46
Petty Cash	400.00	.00
Accounts Receivable	761,482.74	112,854.54
Employee Receivables	13,948.60	10,316.62
Annual Service Charge Receivable	25,018.50	25,794.00
Investor Receivables	.00	2,873.00
Miscellaneous Receivables	<u>15,489.34</u>	<u>1,988.16</u>
TOTAL CURRENT ASSETS	\$1,156,296.13	\$156,532.78
 <u>OFFICE FURNITURE &amp; EQUIPMENT:</u>		
Furniture & Equipment	\$ 49,857.95	\$ 18,357.07
Less:		
Accumulated Depreciation	<u>( 7,748.47)</u>	<u>( 2,088.89)</u>
TOTAL FURNITURE & EQUIPMENT	\$ 42,109.48	\$ 16,268.18
 <u>OTHER ASSETS:</u>		
Refundable Deposits	\$ 13,456.24	\$ 675.00
Organization Costs	750.00	750.00
Less:		
Accumulated Amortization	<u>( 150.00)</u>	<u>.00</u>
TOTAL OTHER ASSETS	\$ 14,056.24	\$ 1,425.00
 TOTAL ASSETS	 <u>\$1,212,461.85</u>	 <u>\$174,225.96</u>

## EXCEL TELECOMMUNICATIONS, INC.

## BALANCE SHEET

AT SEPTEMBER 30, 1990  
WITH COMPARATIVE STATEMENT FOR SEPTEMBER 30, 1989

LIABILITIES

	<u>SEPTEMBER</u> <u>30, 1990</u>	<u>SEPTEMBER</u> <u>30, 1989</u>
<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 374,928.57	\$ 27,396.85
Payroll Taxes Payable	6,505.62	1,602.99
Sales Tax Payable	1,937.07	3,161.38
Federal Excise Tax Payable	5,183.81	1,928.96
911 Surcharge Tax Payable	56.03	.00
TOTAL CURRENT LIABILITIES	\$ 388,611.10	\$ 34,090.18
<u>SHORT TERM LIABILITIES:</u>		
Notes Payable	\$ 48,546.51	\$ 3,000.00
TOTAL SHORT TERM LIABILITIES	\$ 48,546.51	\$ 3,000.00
<u>LONG TERM LIABILITIES:</u>		
Loans from Inventors	\$ 257,054.00	\$ 201,750.00
TOTAL LONG TERM LIABILITIES	\$ 257,054.00	\$ 201,750.00
TOTAL LIABILITIES	\$ 694,211.61	\$ 238,840.18
<u>STOCKHOLDER'S EQUITY</u>		
Common Stock	\$ 1,000.00	\$ .00
Treasury Stock	( 24,000.00)	.00
Retained Earnings-Beginning	(109,468.95)	.00
Profit (Loss) Year Todate	650,719.19	( 64,614.22)
TOTAL STOCKHOLDER'S EQUITY	\$ 518,250.24	\$ ( 64,614.22 )
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$1,212,461.85</u>	<u>\$ 174,225.96</u>

**EXHIBIT V**  
**PROJECTED BALANCE SHEET**

EXCEL TELECOMMUNICATIONS, INC.  
ONE YEAR PROJECTED BALANCE SHEET  
AT DECEMBER 31, 1991

A S S E T S

CURRENT ASSETS:

Cash	\$ 680,000
Accounts Receivable	1,500,000
Miscellaneous Receivables	<u>100,000</u>
TOTAL CURRENT ASSETS	\$2,280,000

OFFICE FURNITURE & EQUIPMENT:

Furniture & Equipment	\$ 100,000
Less:	
Accumulated Depreciation	<u>(15,000)</u>
TOTAL FURNITURE & EQUIPMENT	\$ 85,000

OTHER ASSETS:

Refundable Deposits	\$ 27,000
Organizaion Costs	750
Less:	
Accumulated Amortization	<u>(300)</u>
TOTAL OTHER ASSETS	\$ 27,450

TOTAL ASSETS	<u>\$2,392,450</u>
--------------	--------------------

EXCEL TELECOMMUNICATIONS, INC.  
ONE YEAR PROJECTED BALANCE SHEET  
AT DECEMBER 31, 1991

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 700,000
Taxes payable	<u>27,000</u>
Total Current Liabilities	\$ 727,000

SHORT TERM LIABILITIES:

Notes payable	\$ <u>100,000</u>
TOTAL SHORT TERM LIABILITIES	\$ 100,000

LONG TERM LIABILITIES:

Loans from Investors	\$ <u>500,000</u>
TOTAL LONG TERM LIABILITIES	\$ 500,000

TOTAL LIABILITIES: \$1,327,000

STOCKHOLDER'S EQUITY

Common Stock	\$ 1,000
Retained Earnings-Beginning	150,000
Profit Year to Date	<u>914,450</u>
TOTAL STOCKHOLDER'S EQUITY	\$1,065,450

TOTAL LIABILITIES & STOCKHOLDER'S EQUITY \$2,392,450

**EXHIBIT VI**

**COMPANY COMBINED CURRENT INCOME STATEMENT**

EXCEL TELECOMMUNICATIONS, INC.  
STATEMENT OF INCOME  
FOR NINE MONTHS ENDED SEPTEMBER 30, 1990

	<u>SEPTEMBER</u> <u>30, 1990</u>	<u>YEAR TODATE</u> <u>1990</u>
<u>INCOME:</u>		
Long Distance Telephone Service	\$489,181.05	\$1,616,362.88
800 Telephone Service	210.00	920.00
Service Charges	.00	120.00
Annual Service Charge	.00	7,783.32
Annual Application Fees	.00	135.00
Area Coordinator Fees	56,345.00	457,109.00
Managing Representative Fees	177,550.00	899,469.00
Independent Representative Fees	15,725.00	71,975.80
Sales Aids	64,418.00	216,283.67
Shipping Fees	4,410.62	10,591.21
Voice Mail	1,360.00	5,222.00
A.L.D. Management Fee	39,918.34	149,271.47
Interest Income	.00	573.26
TOTAL INCOME	<u>\$849,118.01</u>	<u>\$3,435,816.61</u>
<u>COST OF SALES:</u>		
Line Charges	\$372,458.85	\$1,132,800.52
Sales Commission	75,697.00	276,049.69
Corporate Commission	21,550.00	166,913.63
Long Distance Usage Commission	26,037.06	54,346.40
Training Commission	49,142.00	161,959.00
Travel Expense	12,679.93	60,144.92
Business Meeting	( 361.19)	8,532.83
Advertising & Marketing Material	52,220.16	211,027.86
Promotions/Trips	.00	4,314.30
Customer Calling Cards	.00	8,471.42
Discounts & Credit Card Fees	6,185.08	29,139.39
Shipping Costs	8,461.24	26,724.33
Shipping Supplies	358.14	1,476.55
TOTAL COST OF SALES	<u>\$624,428.27</u>	<u>\$2,141,900.84</u>
GROSS PROFIT	\$224,689.74	\$1,293,915.77
<u>OPERATING EXPENSES:</u>		
Salaries	\$ 44,578.41	\$ 197,944.09
Contract Labor	14,853.04	51,116.09
Bad Debt	1,823.67	14,403.58
Southwestern Bell Billing Fee	5,150.87	26,764.73
N.B.C. Billing Fee	753.22	4,721.48
Data Masters Billing Fee	1,523.95	6,322.97
Factoring Commission	6,764.59	23,484.19
Back Charges	.00	33,847.31
Advertising & Promotion	253.87	1,911.03
Automobile Expense	.00	147.17

	SEPTEMBER 30, 1990	YEAR TODATE 1990
Bank Charges	\$ 90.09	\$ 1,057.01
Delivery Charges	745.75	5,019.49
Depreciation Expense	720.09	4,097.05
Dues & Subscriptions	550.00	1,111.65
Entertainment	.00	241.88
Equipment Lease	2,121.22	21,145.84
Equipment Repair	1,842.81	7,732.23
Insurance-General	.00	307.00
Interest Expense	.00	542.83
Miscellaneous Expense	20.00	3,718.49
Office Supplies	3,477.46	14,464.74
F.I.C.A. Tax Expense	3,410.24	15,142.75
T.E.C. Tax Expense	620.91	4,197.42
F.U.T.A. Tax Expense	167.82	1,095.19
Permits, License & Fees	.00	765.81
Postage	6,000.00	24,896.50
Printing	4,439.03	22,165.65
Legal Services	839.55	41,167.85
Accounting Services	2,663.60	18,648.84
Computer Programming Services	4,469.07	47,258.75
Miscellaneous Services	211.57	478.32
Rent	2,500.00	17,684.00
Telephone	1,831.42	12,681.87
Voice Telephone	.00	1,037.44
Refunds-Telephone Charges	239.49	3,826.55
Refunds-Annual Service Charges	120.00	3,963.34
Refunds-A/C Fees	1,770.00	1,873.68
Refunds-M/R Fees	2,450.00	4,100.00
Refunds-I/R Fees	500.00	880.00
Refunds-Sales Aids	34.61	279.73
Taxes-Franchise	.00	186.90
Taxes-Property	.00	265.14
Travel	.00	500.00
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$117,536.35	\$ 643,196.58
NET INCOME (LOSS) BEFORE TAXES	<u>\$107,153.39</u>	<u>\$ 650,719.19</u>

**EXHIBIT VII**  
**PROPOSED TARIFF**

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TITLE SHEET

ARIZONA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of intrastate, interLATA, interexchange telecommunications services provided by Excel Telecommunications, Inc., with principal offices at 11910 Greenville Avenue, Suite 400, Dallas, Texas 75243. This tariff applies for services furnished within the State of Arizona. This tariff is on file with the Arizona Corporation Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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Issued:

Effective: \_\_\_\_\_

by:

Kenny A. Troutt, President  
Excel Telecommunications, Inc.  
11910 Greenville Ave., Suite 400  
Dallas, TX 75243

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CHECK SHEET

Sheets 1 through 14 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original

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SYMBOLS

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

- D - Delete or Discontinue
- I - Change Resulting In An Increase to A Customer's Bill
- M - Moved From Another Tariff Location
- N - New
- R - Change Resulting In A Reduction to A Customer's Bill
- T - Change In Text or Regulation But No Change In Rate or Charge

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Company - Excel Telecommunications, Inc.

Customer or subscriber - The person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Day - From 8:00 AM up to but not including 5:00 PM local time Monday through Friday.

Evening - From 5:00 PM up to but not including 11:00 PM local time Sunday through Friday.

Night/Weekend - From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

Holidays - Excel Telecommunications, Inc.'s, Night/Weekend rate applies to the following holidays:

New Year's Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Christmas Day

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Excel Telecommunications, Inc.

Excel Telecommunications, Inc.'s services are furnished for communications originating throughout the State of Arizona under terms of this Tariff.

Excel Telecommunications, Inc. operates the communication services provided herein in accordance with the terms and conditions set forth under this Tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to Excel's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services are provided on a monthly basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of facilities and the provisions of this Tariff.

2.2.2 Excel Telecommunications, Inc. reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this Tariff.

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2.3 Liabilities of the Company

2.3.1 Excel Telecommunications, Inc. is not liable for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents.

2.3.2 Excel Telecommunications, Inc. shall be indemnified and held harmless by the customer against:

(A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's network.

(B) All other claims arising out of any act or omission of the customer in connection with any service provided by Excel Telecommunications, Inc.

2.4 Continuity of Service

In the event of foreknowledge of an interruption of service for a period exceeding 24 hours, the customer will be notified in writing, by mail, at least one week in advance.

2.5 Customer Application for Service

Businesses or residential customers wishing to obtain service submit an authorization used by Excel Telecommunications, Inc., to instruct a local exchange company to establish one of the long distance companies under contract with Excel as the 1+ equal access dialing long distance service on the customer-specified telephone numbers.

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The authorization form is merely a request for service and does not in itself bind Excel to service, nor does it bind the applicant to subscribe to the service.

2.6 Establishment and Reestablishment of Credit

Excel reserves the right to examine a credit record of all applicants and customers.

2.7 Notices

2.7.1 Any notice Excel may give to a customer may be given orally to the customer, or his authorized representative, or by written notice mailed to the customer's billing address or to such address as may be subsequently given by the customer to Excel.

2.7.2 Unless otherwise provided by these rules, any notice from any customer or his authorized representative must be given by written notice, by mail, to Excel's business office.

2.8 Rendering and Payment of Bills

2.8.1 Billing periods are monthly.

2.8.2 The billing date is dependent on the billing cycle assigned to the customer.

2.8.3 Customers will receive bills by one of two methods:

A. Customers may be billed directly by Excel Telecommunications, Inc. Such bills are due and payable upon receipt. Bills may be paid by mail at the business office of Excel. All charges for services are payable only in United States currency, and may be made by check, money order, or cashiers check.

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- B. Customers may be billed on Excel's behalf by the customer's local exchange telecommunications company. An insert in the customer's local exchange company monthly bill provides detailed information on charges for long distance services obtained through Excel Telecommunications, Inc., including the specific date and time of each call, its duration, place of termination, and charge. These charges are included as a portion of the total monthly charges billed by the customer's local exchange company. Bills are due and payable under the terms specified by the customer's local exchange company.

## 2.9 Disputed Bills

2.9.1 In the case of a billing dispute between a customer and Excel for service furnished to the customer, which cannot be settled with mutual satisfaction, the customer can take the following course of action within 30 days of the disputed bill's issue date.

- A. First, the customer may request, and Excel will comply with the request, an in-depth review of the disputed amount. The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnect.
- B. Second, if there is still a disagreement about the disputed amount after the investigation and review by a manager of Excel, the customer may appeal to the Arizona Corporation Commission for their investigation and decision.

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The address of the Commission is:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007.

2.10 Discontinuance and Restoration of Service

Service continues to be provided until cancelled, by the customer, in writing, or until cancelled by Excel as set forth below.

2.10.1 Cancellation by the customer

A customer may have his service discontinued by giving 30 days notice to Excel of his desire. Excel will hold the customer responsible for payment of all bills for service furnished until the cancellation date specified by the customer or until 30 days after the cancellation notice is received.

2.10.2 Cancellation by Excel

Excel may immediately discontinue service or cancel an application for service without incurring any liability when there is an unpaid bill for any sum due to the carrier for service that is more than 30 days beyond the date of issue.

2.10.3 Restoration Procedure

By submission of authorization for service as under Rule 2.5.

2.11 Deposits

The Company does not require a deposit from the customer.

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2.12 Advance Payments

No advance payment required.

2.13 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

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SECTION 3 - DESCRIPTION OF SERVICE

3.1 Timing of Calls

3.1.1 Billing Increments

- A. Business: Charges per call will be incurred at the rate of one-tenth of the respective per minute rate, above, for each incremental six-second period, or part thereof.
- B. Residential: Charges per call will be incurred at the respective per minute rate for each minute or part thereof.

3.1.2 Rate Period Overlap

For messages which overlap one or more rate periods, the rate in effect at the time of call origination in the originating area applies to the entire duration of that call.

3.2 Minimum Call Completion Rate

A customer can expect a call completion rate (number of calls completed/number of calls attempted) of not less than 90% during peak use periods for all FG D services ("1+" dialing).

3.3 Service Offerings

3.3.1 Direct Access ("1+") Long Distance Service

A flat rate, direct access, inter/intrastate long distance service, available to business and residential customers.

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3.3.2 Travel Card Service

Customers are issued a Travel Card imprinted with a 1+ 800 toll free number which may be used to access Excel's long distance network.

3.3.3 Directory Assistance

Local exchange directory assistance operators may be accessed by dialing 0+ 555-1212, or 0+ (xxx)555-1212.

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SECTION 4 - RATES

## 4.1 Direct Access ("1+") Long Distance Service

Rates per minute on completed calls:

## 4.1.1 Business

DAY	EVENING	NIGHT/WEEKEND
\$0.2200	\$0.1800	\$0.1700

The following volume discounts apply to the monthly total of an individual business' usage at the above rates (note: Calling Cards and International Calls are not included in usage nor discount):

Usage in Dollars	Discount in %
0 - 99	0
100 - 249	3
250 - 499	6
500 - 749	10
750 - 999	13
1000 - 1999	16
2000 - 2999	18
3000+	20

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## 4.1.2 Residential

	DAY	EVENING	NIGHT/WEEKEND
<b>Mileage Band:</b>			
0 - 10 miles			
Initial Minute:	0.204	0.133	0.102
Add'l Minute:	0.094	0.061	0.047
11 - 22 miles:			
Initial Minute:	0.289	0.188	0.145
Add'l Minute:	0.136	0.088	0.068
23 - 55 miles:			
Initial Minute:	0.332	0.215	0.166
Add'l Minute:	0.170	0.111	0.085
56 - 124 miles:			
Initial Minute:	0.391	0.254	0.196
Add'l Minute:	0.221	0.144	0.111
125 - 292 miles:			
Initial Minute:	0.391	0.254	0.196
Add'l Minute:	0.255	0.166	0.128
293+ miles:			
Initial Minute:	0.434	0.282	0.217
Add'l Minute:	0.264	0.171	0.132

## 4.2 Travel Card calls

Customers are issued a Travel Card imprinted with a 1 + 800 toll free telephone number which may be used to access Excel's long distance network. Calls completed by this method will be charged at the following rate, regardless of the time of day or date completed:

For the first minute or part thereof: \$ 0.89  
 For each minute thereafter, or part thereof: \$ 0.29

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**4.3 Directory Assistance**

Charges for all calls made to directory assistance, regardless of the time of day or date completed:

0 + 555-1212:           \$ 0.75  
0 + (xxx) 555-1212:   \$ 0.75

No additional measured use or per call charges apply to calls made to directory assistance.

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