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VIA FEDERAL EXPRESS

14 December 1999

File #2105

Office of the Secretary
Federal Communications Commission
445 12TH Street, S.W.
Washington, D.C. 20024-2101

RECEIVED

DEC 15 1999

FCC MAIL ROOM

**Re: International Exchange Communications, Inc.'s Acquisition of
Customer Bases of FiberTel, Inc., North American Telephone
Network, LLC, and Advantage Telecommunications Corp.
CC Docket No. 94-129**

Dear Sir or Madam:

Please find enclosed the original and five (5) copies of IEC's Petition for Waiver of Commission Rules for filing in the referenced matter. We kindly request that you return one file-stamped copy of same to us in the enclosed, self-addressed and stamped envelope.

Sincerely,



Randall A. Smith

RAS/jjh
Enclosure(s)

No. of Copies rec'd 044
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Before the
THE FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

RECEIVED
DEC 15 1999
FCC MAIL ROOM

In the Matter of)
)
)
INTERNATIONAL EXCHANGE)
COMMUNICATIONS, INC.'S)
ACQUISITION OF CUSTOMER)
BASES OF FIBERTEL, INC.,)
NORTH AMERICAN TELEPHONE)
NETWORK, LLC, and ADVANTAGE)
TELECOMMUNICATIONS CORP.)
)

CC Docket No. 94-129

PETITION FOR WAIVER OF COMMISSION RULES

1. International Exchange Communications, Inc. ("IECOM"), a wholly owned subsidiary of Pacific Gateway Exchange, Inc., requests that the Federal Communications Commission (the "Commission") grant a waiver of its rules and orders governing the authorization and verification necessary to change a consumer's preferred carrier. As demonstrated herein, good cause exists for the granting of the waiver requested: the purposes for the general rule for which the waiver is being sought will be fulfilled by the measures proposed by IECOM, and the granting of the waiver requested will be in the public interest in general, and specifically in the interest of the customers whose accounts are affected by the change in carrier. *See Northeaster Cellular Telephone Company v. F.C.C.*, 897 F.2d 1164 (D.C. 1990); and *WAIT Radio v. F.C.C.*, 418 F.2d 1153 (D.C. 1969).

2. IECOM intends to purchase certain assets of three separate telecommunications companies, as follows:

(a) FiberTel, Inc. ("FiberTel"), pursuant to a written Asset Purchase Agreement dated August 4, 1999, attached hereto as Exhibit "A."¹ The assets purchased by IECOM include, but are not limited to: FiberTel's customer accounts; FiberTel's accounts receivables; agreements, contracts, letters of agency (LOAs), or other authorizations of FiberTel's customers; deposits of FiberTel's customers; and certain other non-customer assets of FiberTel;

(b) North American Telephone Network, LLC ("NATN"), pursuant to a written Asset Transfer Agreement dated September 1, 1999, attached hereto as Exhibit "B."² The assets purchased by IECOM include, but are not limited to: NATN's customer accounts; NATN's accounts receivables; agreements, contracts, LOAs, or other authorizations of NATN's customers; deposits of NATN's customers; and certain other non-customer assets of NATN; and

(c) Advantage Telecommunications Corp. ("Advantage"), pursuant to a written Option Agreement dated October 1, 1999, attached hereto as Exhibit "C." The assets purchased by IECOM include, but are not limited to: Advantage's customer accounts; Advantage's accounts receivables; agreements, contracts, LOAs, or other authorizations of Advantage's customers; deposits of Advantage's customers; and certain other non-customer assets of Advantage.

¹ The purchase prices set forth in the foregoing agreements have been deleted for confidentiality purposes, but IECOM can provide this information to the Commission, if necessary.

² Although the Asset Transfer Agreement² attached as Exhibit B is between CTN Telephone Network, Inc. and NATN, CTN, which is completely unrelated to IECOM, was unable to satisfy the terms of the transaction. As a result, IECOM acquired the rights to the agreement from CTN by letter agreement shortly after this Asset Transfer Agreement was executed.

3. IECOM is in good standing in each jurisdiction required to provide interexchange services to the former customers of FiberTel, NATN, and Advantage. The special circumstances warranting a deviation or waiver from the Commission's rules and orders include the need to provide seamless transitions of long distance service for the affected customers of FiberTel, NATN, and Advantage.

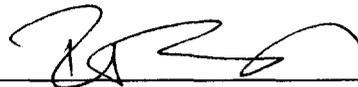
4. IECOM is in the process of sending notice letters to all customers of FiberTel, NATN, and Advantage, notifying them of the proposed assumption of the customers' service by IECOM, assuring the customers that they will either receive the same or better rates and services than those which they were receiving from FiberTel, NATN, and Advantage, and advising the customers that they can choose a different preferred carrier should they desire. *See* attached Exhibits "D," "E," and "F," respectively. Once the proposed sales have been consummated, IECOM will notify these customers of that event and reiterate the foregoing information, assurances and advice. Further, IECOM will amend its domestic tariff to include any tariffed rates of FiberTel, NTN, and Advantage for any customers for which IECOM will provide service. Additionally, IECOM will take responsibility to investigate, respond, and attempt to cure any complaints of former customers of FiberTel, NATN, or Advantage processed after the sale.

5. The Commission is charged with administration in the "public interest." IECOM submits that allowing it to continue service to the former customers of FiberTel, NATN, and Advantage would be a seamless transition, in that there would be no P.I.C. charges incurred by any of the former customers of FiberTel, NATN, and Advantage and no interruption of service. Thus, the granting of the requested waiver by the Commission will be in the public interest in general, and specifically in the interest of the ITC customers whose accounts are affected by the proposed and pending sale.

WHEREFORE, for each of the above reasons and subject to the foregoing conditions, IECOM requests that, effective immediately, the Commission grant a waiver of its rules and orders to allow IECOM to be designated the preferred long distance carrier for current customers of FiberTel, NATN, and Advantage without obtaining the customers' authorization and verification.

This 14th day of December, 1999.

Respectfully submitted,



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Of

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/and/

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Of

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**Attorneys for International Exchange
Communications, Inc.**

A

Execution Copy**ASSET PURCHASE AGREEMENT**

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of the 4th day of August, 1999 between International Exchange Communications, Inc., a Delaware corporation ("Purchaser"), FiberTel, Inc., a California corporation ("Seller"), Patrick Grant ("Grant") and Dave Russell (collectively with Grant, the "Shareholders").

WHEREAS, Seller conducts business as a reseller of long distance telecommunications services and has established a customer base and related assets which it now desires to sell;

WHEREAS, Purchaser desires to purchase the customer base and related assets of Seller on the terms and subject to the conditions of this Agreement; and

WHEREAS, Shareholders are the only shareholders of Seller.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants, representations and warranties herein contained, it is hereby agreed as follows:

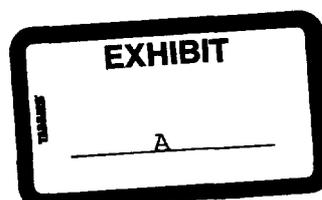
1. Sale and Transfer of Assets

1.1 Assets to be Sold

Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell, convey, transfer, assign and deliver to Purchaser, and Purchaser agrees to purchase from Seller, all of Seller's right, title and interest in substantially all of the assets of Seller (the "Assets") including, but not limited to, all right, title and interest in:

(a) Seller's Carrier Identification Code #5464, to the extent of Seller's rights in such Code, the transfer of which, the parties acknowledge, is subject to the approval of the North American Numbering Commission. ("CIC");

(b) All end user long distance telecommunications customer accounts of Seller which are listed in an electronic format satisfactory to Purchaser (which electronic format shall include all customer accounts, whether currently active or inactive, in existence between January 1, 1999 and the Closing Date) (the "Qualified Customer Accounts"), including all customer lists, customer records, customer files, customer data, letters of agency, sub-CIC arrangements, computer data records, billing data, billing files and similar items related to the foregoing;



(c) All accounts receivable and unbilled revenue associated with and derived from the Qualified Customer Accounts and other mutually agreed to accounts receivable (other than accounts receivable and unbilled revenue associated with Qualified Customer Accounts related to customers who terminated their relationship with Seller prior to May 1, 1999) (the "Accounts Receivable");

(d) All of Seller's rights under any agreements, application forms, term contracts, letters of agency and all other contractual instruments related to the Qualified Customer Accounts (collectively, the "Customer Contracts"), including but not limited to Seller's right to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such Customer Contracts;

(e) All customer and other deposits held or made by Seller related to the Qualified Customer Accounts; and

(f) All relationships and goodwill related to the Qualified Customer Accounts.

2. The Closing

2.1 Place and Date

The closing of the purchase and sale of the Assets (the "Closing") shall take place at the offices of Purchaser located at 533 Airport Boulevard, Suite 505, Burlingame, California 94010, as soon as reasonably practicable after all of the conditions set forth in Section 6 hereof have been satisfied. The date of the Closing is herein referred to as the "Closing Date."

2.2 Transfer of Assets

(a) At the Closing and subject to the terms and conditions of this Agreement, Seller shall deliver to Purchaser the following, and simultaneously with such delivery, Seller shall take such action as may be necessary or reasonably requested by Purchaser to place Purchaser in possession and control of the Assets:

(i) Such bills of sale, assignments, novation agreements, master letters of agency or other instruments of transfer and assignment as shall be necessary to vest in Purchaser title to the Assets sold and assigned under this Agreement, free and clear of all liens, claims and encumbrances;

(ii) Copies of resolutions of the Board of Directors of Seller authorizing the execution, delivery and performance of this Agreement by Seller and a certificate of Seller's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(iii) A current list (in electronic format) of the Qualified Customer Accounts to be transferred to an accounts receivable aging report for such Qualified Customer Accounts;

(iv) Any and all Uniform Commercial Code release statements obtained pursuant to this Agreement; and

(v) Such other certificates or other documents or instruments as the Purchaser or Purchaser's counsel may reasonably request.

(b) At the Closing, as a condition to Seller's obligations under this Agreement, Purchaser shall deliver to Seller the following:

(i) All instruments as may be reasonably necessary by which Purchaser assumes the obligations and liabilities to be assumed by it hereunder;

(ii) Copies of resolutions of the Board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement by Purchaser and a certificate of Purchaser's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect; and

(iii) Such other certificates or other documents or instruments as Seller or Seller's counsel may reasonably request.

2.3 Purchase Price

In consideration of the purchase of the Assets, Purchaser shall:

(a) deliver to Seller a full and final release of Seller's obligation to Purchaser pursuant to that certain agreement between Seller and Purchaser dated December 1, 1998 and titled Pricing and Terms Second (2nd) Amendment to Resale Services Agreement; and

(b) pay to Seller:

(i) \$ in cash upon the execution of this Agreement;

(ii) a further amount of \$ for each full month between the date hereof and the Closing, payable on August 1, 1999 and the first day of every subsequent month thereafter until the Closing (it being understood that Seller shall refund to Purchaser at the Closing the prorated amount of the final such \$ payment in the event the Closing is held prior to the last day of the month in question); and

(iii) the further sum of \$ (the "Closing Payment") at the Closing.

2.4 Closing Payment. At the Closing, the Closing Payment shall be paid as follows:

(a) the amount of the outstanding balance as of the Closing Date, estimated to be \$, on that certain \$ loan advanced by Purchaser to Seller on or about January 30, 1999 (the "Loan") shall be allocated to the satisfaction of such Loan;

(b) the amount owed by Seller to RFC Capital Corp. ("RFC"), which shall be calculated as of the close of business of the day immediately preceding the Closing Date and which is estimated to be approximately \$ shall be paid to RFC;

(c) the aggregate amount owed by Seller to Purchaser for (i) switched network services up to the date hereof and (ii) for dedicated services up to the close of business of the day immediately preceding the Closing Date, which is estimated to be approximately \$, shall be allocated to the satisfaction of such obligations;

(d) the amount owed by Seller to the Internal Revenue Service ("IRS"), which shall be calculated as of the close of business of the day immediately preceding the Closing Date and which is estimated to be \$, shall be paid to the IRS; and

(e) the remainder of the Closing Payment shall be paid to Purchaser.

2.5 Limitation on Assumption of Liabilities

Purchaser shall not be liable for any of the obligations or liabilities of Seller, of any kind or nature. Seller shall pay, perform and discharge all of its valid liabilities and obligations and shall specifically indemnify and hold harmless Purchaser from and against same.

3. Representations and Warranties of Seller and Shareholders

Seller and Shareholders, jointly and severally, represent and warrant to Purchaser as follows:

3.1 Organization and Authority

Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite power and authority to own, operate and lease its properties and to carry on its business as now being conducted.

3.2 Authorization of Agreement

The Board of Directors of Seller, pursuant to the power and authority legally vested in it, has duly authorized the execution, sealing and delivery of this Agreement by Seller and the transactions hereby contemplated, and no action, confirmation or ratification by the stockholders of Seller or by any other person, entity or governmental authority is required in connection therewith. Seller and Shareholders each has the power and authority to execute, seal and deliver this Agreement, to consummate the transactions hereby contemplated and to take all other actions required to be taken by it pursuant to the provisions hereof. Seller has taken all actions required by law, its Certificate of Incorporation, its Bylaws or otherwise to authorize the execution, sealing and delivery of this Agreement. This Agreement is valid and binding upon Seller and Shareholders in accordance with its terms. Neither the execution, sealing and delivery of this Agreement nor the consummation of said transactions will constitute any violation or breach of the Certificate of Incorporation or the Bylaws of Seller, or any order, writ, injunction, decree, law, rule or regulation applicable to Seller.

3.3 No Conflicts

To the best of Seller's and Shareholders' knowledge, the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated hereby: (i) do not and will not with or without the giving of notice or passage of time or both, violate, conflict with or result in a breach or termination of any provision of, or constitute default under, or accelerate or permit the acceleration of the performance required by the terms of, or result in a creation of any mortgage, security interest, claim, lien, charge or other encumbrance upon any of the Assets pursuant to, or otherwise give rise to any liability or obligation under any agreement, mortgage, deed of trust, license, permit or other agreement or instrument, or any order, judgment, decree, statute, regulation or any other restriction of any kind or description to which Seller is a party or by which Seller or the Assets may be bound; and (ii) will not terminate or result in the termination of any such agreement or instrument, or in any way affect or violate the terms and conditions of, or result in the cancellation, modification, revocation or suspension of, any rights in or to the Assets.

3.4 Accounts Receivable

All Accounts Receivable for each Qualified Customer Account are listed (with agings) on Schedule 3.4. Except as set forth on Schedule 3.4, all Accounts Receivable are good and valid receivables (subject to no counterclaims or offset) and are collectable in the ordinary course of business at the aggregate amount recorded therefor. Neither Seller nor Shareholder have knowledge of any facts or circumstances generally (other than general economic conditions) which would result in any material increase in the uncollectability of such Accounts Receivable.

3.5 Title to Purchased Assets

Seller has, and on the Closing Date will have, good and marketable title to all of the Assets free and clear of all claims and encumbrances, except claims and encumbrances listed on Schedule 3.5.

3.6 Material Contracts

Except as disclosed on Schedule 3.6 hereto, Seller is not a party to or bound by any material written or oral contracts, obligations or commitments related to the Qualified Customer Accounts or the Accounts Receivable, including any written or oral commitments to pay commissions or other compensation relative to the Qualified Customer Accounts or the Accounts Receivable which will survive the Closing. Seller has delivered or made available to Purchaser correct and complete copies of all of the contracts, agreements and other documents listed in Schedule 3.6 hereto and all amendments thereto and waivers granted thereunder. The rights and interest of Seller in all such contracts and agreements may be assigned to Purchaser without the consent of any person, except as otherwise disclosed on Schedule 3.6, and at the Closing, Purchaser will acquire all such rights and interest. There are no unresolved disputes pending or, to the best knowledge of Seller, threatened under or in respect of any such contracts or agreements. All such contracts and agreements are valid and effective in accordance with their respective terms. Neither Seller nor any other party to such contracts or agreements has breached any provision of, or is in violation or default under the terms of, or has caused or permitted to exist any event of default under, any such contracts or agreements.

3.7 Customer Relationships

Neither Seller nor Shareholders have knowledge that any Qualified Customer Account has been terminated or is expected to be terminated, in whole or in part; provided, however, that this subsection shall not be construed as a representation, warranty, or guarantee that any such customer will, after the Closing, maintain its present business relationships with Purchaser. To the best of Seller's and Shareholder's knowledge, no director or officer of Seller has any direct or indirect interest in any such Qualified Customer Accounts.

3.8 Litigation: Compliance

(a) To the best of Seller's and Shareholder's knowledge, except as disclosed on Schedule 3.8(a) hereto or as previously disclosed by Seller to Purchaser, there are no actions, suits, proceedings or arbitrations or governmental investigations pending or threatened against, by or affecting Seller (or to the best of the knowledge of Seller or Shareholder, any basis therefor) in which, individually or in the aggregate, an unfavorable determination could adversely affect any of the Assets or impede execution or performance of this Agreement. Neither Seller nor Shareholders have received any notice of any violation of any applicable Federal, State, local or foreign law, rule,

regulation, ordinance, order or decree relating to the Assets, and neither Seller nor Shareholders are aware of any threatened claim of such violation or any basis therefor.

(b) To the best of Seller's and Shareholders' knowledge, Seller has complied and is in compliance in all material respects with all laws, rules, regulations, ordinances, orders, decrees, writs, injunctions, building codes, safety, fire and health codes, or other governmental restrictions applicable to Seller, or the Assets.

(c) To the best of Seller's and Shareholders' knowledge, Seller has all governmental licenses, permits, approvals or other authorizations presently required to service the Qualified Customer Accounts, all of which are in full force and effect and all of which are listed on Schedule 3.8(c) hereto.

3.9 Brokers, Finders, etc.

Seller has employed no finder, broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby and no fee or other compensation shall become payable to any investment banker, financial advisor or broker of any kind upon the closing of the transactions contemplated hereby.

3.10 Disclosure

To the best of Seller's and Shareholders' knowledge, no representation or warranty by Seller or Shareholders and no statement or certificate furnished or to be furnished by or on behalf of Seller to Purchaser pursuant to this Agreement or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

3.11 Disclaimer of Fraudulent Intent

Seller and Shareholders represent and warrant that the transactions described in this Agreement have been undertaken in good faith, considering its obligations to any person or entity to whom Seller owes a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured (collectively such persons with such claims are called "Creditors" under this paragraph), and has undertaken these transactions without any intent to hinder, delay or defraud any such Creditors, and either has disclosed in the ordinary course of business or will undertake to disclose to all such Creditors the existence of this transaction, and has not and will not conceal this transaction or the proceeds of this transaction from any such Creditors. Seller and Shareholders further represent and warrant that: (1) neither Seller, Shareholders nor any current or former employees of Seller or any of Seller's corporate affiliates will retain possession or control of any of the property transferred under this Agreement following the Closing, except as expressly provided

in this Agreement and then only for and on behalf of the account of the Purchaser; (2) Seller has not been sued or threatened with suit by any Creditor prior to the execution of this Agreement other than Seller's former landlord; (3) Seller has not removed or concealed any assets from any Creditors; (4) Seller has not incurred any substantial debt that is significantly greater than the normal and customary debts of Seller in the ordinary course of business; (5) Seller believes in good faith that, at Closing, Seller will receive consideration reasonably equivalent to the value of the Assets transferred under this Agreement.

3.12 Protection of Qualified Customer Accounts.

Seller and Shareholders represent and warrant that it has used its best efforts to ensure that all information related to the Qualified Customer Accounts, including, but not limited to, all customer lists, mailing lists, books, records, files, data, and letters of agency, has not been disclosed to anyone other than employees of Seller of any of Seller's corporate affiliates and that no such employees will possess, control or otherwise have any right to such information following the Closing of the transaction contemplated hereby.

4. Representations and Warranties of Purchaser

Purchaser represents and warrants to Seller as follows:

4.1 Corporate Status

Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full corporate power and authority to carry on its business as now conducted.

4.2 Authority for Agreement

Purchaser has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed by Purchaser and the transactions contemplated by it constitute the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms. No consent, approval, or authorization of, or declaration, filing, or registration with, any federal or state governmental or regulatory authority is required to be made or obtained by Purchaser in connection with the execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated by this Agreement, except approval of applicable public service commissions.

4.3 No Conflicts

To the best of Purchaser's knowledge, the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated hereby: (i) do not and will not with or without the giving of notice or passage of time or both, violate, conflict with or result in a breach or termination of any provision of, or constitute a default under, or accelerate or permit the acceleration of the performance required by the terms of, or result in a creation of any mortgage, security interest, claim, lien, charge or other encumbrance upon any of the Assets pursuant to, or otherwise give rise to any liability or obligation under any agreement, mortgage, deed of trust, license, permit or other agreement or instrument, or any order, judgment, decree, statute, regulation or any other restriction of any kind or description to which Purchaser is a party or by which Purchaser or the Assets may be bound; and (ii) will not terminate or result in the termination of any such agreement or instrument, or in any way affect or violate the terms and conditions of, or result in the cancellation, modification, revocation or suspension of, any rights in or to the Assets.

5. Seller's Obligations Before Closing

Seller covenants that from the date of this Agreement and until the Closing Date:

(a) Purchaser and its counsel, accountants and other representatives shall have full access to all properties, books, accounts, records, contracts and documents of or relating to the Assets (including, but not limited to, billing records, customer service history, verbal letters of agency tapes or written letters of agency, but Purchaser shall not have access to any information not related to the Assets. Seller shall furnish or cause to be furnished to Purchaser and its representatives all data and information concerning the Assets that may be reasonably requested. Seller agrees that, unless and until the Closing has been consummated, Seller and its officers, directors and other representatives will hold in strict confidence, and will not use the detriment of Purchaser, all data and information with respect to Purchaser and Purchaser's business and operations obtained in connection with this transaction or Agreement. If the transactions contemplated by this Agreement are not consummated, Purchaser will return to Seller all data and information that Seller may reasonably request including all documents prepared or made available to Purchaser by Seller in connection with this Agreement.

(b) Seller will, with respect to the Qualified Customer Accounts, carry on its business and activities diligently and in substantially the same manner as they previously have been carried out and shall not make or institute any unusual or novel methods of management or operations to the detriment of Purchaser that vary materially from those methods used by Seller as of the date of this Agreement relating to the Qualified Customer Accounts, without the prior written consent of Purchaser.

6. Covenants

6.1 Further Assurances

At any time and from time to time after the Closing Date, each party shall, without further consideration, execute and deliver to the other such other instruments of transfer and assumption and shall take such other action as the other may reasonably request to carry out the transfer of the Assets and the assumption of the specific liabilities contemplated by this Agreement.

6.2 Standstill; Public Announcement

Prior to the Closing or termination of this Agreement, Seller agrees not to directly or indirectly solicit, entertain or encourage offers or negotiate with any other person or entity regarding the purchase or sale of the Assets. Seller shall not make any public announcement with respect to the subject matter of this Agreement. Purchaser intends to make an announcement consistent with its public disclosure obligations.

6.3 Consents

Purchaser shall use commercially reasonable efforts to assist Seller in obtaining all consents necessary to consummate the transactions contemplated hereby including the running of the thirty-day notice period mandated by the California Public Utility Commission ("CPUC").

6.4 Compliance with Laws

Seller understands that Seller's conduct prior to the Closing of this Agreement is subject to the rules and regulations of the Federal Communications Commission ("FCC") and the CPUC, and Seller hereby agrees, in accordance with Section 9.12 of this Agreement, to be fully responsible for the acts and omissions of all of Seller's agents, servants and representatives prior to the Closing of this Agreement which are in violation of all laws, rules, regulations, administrative decisions and pronouncements of the FCC and the CPUC, including but not limited to all applicable FCC and CPUC rules regarding customer slamming and cramming, the violation of which may result in severe penalties and adverse consequences which the FCC or the CPUC may attempt to impose upon Purchaser after the Closing of this Agreement.

6.5 Bulk Sales

Purchaser and Seller hereby agree to waive compliance with any and all applicable bulk sales laws.

6.6 Seller's Indebtedness

Seller shall make arrangements to pay and/or extinguish, at or prior to the Closing, all indebtedness or other claims against Seller which would prohibit or otherwise interfere with the unencumbered transfer of the Assets to Purchaser (other than Seller's undisputed accounts payable incurred during the normal and ordinary course of business) (the "Indebtedness").

7. Conditions Precedent

7.1 Conditions to Obligations of Purchaser

The obligation of Purchaser to pay the Purchase Price to Seller and to satisfy its other obligations hereunder shall be subject to fulfillment (or waiver by Purchaser) at or prior to the Closing, of the following additional conditions, which Purchaser and Seller agree to use their best efforts to cause to be fulfilled.

(a) Representations, Performance

The representations and warranties of Seller and Shareholders contained in Section 3 hereof shall be true in all material respects at and as of the Closing Date, except as affected by the transactions contemplated hereby. Seller shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date. There shall have been no material adverse change in the Qualified Customer Accounts.

(b) Corporate Proceedings

All corporate and other proceedings of Seller in connection with the transactions contemplated by this Agreement and all document and instruments incident to such corporate proceedings, shall be reasonably satisfactory in substance and form to Purchaser, and Purchaser shall have received all such documents and instruments or copies thereof.

(c) California Public Utilities Commission Notice Period

The thirty-day notice period mandated by the CPUC that is necessary to consummate the transactions contemplated hereby shall have lapsed.

(d) **Regulatory Approvals**

Purchaser, in its sole discretion, shall be satisfied with the positions taken by the applicable state and federal regulatory agencies with respect to the proposed transaction.

(e) **Management Agreement**

Seller and Purchaser shall have executed a Management Agreement, substantially in the form of Exhibit A attached hereto.

(f) **Removal of Liens**

Purchaser, in its sole discretion, shall be satisfied that Seller has removed any and all liens on the Assets.

(g) **Indebtedness**

Seller shall have made arrangements to pay and/or extinguish the Indebtedness.

(h) **Licenses**

Purchaser shall have obtained all licenses and permits necessary for the use and operation of the Assets subsequent to the Closing.

7.2 Conditions to Obligations of Seller

The obligations of Seller to deliver the bill of sale, assignments, endorsements and other instruments of transfer relating to the Assets and to satisfy Seller's other obligations hereunder shall be subject to the fulfillment, on or prior to the Closing Date (or waiver by Seller), of the following conditions, which Purchaser agrees to use its best efforts to cause to be fulfilled:

(a) **Representations, Performance**

The representations and warranties of Purchaser contained in Section 5 hereof shall be true at and as of the Closing Date. Purchaser shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date.

(b) **Corporate Proceedings**

All corporate and other proceedings in connection with the transactions contemplated by this Agreement, and all documents and instruments incident thereto, shall be satisfactory to Seller and Seller shall have received all such documents and instruments, or copies thereof.

(c) **No Material Changes**

No material changes in the financial position of Purchaser or material changes in the information previously disclosed to Seller shall have occurred.

(d) **Release of Contractual Obligations**

Seller shall have been released from all of its contractual obligations with Purchaser and its affiliates including, without limitation, the Loan.

8. **Indemnification; Manner of Claims**

8.1 **Indemnification.** From and after the Closing Date, Seller and Shareholders will jointly and severally indemnify Purchaser against, and hold Purchaser harmless from, any and all liability, damage, deficiency, loss, cost or expense (including reasonable attorney's fees) that is based upon or that arises out of (i) any misrepresentation or breach of any representation, warranty or agreement made by Seller or Shareholders herein, (ii) any obligation, debt or liability of Seller to the extent that the same is not expressly assumed herein by Purchaser, or (iii) the use and ownership of the Assets on or prior to the Closing Date (other than those liabilities specifically assumed by Purchaser hereunder).

8.2 **Manner of Claims**

Any notice of a claim by reason of any of the representations and warranties contained in this Agreement shall state specifically the representation or warranty with respect to which the claim is asserted, and the amount of liability asserted against the other party by reason of the claim.

9. **Miscellaneous**

9.1 **Consents of Third Parties**

This Agreement shall not constitute an agreement to assign any interest in any instrument, contract, lease, permit or other agreement or arrangement of Seller, or any claim, right or benefit arising thereunder or resulting therefrom, if any assignment without the consent of a third party would constitute a breach or violation thereof or adversely affect the rights of the Purchaser or Seller thereunder. If a consent of a third party which is required in order to assign any instrument,

contract, lease, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom, which consent Seller shall use its best efforts to obtain prior to the Closing, is not obtained prior to the Closing, or if an attempted assignment would be ineffective or would adversely affect the ability of Seller to convey its interest to the Purchaser, Seller will cooperate with Purchaser in any lawful and economically feasible arrangement to provide that Purchaser shall receive Seller's interest in the benefits under any such instrument, contract, lease, permit or other agreement or arrangement; and any transfer or assignment to Purchaser by Seller of any interest under any such instrument, contract, lease, permit or other agreement or arrangement that requires the consent of a third party shall be made subject to such consent or approval being obtained.

9.2 Expenses

Subject to the terms of Section 8 hereof, each of the parties hereto shall bear its own expenses, costs and fees (including attorney's fees) in connection with the transactions contemplated hereby, including the preparation and execution of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated.

9.3 Severability

If any term or provision of this Agreement shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied in any particular case because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the term or provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, but such term or provision shall be deemed modified or deleted as or to the extent required by applicable law. The invalidity of any one or more phrases, sentences, clauses, sections, or subsections of this Agreement shall not affect the remaining portions of this Agreement.

9.4 Notices

Any notices or other communications required under this Agreement shall be in writing, shall be deemed to have been given when delivered in person, by telex or telecopier, when delivered to a recognized next business day courier, or, if mailed, when deposited in the United States first class mail, registered or certified, return receipt requested, with proper postage prepaid, addressed as follows or to such other address as notice shall have been given pursuant hereto:

If to Seller:

FiberTel, Inc.
Attn: Patrick Grant

7808 El Cajon Blvd., Suite M
LaMesa, CA 91941
Telecopy: (800) 787-1000

If to Purchaser:

International Exchange Communications, Inc.
Attn: Gail E. Granton
533 Airport Blvd., Suite 505
Burlingame, CA 94010
Telecopy: (650) 375-6799

With a copy to:

Mayer, Brown & Platt
Attn: James J. Junewicz
190 South LaSalle Street
Chicago, Illinois 60603
Telecopy: (312) 701-7711

9.5 Amendment

This Agreement may not be amended except by an instrument in writing, duly executed and delivered on behalf of each of the parties hereto.

9.6 Waiver

Any party may waive compliance by another with any of the provisions of this Agreement. No waiver of any provisions shall be construed as a waiver of any other provision. Any waiver must be in writing.

9.7 Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which taken together shall constitute one agreement, notwithstanding that all of the parties are not signatories to the original or to the same counterpart.

9.8 Assignment

Any assignment of this Agreement or the rights or obligations hereunder by any party without the prior written consent of the nonassigning parties shall be void. Notwithstanding the foregoing, either party may assign all or any part of its rights and/or obligations to one or more affiliates, subsidiaries, parent companies or shareholders of said party. No such assignment shall relieve the assigning party of any of its obligations or duties under this Agreement.

9.9 Costs

In the event any action is instituted to enforce or interpret the terms of this Agreement or arises out of this Agreement, the party prevailing in such action shall be entitled to recover its reasonable attorney's fees and costs as determined by the court.

9.10 Entire Agreement; Applicable Law, etc.

This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of California applicable to contracts made and to be performed in California.

9.11 Industry Terms and Phrases

All terms and phrases unique to the telecommunications industry and used within this Agreement shall be defined in accordance with the everyday meaning assigned to such terms and phrases within the industry.

9.12 Special Indemnification

(a) Seller and Shareholders shall specifically indemnify and hold harmless Purchaser from and against all claims, suits damages, liabilities or expense of any description (including but not limited to reasonable attorney's fees and costs) resulting from any of the following: (1) Seller's use of invalid letters of agency/authorization; (2) unauthorized transacting of business by Seller without all necessary state and federal authority and permission and (3) violations by Seller or any of Seller's agents, employees, servants or representatives of applicable federal and/or state rules regarding customer slamming or cramming which took place prior to the Closing of this Agreement (the "Special Indemnification"). The Special Indemnification shall be due within ten (10) days of Seller's receipt of written notice from Purchaser.

(b) Seller and Shareholders hereby agree to defend, indemnify and hold Purchaser harmless from and against any liabilities for which Purchaser pays, or is asked to pay, by any and all of Seller's currently existing creditors and/or the Internal Revenue Service.

10. Termination

10.1 Mutual Consent. This Agreement may be terminated at any time prior to the Closing by mutual consent of Seller and Purchaser, expressed by action of their respective Boards of Directors.

10.2 Remedies on Termination. In the event any party hereto, without the right to do so under this Agreement, shall fail or refuse to consummate the transactions contemplated by this Agreement, or if any default under, or breach of, any representation, warranty, covenant or condition of this Agreement on the part of any party shall have occurred that results in the failure to consummate the transactions contemplated hereby, then, in addition to any other remedies provided in this agreement or by applicable law, the nondefaulting party shall be entitled to obtain from the defaulting party costs and expenses, including reasonable attorney's fees, incurred by it in enforcing its rights hereunder, including but not limited to the right to seek specific performance of this Agreement.

10.3 Seller's "CIC". In the event that the North American Numbering Commission does not approve the transfer of the CIC from Seller to Purchaser, then Seller agrees not to (a) move, change, assign or take any other action with respect to the CIC subsequent to the Closing or (b) use the CIC for any purpose subsequent to the Closing.

For WRK - Received 08/03/1999 17:02 in 01:24 on Line (4) for WRK * Pg 2/5
AUG-03-1999 03:08

P.02/05

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

International Exchange Communications, Inc. FiberTel, Inc.

By: *Paul Grant*
Name:
Title:

By: _____
Name:
Title:

Patrick Grant

Dave Russell

For WRK - No Transmission Information Available In on line [0] for WRK * Pg 11/11
8-03-1999 12:52PM FROM FIBERTEL, INC. 800 787 1000

P. 11

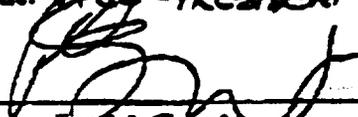
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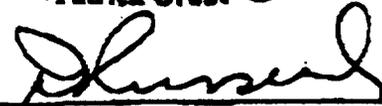
IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

International Exchange Communications, Inc. FiberTel, Inc.

By: _____
Name:
Title:

By: 
Name: PATRICK GRANT
Title: VICE - PRESIDENT


Patrick Grant


Dave Russell



B



ASSET TRANSFER AGREEMENT

THIS ASSET TRANSFER AGREEMENT (the "Agreement") is made and entered into as of the 1st day of September, 1999, between CTN Telephone Network, Inc., a California corporation ("CTN") and North American Telephone Network, LLC, a Georgia limited liability company ("NATN").

WHEREAS, one of the businesses conducted by NATN is the reselling of "1+" long distance telecommunications services that are billed through local exchange carriers ("LECs") and NATN has established a customer base and related assets (the "LEC billed 1+ Assets"), the rights to which it now desires to assign to CTN; and

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants, representations and warranties herein contained, it is hereby agreed as follows:

1. Transfer of Assets

1.1 Assets to be Transferred

Subject to the terms and conditions set forth in this Agreement, NATN agrees to transfer, assign and deliver to CTN, and CTN agrees to accept from NATN, all of NATN's right, title and interest in the LEC Billed 1+ Assets of NATN existing on the Closing Date including, but not limited to, all right, title and interest in:

(a) All end user long distance telecommunications customer accounts of NATN relating to the LEC Billed 1+ Assets which are mutually agreed to by the parties on or before the Closing Date and which are listed in an electronic format satisfactory to CTN (which electronic format shall include all customer accounts, whether currently active or inactive, in existence 60 days prior to the Closing Date) (the "Qualified Customer Accounts");

(b) All of NATN's rights under any agreements, application forms, term contracts, letters of agency and all other contractual instruments related to the Qualified Customer Accounts (collectively, the "Customer Contracts"), including but not limited to NATN's right to assert claims and take other lawful actions in respect of breaches, defaults and other violations of such Customer Contracts;

(c) All customer and other deposits held by NATN related to the Qualified Customer Accounts;

(d) The right to use the name "North American Telephone Network" or similar name for a period of up to six months (and for an additional six months thereafter, to the extent CTN reasonably demonstrates to NATN the need for such additional six month period) for the limited purpose of billing and otherwise servicing the accounts being transferred pursuant to this Agreement, but not for the purpose of adding new customers or undertaking any business activities in that name;

(e) All ancillary services relating to the Qualified Customer Accounts including but not limited to calling card, voicemail and "800" services; and

(f) All relationships and goodwill related to the Qualified Customer Accounts.

2. The Closing

EXHIBIT

B

2.1 Place and Date

The closing of the purchase and sale of the LEC Billed 1+ Assets (the "Closing") shall take place at the offices of CTN located at 701 "B" Street, Suite 1450, San Diego, California 92101, at or before 10:00 a.m., local time, on the earlier of December 31, 1999, or the date that the conditions set forth in Section 7 hereof have been satisfied. The date of the Closing is herein referred to as the "Closing Date."

2.2 Transfer of Assets

(a) At the Closing and subject to the terms and conditions of this Agreement, NATN shall deliver to CTN the following, and simultaneously with such delivery, NATN shall take such action as may be necessary or reasonably requested by CTN to cause CTN to become an assignee and be in possession and control of the LEC Billed 1+ Assets:

(i) Such assignments or other instruments of transfer and assignment as shall be necessary to vest in CTN the right to transfer and sell the LEC Billed 1+ Assets to a third party, free and clear of all liens, claims and encumbrances;

(ii) Copies of resolutions of the members of NATN authorizing the execution, delivery and performance of this Agreement by NATN and a certificate of NATN's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(iii) A current list (in electronic format) of the Qualified Customer Accounts to be transferred; and

(iv) Such other certificates or other documents or instruments as CTN or CTN's counsel may reasonably request.

(b) At the Closing, as a condition to NATN's obligations under this Agreement, CTN shall deliver to NATN the following:

(i) The portion of the Purchase Price due pursuant to Schedule 2.3;

(ii) All instruments as may be reasonably necessary by which CTN assumes the obligations and liabilities to be assumed by it hereunder;

(iii) Copies of resolutions of the Board of Directors of CTN authorizing the execution, delivery and performance of this Agreement by CTN and a certificate of CTN's secretary, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect; and

(iv) Such other certificates or other documents or instruments as NATN or NATN's counsel may reasonably request.

2.3 Purchase Price

The total consideration to be paid by CTN to NATN for the assignment of the LEC Billed 1+ Assets shall be as set forth on **Schedule 2.3** to this Agreement. The total consideration for the transfer of the LEC Billed 1+ Assets shall be hereinafter defined as the "Purchase Price".

2.4 Limitation on Assumption of Liabilities

CTN shall not be liable for any of the obligations or liabilities of NATN, of any kind or nature, that existed on or prior to the Closing Date. CTN agrees, effective on the Closing Date, to become responsible for any and all liabilities and obligations relating to the Qualified Customer Accounts and the Customer Contracts that have accrued or are to be performed from and after the Closing Date.

3. Representations and Warranties of NATN and Shareholder

NATN represents and warrants to CTN as follows:

3.1 Organization and Authority

NATN is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia and has all requisite power and authority to own, operate and lease its properties and to carry on its business as now being conducted.

3.2 Authorization of Agreement

The members of NATN have duly authorized the execution and delivery of this Agreement by NATN and the transactions hereby contemplated, and, except as set forth on Schedule 3.2, no action, confirmation or ratification by any other person, entity or governmental authority is required in connection therewith. NATN has the power and authority to execute and deliver this Agreement, to consummate the transactions hereby contemplated and to take all other actions required to be taken by it pursuant to the provisions hereof. NATN has taken all actions required by law to authorize the execution and delivery of this Agreement. This Agreement is valid and binding upon NATN in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation of said transactions will constitute any violation or breach of the Articles of Organization or the Operating Agreement of NATN, or any order, writ, injunction, decree, law, rule or regulation applicable to NATN.

3.3 No Conflicts

To the best of NATN's knowledge, the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated hereby: (i) do not and will not with or without the giving of notice or passage of time or both, violate, conflict with or result in a breach or termination of any provision of, or constitute default under, or accelerate or permit the acceleration of the performance required by the terms of, or result in a creation of any mortgage, security interest, claim, lien, charge or other encumbrance upon the LEC Billed 1+ Assets pursuant to, or otherwise give rise to any liability or obligation under any agreement, mortgage, deed of trust, license, permit or other agreement or instrument, or any order, judgment, decree, statute, regulation or any other restriction of any kind or description to which NATN is a party or by which NATN or the LEC Billed 1+ Assets may be bound; and (ii) will not terminate or result in the termination of any such agreement or instrument, or in any way affect or violate the terms and conditions of, or result in the cancellation, modification, revocation or suspension of, any rights in or to the LEC Billed 1+ Assets.

3.4 Title to Transferred Assets

NATN has, and on the Closing Date will have, good and marketable title to the LEC Billed 1+ Assets free and clear of all claims and encumbrances, except claims and encumbrances listed on **Schedule 3.4**.

3.5 Material Contracts

Except as disclosed on **Schedule 3.5** hereto, NATN is not a party to or bound by any material written or oral contracts, obligations or commitments related to the Qualified Customer Accounts, including any written or oral commitments to pay commissions or other compensation relative to the Qualified Customer Accounts. NATN has delivered or made available to CTN correct and complete copies of all of the contracts, agreements and other documents listed in **Schedule 3.5** hereto and all amendments thereto and waivers granted thereunder. The rights and interest of NATN in all such contracts and agreements may be assigned to CTN without the consent of any person, except as otherwise disclosed on **Schedule 3.5**, and at the Closing, CTN will acquire all such rights and interest. There are no unresolved disputes pending or, to the best knowledge of NATN, threatened under or in respect of any such contracts or agreements. All such contracts and agreements are valid and effective in accordance with their respective terms. Neither NATN nor any other party to such contracts or agreements has breached any provision of, or is in violation or default under the terms of, or has caused or permitted to exist any event of default under, any such contracts or agreements.

3.6 Customer Relationships

NATN has no knowledge that any active Qualified Customer Account has been terminated or is expected to be terminated, in whole or in part; provided, however, that this subsection shall not be construed as a representation, warranty, or guarantee that any such customer will, after the Closing, maintain its present business relationships with CTN. To the best of NATN's knowledge, no manager or officer of NATN has any direct or indirect interest in any such Qualified Customer Accounts.

3.7 Litigation: Compliance

(a) To the best of NATN's knowledge, except as disclosed on **Schedule 3.7(a)** hereto, there are no actions, suits, proceedings or arbitrations or governmental investigations pending or threatened against, by or affecting NATN (or to the best of the knowledge of NATN, any basis therefor) in which, individually or in the aggregate, an unfavorable determination could adversely affect the LEC Billed 1+ Assets or impede the execution or performance of this Agreement. NATN has not received any notice of any violation of any applicable Federal, State, local or foreign law, rule, regulation, ordinance, order or decree relating to the LEC Billed 1+ Assets, and NATN is not aware of any threatened claim of such violation or any basis therefor.

(b) To the best of NATN's knowledge, NATN has complied and is in compliance in all material respects with all laws, rules, regulations, ordinances, orders, decrees, writs, injunctions, or other governmental restrictions applicable to NATN, and the LEC Billed 1+ Assets.

(c) To the best of NATN's knowledge, NATN has all governmental licenses, permits, approvals or other authorizations presently required to service the Qualified Customer Accounts, all of which are in full force and effect and all of which are listed on **Schedule 3.7(c)** hereto.

3.8 Brokers, Finders, etc.

NATN has employed no finder, broker, agent or other intermediary in connection with the negotiation or consummation of this Agreement or any of the transactions contemplated hereby and no fee or other compensation shall become payable to any investment banker, financial advisor or broker of any kind upon the closing of the transactions contemplated hereby.

3.9 Disclosure

To the best of NATN's knowledge, no representation or warranty by NATN and no statement or certificate furnished or to be furnished by or on behalf of NATN to CTN pursuant to this Agreement or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

3.10 Disclaimer of Fraudulent Intent

NATN represents and warrants that the transactions described in this Agreement have been undertaken in good faith, considering its obligations to any person or entity to whom NATN owes a right to payment, whether or not the right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured (collectively such persons with such claims are called "**Creditors**" under this paragraph), and has undertaken these transactions without any intent to hinder, delay or defraud any such Creditors.

3.11 Protection of Qualified Customer Accounts.

NATN represents and warrants that it has used commercially reasonable efforts to ensure that all information related to the Qualified Customer Accounts, including, but not limited to, all customer lists, mailing lists, books, records, files, data, and letters of agency, have not been disclosed to anyone other than employees and agents of NATN or NATN's affiliates and that no such employee will possess, control or otherwise have any right to such information following the Closing of the transaction contemplated hereby.

4. Representations and Warranties of CTN

CTN represents and warrants to NATN as follows:

4.1 Corporate Status

CTN is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada with full corporate power and authority to carry on its business as now conducted.

4.2 Authority for Agreement The Board of Directors of CTN, pursuant to the power and authority legally vested in it, has duly authorized the execution, sealing and delivery of this Agreement by CTN and the transactions hereby contemplated, and no action, confirmation or ratification by the stockholders of CTN or by any other person, entity or governmental authority is required in connection therewith. CTN has the power and authority to execute, seal and deliver this Agreement, to consummate the transactions hereby contemplated and to take all other actions required to be taken by it pursuant to the provisions hereof. CTN has taken all actions required by law, its Certificate of Incorporation, its Bylaws or otherwise to authorize the execution, sealing and delivery of this Agreement. This Agreement is valid and binding upon CTN in accordance with its terms. Neither the

execution, sealing and delivery of this Agreement nor the consummation of said transactions will constitute any violation or breach of the Certificate of Incorporation or the Bylaws of CTN, or any order, writ, injunction, decree, law, rule or regulation applicable to CTN.

4.3 No Conflicts

To the best of CTN's knowledge, the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated hereby: (i) do not and will not with or without the giving of notice or passage of time or both, violate, conflict with or result in a breach or termination of any provision of, or constitute a default under, or accelerate or permit the acceleration of the performance required by the terms of, or result in a creation of any mortgage, security interest, claim, lien, charge or other encumbrance upon any of CTN's assets pursuant to, or otherwise give rise to any liability or obligation under any agreement, mortgage, deed of trust, license, permit or other agreement or instrument, or any order, judgment, decree, statute, regulation or any other restriction of any kind or description to which CTN is a party or by which CTN or CTN's assets may be bound; and (ii) will not terminate or result in the termination of any such agreement or instrument, or in any way affect or violate the terms and conditions of, or result in the cancellation, modification, revocation or suspension of, any rights in or to the assets of CTN.

4.4 Use of NATN's Name

So long as CTN is using NATN's name pursuant to 1.1(d) above, CTN agrees to take all steps reasonably necessary to protect and preserve NATN's reputation, and to operate its business such that no person or entity will bring a complaint or file an action against NATN. This Section 4.4 includes but is not limited to the provision by CTN of quality customer service, the proper billing and crediting of all Qualified Customer Accounts under the NATN name, the prompt addressing of any and all complaints and inquiries, and the prompt provision of credits or refunds as appropriate.

5. Obligations Before Closing

NATN and CTN covenant that from the date of this Agreement and until the Closing Date:

(a) CTN and its counsel, accountants and other representatives shall have full access to all properties, books, accounts, records, contracts and documents of or relating to the LEC Billed 1+ Assets (including, but not limited to, billing records, customer service history, verbal letters of agency, tapes or written letters of agency), but CTN shall not have access to any information not related to the LEC Billed 1+ Assets. NATN shall furnish or cause to be furnished to CTN and its representatives all data and information concerning the LEC Billed 1+ Assets that may be reasonably requested. CTN agrees that, unless and until the Closing has been consummated, CTN and its officers, directors and other representatives will hold in strict confidence, and will not use to the detriment of NATN, all data and information with respect to NATN and NATN's business and operations obtained in connection with this Agreement or the transactions contemplated hereby. If the transactions contemplated by this Agreement are not consummated, CTN will return to NATN all data and information previously received by CTN, including all documents prepared or made available to CTN by NATN in connection with this Agreement.

(b) NATN will, with respect to the Qualified Customer Accounts, carry on its business and activities diligently and in substantially the same manner as they previously have been carried out and shall not make or institute any unusual or novel methods of management or operations to the detriment of CTN that vary materially from those methods used by NATN

as of the date of this Agreement relating to the Qualified Customer Accounts, without the prior written consent of CTN.

6. Covenants

6.1 Further Assurances

At any time and from time to time after the Closing Date, each party shall, without further consideration, execute and deliver to the other such other instruments of transfer and assumption and shall take such other action as the other may reasonably request to carry out the transfer of the LEC Billed 1+ Assets and the assumption of the specific liabilities contemplated by this Agreement.

6.2 Standstill; Public Announcement

Prior to the Closing or termination of this Agreement, NATN agrees not to directly or indirectly solicit, entertain or encourage offers or negotiate with any other person or entity regarding the purchase, sale, transfer or other assignment of the LEC Billed 1+ Assets. Neither party shall make any public announcement with respect to the subject matter of this Agreement without the prior written consent of the other party.

6.3 Consents

CTN shall use commercially reasonable efforts to assist NATN in obtaining all consents, waivers or other authorizations necessary to consummate the transactions contemplated hereby, including the approval of the relevant State Public Utilities Commissions ("State PUC's").

6.4 Bulk Sales

CTN and NATN hereby agree to waive compliance with any and all applicable bulk sales laws.

6.5 NATN's Continuing Obligations

To the extent CTN, prior to the Closing Date, enters into an agreement or other arrangement to transfer the Qualified Customer Accounts to a third party, NATN agrees to assist CTN and such third party in effectuating such transfer and sale. The intent of this Section 6.5 is to have NATN provide necessary assistance to such third party to obtain FCC and State PUC approval, and the like, in the same manner and to the same extent it would provide such assistance to CTN should CTN not enter into any such arrangement prior to the Closing Date. In the event CTN enters into such an arrangement prior to the Closing Date, the term "CTN" as used herein shall in appropriate circumstances also encompass such transferee.

7. Conditions Precedent

7.1 Conditions to Obligations of CTN

The obligation of CTN to pay the Purchase Price to NATN and to satisfy its other obligations hereunder shall be subject to fulfillment (or waiver by CTN) at or prior to the Closing, of the following additional conditions, which NATN agrees to use its best efforts to cause to be fulfilled.

(a) **Representations, Performance**

The representations and warranties of NATN contained in Section 3 hereof shall be true in all material respects at and as of the Closing Date, except as affected by the transactions contemplated hereby. NATN shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date. There shall have been no material adverse change in the Qualified Customer Accounts taken as a whole.

(b) **Company Proceedings**

All company and other proceedings of NATN in connection with the transactions contemplated by this Agreement and all document and instruments incident to such proceedings, shall be reasonably satisfactory in substance and form to CTN, and CTN shall have received all such documents and instruments or copies thereof.

(c) **Approval of State PUC's**

All necessary State PUC's shall have granted any and all consents, waivers or other authorizations and approvals necessary to consummate the transactions contemplated hereby.

(d) **Removal of Liens from Underlying Carrier**

CTN, in its sole discretion, shall be satisfied that NATN has removed any and all liens placed on the LEC Billed 1+ Assets by any and all of NATN's underlying service carriers and other creditors.

7.2 Conditions to Obligations of NATN

The obligations of NATN to undertake the assignment and transfer contemplated hereunder and to satisfy NATN's other obligations hereunder shall be subject to the fulfillment or waiver by NATN, on or prior to the Closing Date of the following conditions, which CTN agrees to use its best efforts to cause to be fulfilled:

(a) **Representations, Performance**

The representations and warranties of CTN contained in Section 4 hereof shall be true at and as of the Closing Date. CTN shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed, or complied with, by it prior to or on the Closing Date.

(b) **Corporate Proceedings**

All corporate and other proceedings in connection with the transactions contemplated by this Agreement, and all documents and instruments incident thereto, shall be satisfactory to NATN and NATN shall have received all such documents and instruments, or copies thereof.

8. Indemnification; Manner of Claims

8.1 Indemnification

(a) **NATN Indemnification**

From and after the Closing Date, NATN will indemnify CTN against, and hold CTN harmless from, any and all liability, damage, deficiency, loss, cost or expense (including reasonable attorney's fees) that is based upon or that arises out of (i) any misrepresentation or breach of any representation, warranty or agreement made by NATN herein, (ii) any obligation, debt or liability of NATN to the extent that the same is not expressly assumed herein by CTN, or (iii) the use and ownership of the LEC Billed 1+ Assets on or prior to the Closing Date, (vi) NATN's use of invalid letters of agency/authorization, (v) unauthorized transacting of business by NATN without all necessary state and federal authority or permission, and (vi) any act or omission of any agent, servant or representative of NATN which is in violation of any law, rule, regulation, administrative decision or pronouncement of the FCC or any State PUC, including but not limited to any applicable FCC or State PUC rule regarding customer slamming and cramming.

(b) **CTN Indemnification**

From and after the Closing Date, CTN will indemnify NATN against, and hold CTN harmless from, any and all liability, damage, deficiency, loss, cost or expense (including reasonable attorney's fees) that is based upon or that arises out of (i) any misrepresentation or breach of any representation, warranty or agreement made by CTN herein, (ii) any obligation or liability of NATN assumed by CTN pursuant to Section 2.4 of this Agreement, (iii) the use and ownership of the LEC Billed 1+ Assets from and after the Closing Date, (iv) CTN's use of the NATN name after the Closing Date, (v) CTN's use of invalid letters of agency/authorization, (vi) unauthorized transacting of business by CTN without all necessary state and federal authority or permission, and (vii) any act or omission of any agent, servant or representative of CTN which is in violation of any law, rule, regulation, administrative decision or pronouncement of the FCC or any State PUC, including but not limited to any applicable FCC or State PUC rule regarding customer slamming and cramming.

8.2 Manner of Claims

Any notice of a claim by reason of a breach of any of the representations, warranties or agreements contained in this Agreement shall state specifically the representation, warranty or agreement with respect to which the claim is asserted, and the amount of liability asserted against the other party by reason of the claim.

9. Miscellaneous

9.1 Consents of Third Parties

This Agreement shall not constitute an agreement to assign any interest in any instrument, contract, lease, permit or other agreement or arrangement of NATN, or any claim, right or benefit arising thereunder or resulting therefrom, if any assignment without the consent of a third party would constitute a breach or violation thereof or adversely affect the rights of CTN or NATN thereunder. If a consent of a third party which is required in order to assign any instrument, contract, lease, permit or other agreement or arrangement or any claim, right or benefit arising thereunder or resulting therefrom, which consent NATN shall use commercially reasonable efforts to obtain prior to the Closing, is not obtained prior to the Closing, or if an attempted assignment would be ineffective or would adversely affect the

ability of NATN to convey its interest to the CTN, NATN will cooperate with CTN in any lawful and economically feasible arrangement to provide that CTN shall receive NATN's interest in the benefits under any such instrument, contract, lease, permit or other agreement or arrangement; and any transfer or assignment to CTN by NATN of any interest under any such instrument, contract, lease, permit or other agreement or arrangement that requires the consent of a third party shall be made subject to such consent or approval being obtained.

9.2 Expenses

Each of the parties hereto shall bear its own expenses, costs and fees (including attorney's fees) in connection with the transactions contemplated hereby, including the preparation and execution of this Agreement and compliance herewith, whether or not the transactions contemplated hereby shall be consummated.

9.3 Severability

If any term or provision of this Agreement shall be held or deemed to be, or shall in fact be, inoperative or unenforceable as applied in any particular case because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the term or provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever, but such term or provision shall be deemed modified or deleted as or to the extent required by applicable law. The invalidity of any one or more phrases, sentences, clauses, sections, or subsections of this Agreement shall not affect the remaining portions of this Agreement.

9.4 Notices

Any notices or other communications required under this Agreement shall be in writing, shall be deemed to have been given when delivered in person, by telex or telecopier, when delivered to a recognized next business day courier, or, if mailed, when deposited in the United States first class mail, registered or certified, return receipt requested, with proper postage prepaid, addressed as follows or to such other address as notice shall have been given pursuant hereto:

If to NATN:

North American Telephone Network, LLC
Attention: James Noble
4151 Ashford Dunwoody Road, Suite 675
Atlanta, Georgia 30319
Telecopier: (404) 851-1421
Telephone: (404) 851-1331

With a copy to:

Charles Ganz, Esquire
Sutherland, Asbill & Brennan LLP
999 Peachtree Street N.E.
Suite 2300
Atlanta, GA 30309

Telecopier: (404) 853-8806
Telephone: (404) 853-8000

If to CTN:
CTN Telephone Network, Inc.
Attention: Charles W. Becker
701 "B" Street, Suite 1450
San Diego, CA 92101
Telecopier: (619) 702-5477
Telephone (619) 699-5382

9.5 Amendment

This Agreement may not be amended except by an instrument in writing, duly executed and delivered on behalf of each of the parties hereto.

9.6 Waiver

Any party may waive compliance by another with any of the provisions of this Agreement. No waiver of any provisions shall be construed as a waiver of any other provision. Any waiver must be in writing.

9.7 Counterparts

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement, and all of which taken together shall constitute one agreement, notwithstanding that all of the parties are not signatories to the original or to the same counterpart.

9.8 Assignment

Any assignment of this Agreement or the rights or obligations hereunder by any party without the prior written consent of the nonassigning parties shall be void. Notwithstanding the foregoing, (a) either party may assign all or any part of its rights and/or obligations to one or more affiliates, subsidiaries, parent companies or shareholders of said party and (b) CTN may assign its rights and obligations to any transferee of all or substantially all of the LEC Billed 1+ Assets. No such assignment shall relieve the assigning party of any of its obligations or duties under this Agreement.

9.9 Costs

In the event any action is instituted to enforce or interpret the terms of this Agreement or arises out of this Agreement, the party prevailing in such action shall be entitled to recover its reasonable attorney's fees and costs as determined by the court.

9.10 Entire Agreement: Applicable Law, etc.

This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of California applicable to contracts made and to be performed in California.

9.11 Arbitration

Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be submitted to and settled by arbitration in accordance with this Section. Arbitration will be by a single arbitrator experienced in the matters at issue and selected by NATN and CTN in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Rules"). The arbitration will be held in such place in the Atlanta, Georgia metropolitan area as may be specified by the arbitrator (or any place upon which NATN, CTN and the arbitrator may agree), and will be conducted in accordance with the Rules and (regardless of any other choice of law provision in this Agreement) the United States Arbitration Act (9 U.S.C. §§ 1-16) to the extent not inconsistent with this Agreement. The decision of the arbitrator will be final and binding as to any matters submitted under this Section; and, if necessary, any decision may be entered in any court of record having jurisdiction over the subject matter or over the party against whom the judgment is being enforced. The determination of which party (or combination of them) will bear the costs and expenses of such arbitration proceeding will be determined by the arbitrator. The arbitrator will have the discretionary authority to award that all or part of the reasonable attorneys' fees of one party in connection with the arbitration will be reimbursed by another party.

9.12 Industry Terms and Phrases :

All terms and phrases unique to the telecommunications industry and used within this Agreement shall be defined in accordance with the everyday meaning assigned to such terms and phrases within the industry.

10. Termination

10.1 Mutual Consent.

This Agreement may be terminated at any time prior to the Closing by mutual consent of NATN and CTN, expressed by action of the Board of Directors of CTN and the members of NATN.

10.2 Automatic Termination.

This Agreement shall terminate, and the obligations of the parties hereunder shall be discharged, if the Closing does not occur on or prior to October 31, 1999.

10.3 Schedules.

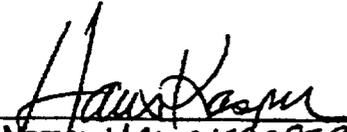
The parties hereby acknowledge that, as of the date of this Agreement, NATN has not provided CTN with any of the schedules that are required to be attached to this Agreement. CTN shall have the right, in its sole discretion, to terminate this Agreement if NATN has not provided CTN with true and complete copies of all such schedules within 60 days of the date hereof. Furthermore, once NATN provides CTN with true and complete copies of all such schedules, CTN shall have the right, in its sole discretion, to terminate this Agreement if CTN is not satisfied with its review of such schedules for any reason whatsoever.

10.4 Due Diligence

CTN shall have the right, in its sole discretion, to terminate this Agreement within 30 days of the date hereof if CTN is not satisfied with its "due diligence" review of the information it receives from NATN pertaining to the LEC Billed 1+ Assets.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

North American Telephone Network, LLC.

By: 
Name: HANS KASPER
Title: President

CTN Telephone Network, Inc.

By: _____
Name:
Title:

CTN shall have the right, in its sole discretion, to terminate this Agreement within 30 days of the date hereof if CTN is not satisfied with its "due diligence" review of the information it receives from NATN pertaining to the LEC Billed 1+ Assets.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

North American Telephone Network, LLC.

By: _____
Name:
Title:

CTN Telephone Network, Inc.

By: _____
Name: _____
Title: President

C

OPTION AGREEMENT

This Option Agreement ("Agreement"), is dated as of October 1, 1999 and is between International Exchange Communications, Inc., a Delaware Corporation ("Purchaser"), and Advantage Telecommunications Corp., a Delaware corporation ("Seller").

WHEREAS, Seller conducts business as a reseller of long distance telecommunications services and has established a customer base and related assets which it now desires to sell; and

WHEREAS, Purchaser desires to obtain the sole and exclusive option to purchase the customer base and related assets of Seller on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual promises hereinafter set forth and subject to the terms and conditions hereof, the parties agree as follows:

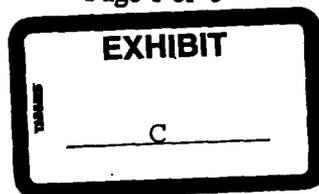
**ARTICLE I
OPTION TO PURCHASE**

1.1 Subject to the following terms, Seller does hereby give, grant and convey to Purchaser an exclusive option or right to purchase (hereinafter, the "Option"), in Purchaser's sole discretion, certain of the telecommunications assets owned by Seller, including but not limited to the long distance telecommunications customer base of Seller. If the Option is exercised by Purchaser, the sale and transfer of the aforementioned assets shall be memorialized in the form of the Asset Purchase Agreement attached hereto and incorporated herein as Exhibit 1.1 (hereinafter, the "Asset Purchase Agreement"). All capitalized terms not otherwise defined herein shall have the meanings ascribed to said terms as set forth in the Asset Purchase Agreement.

1.2 The Option granted and created hereby is in the nature of a continuing offer made by Seller to Purchaser to sell the Assets. The Option may be exercised by Purchaser at any time on or prior to December 22, 1999 (the "Option Period"). If Purchaser fails or refuses to exercise the Option before expiration of the Option Period, the Option shall become null and void and may not be exercised thereafter by Purchaser.

1.3 In consideration of granting the Option, Purchaser shall pay to Seller which sum shall be paid in the following manner: _____ on or before November 22, 1999 and the remaining _____ on or before December 1, 1999 (collectively the "Option Payment"), provided that Seller specifically authorizes Purchaser to offset against the Option Payment any sums due and payable by Seller to Purchaser under the Management Agreement between the parties dated as of the date hereof (the "Management Agreement") in connection with sums previously advanced to Seller by RFC Capital Corp. in respect of Post October 1 Receivables (as such term is defined in the Management Agreement). If Purchaser exercises the Option during the Option Period, the parties will thereby be bound by the Asset Purchase Agreement provided that the Option Payment will be

Execution Version



Handwritten initials or signature.

deemed to be the payment otherwise due from the Purchaser to Seller pursuant to Section 2.3 (f) (i) of the Asset Purchase Agreement.

1.4 If Purchaser should decide not to exercise the Option, then any consideration paid to Seller on account of the Option Payments shall be forfeited to Seller.

ARTICLE II MISCELLANEOUS

2.1 All notices or other communications required under this Agreement shall be in writing, and may be given by hand delivering, or sending by prepaid mail, and shall be deemed to have been given when delivered in person, when delivered to a recognized next business day courier, or, if mailed, when deposited in the United States first class mail, registered or certified, return receipt requested, with proper postage prepaid, addressed as follows or to such other address as notice shall have been given pursuant hereto:

(a) If to Seller:

Advantage Telecommunications Corp.
Attn: Sonya Bly
125 S. Swoope Avenue
Suite 102
Matiland, FL 32751

with a copy to

J. Marshall Page, Esq.
Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.
201 St. Charles Ave.
50th Floor
New Orleans, LA 70170

(b) If to Purchaser:
International Exchange Communications, Inc.
Attn: Gail E. Granton
533 Airport Blvd., Suite 505
Burlingame, CA 94010

With a copy to:

Nowalsky, Bronston & Gothard
Attn: Benjamin W. Bronston
3500 N. Causeway Blvd.

Execution Version

Suite 1442
Metairie, LA 70002

2.2 This Agreement constitutes the entire contract between the parties hereto with respect to the subject matter hereof. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. Except for that certain Management Agreement, this Agreement shall supersede any and all other written or oral agreements or understandings between the parties, including but not limited to any carrier, resale or traffic routing agreement of any kind between the parties, all of which are hereby terminated and null and void.

2.3 The Article and other headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

2.4 This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflicts of laws principles.

2.5 This Agreement may be executed in several counterparts, but all such separate counterparts shall be construed together and shall constitute one and the same instrument.

2.6 Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or enforceability without invalidating and rendering unenforceable the remaining provisions of this Agreement.

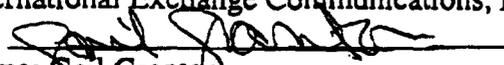
2.7 This Agreement may not be assigned by Seller without the express prior written Consent of Purchaser.

2.8 The parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

2.9 All terms and phrases unique to the telecommunications industry and used within this Agreement shall be defined in accordance with the everyday meaning assigned to such terms and phrases within the industry.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement, as of the date first written above.

International Exchange Communications, Inc.

By: 

Name: Carl Granton

Title: _____

Advantage Telecommunications Corp.

By: _____

Name: Sonya Bly

Title: President

Execution Version

Page 3 of 3

Suite 1442
Metairie, LA 70002

2.2 This Agreement constitutes the entire contract between the parties hereto with respect to the subject matter hereof. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein. Except for that certain Management Agreement, this Agreement shall supersede any and all other written or oral agreements or understandings between the parties, including but not limited to any carrier, resale or traffic routing agreement of any kind between the parties, all of which are hereby terminated and null and void.

2.3 The Article and other headings contained in this Agreement are for reference only and shall not affect in any way the meaning or interpretation of this Agreement.

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2.5 This Agreement may be executed in several counterparts, but all such separate counterparts shall be construed together and shall constitute one and the same instrument.

2.6 Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or enforceability without invalidating and rendering unenforceable the remaining provisions of this Agreement.

2.7 This Agreement may not be assigned by Seller without the express prior written Consent of Purchaser.

2.8 The parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

2.9 All terms and phrases unique to the telecommunications industry and used within this Agreement shall be defined in accordance with the everyday meaning assigned to such terms and phrases within the industry.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement, as of the date first written above.

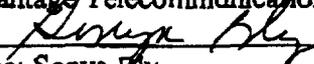
International Exchange Communications, Inc.

By: _____

Name: Gail Granton

Title: _____

Advantage Telecommunications Corp.

By:  _____

Name: Sonya Bly

Title: President



D

FiberTel, Inc.

International Exchange Communications, Inc.

(Customer Name)
(Address)

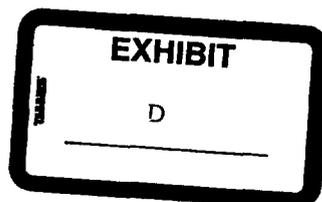
Dear Customer:

In August, 1999, International Exchange Communications, Inc. ("IECOM") and FiberTel, Inc. ("FiberTel") entered into an agreement whereby, subject to the regulatory approval, the telecommunications assets of FiberTel will be acquired by IECOM, and IECOM 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 1-800-288-3423.

You understand that you are free to choose another long distance carrier. If you should choose another carrier, you may be assessed a charge by your local telephone service provider.

We at International Exchange Communications 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.



North American Telephone Network, LLC

International Exchange Communications, Inc.

(Customer Name)
(Address)

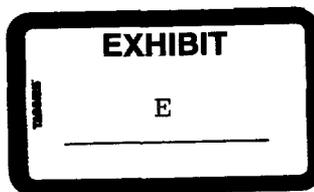
Dear Customer:

In September, 1999, International Exchange Communications, Inc. ("IECOM") and North American Telephone Network, LLC ("NATN") entered into an agreement whereby, subject to the regulatory approval, the telecommunications assets of NATN will be acquired by IECOM, and IECOM 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 of our Customer Service Representatives at 1-800-811-2490.

You understand that you are free to choose another long distance carrier. If you should choose another carrier, you may be assessed a charge by your local telephone service provider.

We at International Exchange Communications 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.





F

Advantage Telecommunications Corp.

International Exchange Communications, Inc.

(Customer Name)
(Address)

Dear Customer:

In October 1999, International Exchange Communications, Inc. ("IECOM") and Advantage Telecommunications Corp. ("Advantage") entered into an agreement whereby, subject to the regulatory approval, the telecommunications assets of Advantage will be acquired by IECOM, and IECOM will become your telecommunications service provider.

This change in ownership will not affect or in 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 1-800-288-3423.

You understand that you are free to choose another long distance carrier. If you should choose another carrier, you may be assessed a charge by your local telephone service provider.

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

