Attachment 002

Subject: FN 0002303355. New evidence: Investigation of Depriests, MCLM, affilates. Auction 61, Maritel, WPV etc
Date: Sunday, May 23, 2010 10:33 PM
From: Warren Havens <warren.havens@sbcglobal.net>
To: Gary Schonman <gary.schonman@fcc.gov>, Brian Carter <brian.carter@fcc.gov>
Cc: Scot Stone <Scot.Stone@fcc.gov>, jeff tobias <jeff.tobias@fcc.gov>, d brown <d.c.brown@att.net>, <RFox@mintz.com>, Jason Smith <jsmith@maritelusa.com>, Jimmy Stobaugh <jstobaugh@telesaurus.com>, "warrenhavens@mac.com" <warrenhavens@mac.com>
Conversation: FN 0002303355. New evidence: Investigation of Depriests, MCLM, affilates. Auction 61, Maritel, WPV etc

Second try: this time addressed to the right Gary.

(I recalled the email below from the other Gary [ID now deleted in this final filing]: he has no relation to this matter.)

- W. Havens

----- Forwarded Message ----
From: Warren Havens <warren.havens@sbcglobal.net>
To: Gary ----- <------------>; Brian Carter <brian.carter@fcc.gov>
Cc: Scot Stone <Scot.Stone@fcc.gov>; jeff tobias <jeff.tobias@fcc.gov>; d brown <d.c.brown@att.net>; RFox@mintz.com; Jason Smith <jsmith@maritelusa.com>; jstobaugh@telesaurus.com; warrenhavens@mac.com
Sent: Sun, May 23, 2010 10:23:03 PM
Subject: FN 0002303355. New evidence: Investigation of Depriests, MCLM, affilates. Auction 61, Maritel, WPV etc

Mr. Schonman and Mr. Carter:

And Mr. Tobia and Mr. Stone for the WTB [*]

Attached are certain documents relevant to the above-referenced investigation [*] --

(i) 5.23.10. Peter Hamer (PH) Curriculum Vitae Jan. '10.
[1] 5.23.10. fr PH. Depriest (1) largest MCT owner, (2) $12 million bond fraud.
[2] 5.23.10. fr PH. Depriest. MCT revenues 2004-2003 well over $70 million.
[3] 5.23.10. fr PH. Ap '10 Crt Complt. Depriest 2003 MCT warrants & income to Phillips group.
[4] 5.23.10. fr PH. '07 Depriest (1) Director BioVentures with massive profits (2) 'our sale' of MCT, etc.
[5] 5.23.10. fr PH. Feb '10- Phillips Group Warrants in MCLM, related to FCC licenses, Depriest MCLM manager.
[6] 5.23.10. fr PH. Aug '09 Third Bank v Depriest, $300k note, false reps, and Chapter 11 likely.
[7] 5.23.10. Aug 2002. MCLM. 1.41 response. auc 61- another copy to FCC Enforcement.

The first 7 attachments (up to item '[7]') add important new evidence to make additionally clear that Donald and Sandra Depriest and MCLM, with John Reardon and Dennis Brown, have for years deliberately and repeatedly violated FCC rules, the Communications Act, and the US criminal code, in submitting numerous fraudulent filings under penalty of perjury before the FCC to obtain AMTS licenses and license-bidding discounts, and in relation to Maritel, Wirelsss Properties of Virginia, and other matters.

(Documents previously submitted, including those with testimony in the case of Oliver Phillips vs. Donald Depriest [that Mr. Phillips won for over $12 million in 2009] further show that Mr. Depriest engaged in wireless license matters before the FCC prior to these AMTS licensing matters, in a similar fashion: hiding other persons with disclosable interests.)

This entirely disqualifies MCLM form holding any geographic (or site-based) AMTS licenses, among other ramifications, based on Section 1.2015, the Commission's decision as to what that rule means when it implemented it (with regard to disqualification for any change in bidder size, or any change in control: both of which MCLM unquestionably engaged in after its Form 175 deadline in Auction 61) other FCC rules, and applicable court precedent. There is no question as to these facts or the applicable law.

These attached documents were sent last week to our office by Peter Harmer of Nashville TN. His resume is attachment '(i)' hereto (and also included in the other attachments behind his cover statement). He has given me and my companies permission to provide the attached documents to the FCC for purposes of your investigation, as his cover statement explain.

As Mr. Harmer explained to me, he has a long history of direct dealings with Donald Depriest and Mr. Depriest's financing agents and affiliates.

I and my companies have no past or current business or other relations with Mr. Harmer. He contacted us, along with others that have had, in the relevant time period of your investigation, direct financial and business dealings with Donald Depriest, Sandra Depriest, John Reardon, MCLM and affiliated parties.

Notes on the attached documents, that I added, explain some of the more obvious significance to your investigation, including-- in the Auction 61 relevant periods of time -- including--

(1) Donald Depriest (D. Depriest) was the manager officer that is, in real life, executing major business transactions for MCLM. That is an "officer" in fact (under all relevant statutory and case law), regardless of whatever names, re-naming, and games are now employed by Sandra and Donald Depriest to suggest otherwise.
- He and Sandra Depriest and Dennis Brown in fact falsely state otherwise in their sworn FCC filings: that is fraudulent and criminal, apart from a disqualifying violation of FCC rules and the Communications Act.

(2) Donald Depriest was the majority shareholder of, and the Chairman officer of, MCT Corp. (while later called honorary "Chariman" or other such title for FCC cover-up purposes, he acts as an "officer" as that term is defined in statutory and case law). MCT had well over $70 million in gross revenues in the relevant years, as Donald Depriest reports herein.
- He and Sandra Depriest and Dennis Brown in fact falsely state otherwise in their sworn FCC filings: that is fraudulent and criminal, apart from a disqualifying violation of FCC rules and the Communications Act.
- They further falsely recently stated to the FCC they had no ability to obtain MCT records: no one can be the majority shareholder and Chairman and not have

the company records for the period of those positions-- even for tax purposes those must be kept.

(3) Donald Depriest was a Director (on the Board) of Bioventures that, he writes in an enclosed document, had "massive profits."
- He and Sandra Depriest and Dennis Brown in fact falsely state otherwise in their sworn FCC filings: that is fraudulent and criminal, apart from a disqualifying violation of FCC rules and the Communications Act.

(4) Donald Depriest, signing as Manager of MCLM, issued warrants in MCLM the day before MCLM had to pay the FCC for its auction 61 high bids, when it borrowed over $730,000 (in addition to past debt), and in issuing the ownership warrants, MCLM did not disclose the control that said ownership would result in, but had a condition that the ownership would not be passed to the warrant holders until "the license" of MCLM was received (this was agreed to on the eve of MCLM paying for the noted FCC license authorizations).

This appears to be a undisclosed controlling interest, or at least one that caused the warrant holders to be affiliates, such as by having ownership sufficient for a board seat or other level of control. This loan was on the very eve of the payment deadline, and leverage was likely in that case. No one accepts warrants that have not described ownership percentage and character: that was undisclosed in the official documents attached, as was the condition that "the license" had to be issued first-- but the Plaintiff attorney stated this condition in attempting get performance under the warrants, as on attached document shows at the end.
- He and Sandra Depriest and Dennis Brown in fact falsely state otherwise, by lack of disclosure, in many rounds of sword denials as to affiliates and relations of this sort: that is fraudulent and criminal, apart from a disqualifying violation of FCC rules and the Communications Act.

(5) One attachment, a 2009 court judgment and related documents, shows that, to get a $300,000 bank loan in 2007, Donald Depriest made false representations and warranties that there was no government proceedings against him: the Auction 61 proceeding named him directly, as did two court cases against him and MCLM (that were disclosed to the FCC including in the Auction 61 proceeding).
- This is misrepresentation of the status of FCC licensing proceedings, and related court proceedings that the Depriest litigation counsel argued to the courts was fully under FCC exclusive jurisdiction and indeed field preemption under Section 332 of the Communications Act.
- While the Depriest litigation attorneys "at law" are busy bamboozling US and California courts that Depriest will take care of all challenges at the FCC where they belong, and while he hides in those FCC proceedings behind his wife, he tells his lender bank that there are no proceedings at all going on, then uses the loan to pay Dennis Brown to cover up at the FCC.

\- - - - -

We have been receiving many other documents -- including from other sources that came to us of their own accord who have direct knowledge of additional facts of decisional importance. Our office will complete review of and then send to you quite a few to you that are also relevant, in the near future, after reconfirming from the sources their permission to provide these on non-confidential or confidential basis, etc.

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[*] My companies plan to use the attached in the Section 309 petitions to deny and reconsideration proceeding pending before the FCC related to the matters under your investigation at an appropriate point, but it is clear that your investigation is the means that, at this time, the FCC has elected to use regarding the subjects of the Section 309 proceeding. When we use the attached documents in said Section 309 proceeding, we expect to get into analysis of these and related documents.

However, to keep that Section 309 proceeding up to date, we will file this email and its attachments in that proceeding at this time.

That filing will include a service list including companies to whom MCLM is attempting to sell or lease AMTS spectrum: They all have more than sufficient knowledge of the fraud involved to make their purchase and lease attempts deliberate aiding and abetting. Their attorneys cannot mask that, and are also implicated.

Sincerely,
Warren Havens

President
Skybridge Spectrum Foundation

ATLIS Wireless LLC

Environmentel LLC
Verde Systems LLC
Telesaurus Holdings GB LLC
Intelligent Transportation & Monitoring Wireless LLC
Berkeley California

www.scribd.com/warren_havens <http://www.scribd.com/warren_havens>
www.atliswireless.com <http://www.atliswireless.com>
www.tetra-us.us <http://www.tetra-us.us>
510 841 2220 x 30
510 848 7797 -direct

From:

out of the Jackson firm by end of July at least, if you don't get it sooner fro

PETER STUART RICHARD HARMER
P.O. Box 159341
Nashville, Tennessee 37215
Telephone: (615) 962 2145
E-mail: psrharmer@aol.com

PROFESSIONAL EXPERIENCE

Consultant January, 1988 – present

Assist non-competitive ventures on marketing opportunities in international markets including:

gBk Consultants Limited, London, England
Founding member of cross-jurisdictional company engaged in promoting exports, trade and investment with European Union and Near East companies.

GMT, London, England
Founding member of company to provide national photo ID card system in the UK that had multimodal capability employing finger printing, facial mapping and iris scanning with secure wireless information transmission technology.

Corporate Realty Advisors, Inc., Nashville
Director of Marketing and founding member of company that developed computer software to monitor and analyze real estate holdings of multi-location businesses.

Lloyd's of London, London, England
Underwriting Member (Name)

Vereins-und Westbank AG, Hamburg, Germany
Vice President – Marketing. Assisted in the opening of the Atlanta office and introduced the largest regional bank in Northern Germany with assets in excess of $9 Billion to the Southeastern US wholesale corporate market promoting exports.

Consultant

Tennessee Valley Authority, Knoxville, Tennessee
Served as the first international marketing representative of the largest Federally-owned multi-resource utility in the Nation under a personal services contract. Developed the Agency's first international marketing program. Promoted foreign reverse investment in the 7 state Tennessee River Valley region.

United American Bank, Knoxville, Tennessee
Developed business relationships between members of various National pavilions and exhibitors and the Bank during the 1981 Knoxville World's Fair.

Pan East International N.V., Paris, France
Served as international financial trade consultant with former Vice President of the United States in New York and Paris with company engaged in supplying military uniforms to Saudi Arabia under government contract. Negotiated letter of credit facilities with major international banks in New York and Paris; handled purchase and sale of foreign exchange; negotiated terms of payment with suppliers in Far East, Europe and the United States.

State of Tennessee, Nashville, Tennessee

Director of International Marketing. Appointed by Governor Lamar Alexander to head the International Division of the Tennessee Department of Economic and Community Development. Developed a program for attracting foreign capital investment for the State.

Third National Bank in Nashville, Nashville, Tennessee

Vice President - Organized Bank's international department and offshore branch in the Cayman Islands. Supervised direct foreign loans; managed Euro-currency deposits; traveled extensively to Canada, Central and South America, Europe and the Middle and Far East to supervise corporate and correspondent bank relationships.

PROFESSIONAL ACTIVITIES

- **December, 1988 –** Participated in the sponsorship and organization of the **Sixth Annual Report of the Secretaries of State of the United States** in Nashville that included Dean Rusk (1961–1969), William Rogers (1969 – 1973), Henry Kissinger (1973 – 1977), Cyrus Vance (1977 – 1980), and Edmund Muskie (1980) conducted by the **Southern Center for International Studies**, Atlanta, Georgia
- **April, 1982** - First Place for three successive years (1980, 1981, 1982) American Institute of Banking Public Speaking Contest
- **December, 1981** - Re-appointed to **District Export Expansion** Council by U.S. Secretary of Commerce, Malcolm Baldridge
- **April, 1978** - Appointed to **District Export Expansion Council** by U.S. Secretary of Commerce, Juanita Kreps
- **September, 1974** - Invited to participate in the **Foreign Study Seminar** sponsored by the American Bankers Association in London, England; Munich, Germany; and Vienna, Austria
- **June, 1974** - Represented the United States at the **International Banking Summer School**, Helsinki, Finland
- **July, 1973** - **School for International Banking**, University of Colorado, Boulder, Colorado
- **March, 1972** - Appointed to **Regional Export Expansion Council** by U.S. Secretary of Commerce, Peter Peterson
- **1970 to 1979** - Taught "**International Banking**" to members of the Nashville chapter of the American Institute of Banking

EDUCATION

Vanderbilt University
Nashville, Tennessee - Bachelor of Arts

Choate School
Wallingford, Connecticut

Le Rosey
Rolle, Switzerland

Buckley School
New, York, New York

PERSONAL

-Born in **New York, New York**

-Maintain dual nationality in the **United States** and **United Kingdom - European Community**

-Speak fluent French.

Notes in highlights by
W. Havens

[In here:

D Depriest:

(2) Tries to sell a fraudulent foreign-nation bond for with face value of $25 million, and

(3) holds one million shares, the majority de-jure controlling interest in MCT Corp, and sells those or much of those.]

PETER HARMER

May 13, 2010

Jimmy Stobaugh
Telesaurus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

Dear Mr. Stobaugh,

Under separate cover, I have faxed 5 documents to you concerning the request by Robert Sullins, formerly First Vice President – Investments and Financial Consultant, Smith Barney Citigroup, Nashville, to negotiate a bearer bond on behalf of Donald R. DePriest.

On September 13, 2007, Sullins asked me to redeem a 20 year bearer bond issued by Banco Central de Venezuela in the amount of US$ 25,000,000.00 (#743) maturing on September 14, 2018 on behalf of his client, Donald R. DePriest.

A copy of the bond was Emailed to the offices of Capital Leasing and Finance and then forwarded to me by personnel at Capital Leasing (Fax pages 1,2)

On September 27, 2007, I faxed a copy of the bond to Mark Stumpf, Arnold & Porter, LLP, Washington, DC for his review and comment regarding the value and negotiability of the instrument (Fax page 3).

Mr. Stumpf specializes in international financial transactions in the public and private sectors. He advises foreign governments and has served as Counsel to the Government of the Bolivarian Republic of Venezuela for over twenty-five years on numerous transactions (Fax page 4).

On October 12, 2007, Mr. Stumpf Emailed me and notified me that the bond that I submitted on behalf of Sullins/DePriest for redemption was a fraud seeking to mislead investors (Fax page 5).

I notified Sullins and DePriest accordingly.

Mr. Stumpf had requested that I find out as much information as I could about the transaction and the origin of the bond but both Sullins and DePriest never furnished any details about the bond.

It should be noted that DePriest telephoned me on numerous occasions to inquire about the status of my attempt to negotiate the instrument. DePriest had told me that he was in need of funds and was hoping that the bond was negotiable and of value.

This request occurred within 90 days of the sale of one of his companies, MCT, which had yielded a substantial amount to DePriest, personally, as the largest stockholder with one million shares of the company.

This information is being furnished voluntarily by me without coercion and without remuneration of any kind. The information is true and has been submitted to you under penalty of perjury.

I understand and accept that this information might become part of the public domain and might be requested under the Freedom of Information Act and might be disclosed in any FCC decision or action involving your business activity.

Sincerely,

/s/ Peter Harmer

Peter Harmer

PO Box 159341
Nashville, Tennessee 37215

Phone/Fax: (615) 567 6069
Mobile: (615) 962 2145
Email: psrharmer@aol.com

PETER STUART RICHARD HARMER
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PROFESSIONAL ACTIVITIES

- **December, 1988 –** Participated in the sponsorship and organization of the **Sixth Annual Report of the Secretaries of State of the United States** in Nashville that included Dean Rusk (1961–1969), William Rogers (1969 – 1973), Henry Kissinger (1973 – 1977), Cyrus Vance (1977 – 1980), and Edmund Muskie (1980) conducted by the **Southern Center for International Studies**, Atlanta, Georgia
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- **1970 to 1979** - Taught "**International Banking**" to members of the Nashville chapter of the American Institute of Banking

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Nashville, Tennessee - Bachelor of Arts

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Wallingford, Connecticut

Le Rosey
Rolle, Switzerland

Buckley School
New, York, New York

PERSONAL

-Born in **New York, New York**

-Maintain dual nationality in the **United States** and **United Kingdom - European Community**

-Speak fluent French.

PETER HARMER

May 12, 2010

Jimmy Stobaugh
Telesarus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

Dear Mr. Stobaugh,

Please accept this letter as my unconditional authorization to submit in any way to any party including but not limited to the Federal Communications Commission (FCC) information that I am able to provide at any time from whatever source available to me concerning the activities and business dealings of Donald R. DePriest, Sandra DePriest and John Reardon.

I understand and accept that information that I might be able to submit to you might become part of the public domain and might be requested under the Freedom of Information Act and might be disclosed in any FCC decision or action involving your business activity.

Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ *Peter Harmer*

Peter Harmer

PO Box 159341
Nashville, Tennessee 37215

Phone/Fax: (615) 567 6069
Mobile : (615) 962 2145
Email: psrharmer@aol.com

Subj: **FW: bond**
Date: 9/13/2007 5:27:02 P.M. Central Daylight Time
From: vickiln@bellsouth.net
To: psrharmer@aol.com

Bob asked me to forward to you.

Vicki Noltkamper
Capital Leasing & Finance, Inc.
615-292-4466 Phone
615-292-0021 Fax
-----Original Message-----
From: Don Depriest [mailto:ddepriest@msmct.com]
Sent: Thursday, September 13, 2007 12:21 PM
To: vickiln@bellsouth.net
Subject: Fw: bond

For Bob S.

-----Original Message-----
From: "justin shelton" <justinint@hotmail.com>

Date: Wed, 12 Sep 2007 19:26:42
To:ddepriest@msmct.com
Subject: bond

hope this comes thru, justin

Kick back and relax with hot games and cool activities at the Messenger Café. http://www.cafemessenger.com?ocid=TXT_TAGHM_SeptHMtagline1

BANCO CENTRAL DE VENEZUELA

EMISION DE BONOS GLOBALES DE LA DEUDA PUBLICA DE LA REPUBLICA DE VENEZUELA

DECRETO N° 2575 del 15 de Julio de 1998

N° 743 SERIE: 001 / 020

FECHA DE EMISION: 15/09/1998 FECHA DE VENCIMIENTO: 14/09/2018

El Banco Central de Venezuela, de conformidad con lo previsto en los articulos 28, numeral 23 y 52 de la Ley especial que lo rige en concordancia con lo pautado en los artículos 1°, 3° y 5° del Decreto N°2.576 del 01 de Julio de 1998 se compromete a pagar al portador la suma de: ***************************** VEINTICINCO MILLONES, CON 00/100 ** dólares de los Estados Unidos de América (USS ******* 25.000.000,00 ****), a su vencimiento, Este título devengará intereses anuales del trece cinco octavo por ciento (13. 5/8%) será pagado por el Banco Central de Venezuela a su presentante ante las taquillas del Departamento de Custodia y Administración de Valores, lo cual deberá efectuarse con una anticipación de siete (7) días hábiles bancarios por lo menos al vencimiento del mismo. Todas las acciones derivadas de este bono en contra del Banco Central de Venezuela, prescriben a los tres (3) años contados desde la fecha de su vencimiento.

Para todos los efectos derivados del presente Bono, se elige como domicilio especial, indistintamente a las Ciudades de Caracas o de Nueva York, a la jurisdicción de cuyos Tribunales quedará sometida cualquier controversia que sugiere en relación al mismo.

Caracas, 15 de Septiembre de 1998

Por el Banco Central de Venezuela

(Firma Autorizada) (Firma Autorizada)

ARNOLD & PORTER LLP

Mark H. Stumpf

Partner

Washington, DC
tel: +1 202.942.5575
fax: +1 202.942.5999
Mark.Stumpf@aporter.com

New York
tel: +1 212.715.1065
fax: +1 212.715.1399

Practice Focus

Mark Stumpf specializes in international financial transactions in the public and private sectors. He advises foreign governments and financial services companies on financing, debt restructuring and related transactions. Mr. Stumpf has served as counsel to the government of the Bolivarian Republic of Venezuela for over 25 years on numerous transactions, including its US$20 billion debt restructuring under the Brady Plan, and many international capital markets and bond exchange transactions. For his work in Venezuela, he was decorated by the President of Venezuela with the Orden de Generalisimo Francisco de Miranda (Primera Clase). He has served as principal legal advisor to the Bank of Zambia and the Ministry of Finance of Zambia in a World Bank-sponsored debt reduction operation, one of the largest ever undertaken by the World Bank in Africa. He has also acted as counsel to Colombia, Pakistan, Bosnia and Herzegovina, Romania and Moldova, among other sovereigns, in international debt transactions.

Mr. Stumpf has represented parastatal companies in financial transactions. He has also represented public international lending entities, including the World Bank, the International Finance Corporation (IFC), the Overseas Private Investment Corporation (OPIC) and others.

In the private sector, he has acted for a number of companies in their financing and acquisition activities. In this connection, he has focused on the private power, financial services and telecommunications sectors.

Representative Matters

- Bolivarian Republic of Venezuela: Exchange Offer for US$4.4 billion of outstanding bonds
- Republic of Colombia: Issuance of Ps. 716,412,000,000 Global TES Bonds due 2015
- Bosnia and Herzegovina: Restructuring of external debt
- Bank of Zambia: IDA debt reduction transaction
- C.A. La Electricidad de Caracas: Hostile takeover transaction by The AES Corporation
- National Bank of Romania: Club loans
- International Finance Corporation: Multicountry investment fund in Africa
- OPIC: Lending activities in Central/East Europe

PRACTICE AREAS

Corporate and Securities »

EDUCATION

JD, Harvard Law School, 1972

AB, Harvard University, 1969

ADMISSIONS

District of Columbia

New York

AV LexisNexis Martindale-Hubbell Peer Review Rated

FACSIMILE

Date: September 27, 2007

To: Mark Stumpf
Arnold & Porter LLP
Washington, DC

Fax : (202) 942 5999

From: Peter Harmer

Fax: (615) 567 6069

Re: Banco Central de Venezuela - Bond

Number of Pages (including this page): 2

Comments:

Mr. Stumpf,

It was a pleasure meeting you this afternoon by telephone.
Please find attached the instrument discussed during our conversation.
I await your comments.
Kindest regards,

Peter Harmer
PO Box 159341
Nashville, Tennessee 37215

(615) 943 8771

Subj: **BCV bond**
Date: 10/12/2007 9:17:58 A.M. Central Daylight Time
From: Mark_Stumpf@aporter.com
To: Psrharmer@aol.com

Sorry for the delay in responding. The terms of the Banco Central de Venezuela bond you faxed to us are virtually the same as the terms of a bond issued by Republic of Venezuela (now the Bolivarian Republic of Venezuela) on Aug. 6, 1998 maturing Aug. 15, 2018 at 13-5/8% interest. That issuance was underwritten by JP Morgan, Credit Suisse and ABN Amro. Banco Central is not an obligor on these bonds. They are global bonds held in the clearing systems without individual certificates.

We have no knowledge that Banco Central issued bonds of the same terms. We would certainly have been aware of such an issuance in connection with our work on the Republic's bonds. We would conclude, subject to verifying the matter with BCV, that the bond you were given is a fraud, seeking to mislead investors that it is the same as the Republic issuance mentioned above.

We would be interested in knowing any of the facts and circumstances surrounding this matter, including name of the person who gave you the bond. We look forward to hearing from you when convenient.

In the meantime, we will check with Banco Central on the matter.

Thanks.

Mark Stumpf Mark_Stumpf@aporter.com
Arnold & Porter LLP Telephone: 202-942-5575
555 Twelfth Street, NW Fax: 202-942-5999
Washington, DC 20004-1206

Notes in highlights by
W. Havens

D Depriest, Chariman of MCT Corp.
and (see other P Hamer - provided document) is its majority owner (=de jure controller) with over 1 million shares, and is its Chariman (controller on that basis also).

MCT Corp is thus an affiliate of MCLM (as we have shown since 2005 to the FCC-- evidence simply building now, but always clear.

Shown here: MCT had scores of millions in gross revenues in the relevent years. Sale proceeds are part of gross revenued.

MCLM and Depriests kept this hidden from FCC, and denied it - outright fraud. This has been clear for a long time.

FCC funds, via TDF and FCC staff (on TDF and that fail to act against MCLM and Depriest since 2005) assist MCLM in keeping its licenses and selling them off to railroads, State entities, etc.

PETER HARMER

May 12, 2010

Jimmy Stobaugh
Telesarus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

Dear Mr. Stobaugh,

Please accept this letter as my unconditional authorization to submit in any way to any party including but not limited to the Federal Communications Commission (FCC) information that I am able to provide at any time from whatever source available to me concerning the activities and business dealings of Donald R. DePriest, Sandra DePriest and John Reardon.

Information that has or might be furnished to you is being supplied by me voluntarily, without coercion and without remuneration of any kind. Further, information that has or will be provided has been submitted to you under penalty of perjury and will be accompanied by my statement to that effect and will be truthful and accurate to the best of my knowledge.

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Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ *Peter Harmer*

Peter Harmer
PO Box 159341
Nashville, Tennessee 37215

Phone/Fax: (615) 567 6069
Mobile : (615) 962 2145
Email: psrharmer@aol.com

PETER STUART RICHARD HARMER
P.O. Box 159341
Nashville, Tennessee 37215
Telephone: (615) 962 2145
E-mail: psrharmer@aol.com

PROFESSIONAL EXPERIENCE

Consultant January, 1988 – present

Assist non-competitive ventures on marketing opportunities in international markets including:

gBk Consultants Limited, London, England
Founding member of cross-jurisdictional company engaged in promoting exports, trade and investment with European Union and Near East companies.

GMT, London, England
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-Speak fluent French.

MCT Corp.

September 1, 2004

Via Telefax 615-292-0021

Mr. Robert M. Sullins
6006 Murray Lane
Brentwood, Tennessee

[2004 and 2003 noted below ("last year") are years attributable to Auction 61 gross revenue disclosures. D Depriest is, here, both the Chariman of MTC Corp. AND its majority shareholder- see other communication from P. Hamer. D. Depreist is defrauding the FCC on this (I mean the FCC under law, not what certain FCC staff have accommodated).

Dear Bob,

This is to give you a status update on MCT Corp. The company subscribers are growing at approximately 10% compounded per month. We have completed the build-out of all of the cellular systems which have GSM-Digital licenses.

[The meaning of subscribers is that they pay gross revenues. Sales of compannies -- see below-- is gross income also.]

You should periodically check the company's website, www.mctcorp.net , and when you access the site, check for news and company operations. In particular, check www.coscom.uz and www.roshan.af . We do not have people on the ground in Afghanistan and initially invested no capital in this system as all the capital was provided by our partners while we provided the expertise. We have now provided the nominal statutory capital and expect our nine percent carried interest in this venture to be increased to fourteen percent. Roshan met its five-year business plan at the end of the first full year of operations.

The report on a cash sale we made last year of some of our Siberian/Far East properties to Mobile TeleSystems for over $70 Million can be found under the MCT News. You are aware that Credit Anstaalt has been mandated to explore certain alternatives for the company including the type consideration to be received in the event of a sale of properties or stock of the company. Another asset sale is pending similar to last year's sale. I will let you know when we are free to announce information.

For our broader strategy relative to the eventual exit of the entire company, we are interviewing strategic bankers to potentially complement or supplant the Credit Anstaalt mandate. You, of course, are aware of the performance of the cell phone sector in Russia and the CIS. Consolidation is underway in Russia and Central Asia and we expect to take advantage of the timing this year.

Please feel free to call me if you need additional information.

Sincerely yours,

by: Donald R. DePriest
Chairman

1555 King St., Suite 500 • Alexandria, VA 22314
Tel: (703) 683-8726 • Fax: (703) 683-6329 • E-mail: info@mctcorp.net

Notes in highlights by W. Havens

See Doc. [1] of same date: Depriest held over 1 million shares in MCT.

More notes herein.

PETER HARMER

May 12, 2010

Jimmy Stobaugh
Telesarus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

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-Speak fluent French.

[This group was affiliated with Depriest by this and other transactions befor and after this. See the major MS State court case Phillips won against Depriest in 2009, the MCLM warrants court case filed in 2010, and other documents presented. That included years 2002 through 2006 (the years to be diclosed re aution 61 up to date of grant of long form, but that grant was unlawful, and thus disclosure requirements continue. In no period was this group disclosed, nor was MCT and other Depriest-controlled businesses involved. The FCC has had this essential information since year 2005.

IN THE CHANCERY COURT OF LOWNDES COUNTY, MISSISSIPPI

FILED

APR 09 2010

Chancery Clerk

OLIVER L. PHILLIPS, JR. PLAINTIFF

VS. CAUSE NO. 2010-0229-B

DONALD R. DEPRIEST DEFENDANT

COMPLAINT

COMES NOW Plaintiff, Oliver L. Phillips, Jr. ("Phillips"), by and through counsel, and files this his complaint against Donald R. DePriest ("DePriest"), Defendant, and in support hereof would show unto the Court the following:

PARTIES

1. The Plaintiff is an adult resident citizen of Lowndes County, Mississippi.

2. Defendant, Donald R. DePriest, is an adult resident citizens of Lowndes County, Mississippi, and can be served with process at 510 7th Street North, Columbus, Mississippi 39701.

GENERAL STATEMENTS OF FACT

3. On November 10, 2003, Donald R. DePriest issued an Amended Stock Purchase Warrant to a group of individuals composed of Phillips, Elton S. Thomas, Jr., Russell Kyle, John F. Prince, and David C. Shelton ("the group"), for the purchase of 25,000 shares of MCT Corp. common stock held by him at $10.95 per share. Pursuant to the terms of the Amended Stock Purchase Warrant, the warrant was to be exercised at the time of a liquidity event pertaining to MCT Corp. This was to be a "cashless transaction" for "the group" so that the exercise and any

distribution from a liquidity event would be simultaneous. A copy of the Amended Stock Purchase Warrant is attached hereto as **Exhibit "A."**

4. Phillips' prorata share of the 25,000 shares of MCT Corp. common stock was 5,000 shares. During 2007 and 2008, there were three MCT Corp. liquidity events resulting in distributions to shareholders: (1) 7/20/07 at $15.48792 per share; (2) 8/24/07 at $1.0851327 per share; and (3) 9/11/08 at $2.6475942 per share. As a result of these three MCT Corp. liquidity events, Phillips' 5,000 shares to which he was entitled by virtue of the attached Stock Purchase Warrant brought a total distribution of $96,103.23. Phillips' cost of the cashless transaction at the agreed upon price of $10.95/share for his 5,000 shares amounted to $54,750.00. Accordingly, the total distribution ($96,103.23) less Phillips' agreed upon cost for the 5,000 shares ($54,750), resulted in net proceeds of $41,353.23 to which Phillips was and is entitled.

[$15.5 plus $1 plus $2.6 = over $19.]

5. No proceeds were distributed to Phillips at the time of the liquidity events/distributions of proceeds, and to date, Defendant has failed and/or refused to pay or deliver to Phillips the proceeds from the distributions.

[Depriest held over 1 million shares, thus, over $19 million in the above noted liquidy events in this period. Past year MPT periods were profitiable as the other documents herein and previously provided show. Doc. #2, by itself, shows well over $70 million in attributable gross revenues in attributable years.]

COUNT I
BREACH OF CONTRACT

6. Phillips re-alleges and incorporates by reference all the allegations in paragraphs 1 through 5 as if fully set forth herein.

7. The Defendant has breached and/or caused to be breached the Amended Stock Purchase Warrant agreement attached to the Complaint as Exhibit "A," by failing to deliver to Phillips the net proceeds derived from Phillips' 5,000 shares simultaneously with the three MCT Corp. liquidity events pursuant to the terms of the Amended Stock Purchase Warrant.

COUNT II
CONVERSION

8. Phillips re-alleges and incorporates by reference the allegations in paragraph 1 through 7 as if fully set forth herein.

9. DePriest has derived proceeds, benefits and/or distributions from the MCT Corp. common stock which were to be transferred to Phillips simultaneously with the liquidity events pursuant to the Amended Stock Purchase Warrant.

10. DePriest's actions constitute conversion and/or misappropriation.

11. As a direct result of said wrongful conversion and/or misappropriation, Phillips has incurred damages in the amount of $41,323.53, plus interest.

12. DePriest is liable to Phillips for any and all damages caused by his conversion and/or misappropriation of the subject proceeds.

COUNT III
BREACH OF IMPLIED COVENANT OF
GOOD FAITH AND FAIR DEALING

13. Phillips re-alleges and incorporates by reference all the allegations in paragraphs 1 through 12 as if fully set forth herein.

14. In all contracts, including the aforementioned Amended Stock Purchase Warrant, there is an implied covenant of good faith and fair dealing.

15. The Defendant's actions, in failing to comply with the terms of the Amended Stock Purchase Warrant, constitute a violation of the covenant of good faith and fair dealing.

16. As a direct, proximate and foreseeable result of the aforesaid breach of the implied covenant of good faith and fair dealing, Phillips has been damaged and is entitled to damages in an amount to be proved at trial.

COUNT IV
QUANTUM MERUIT

17. Plaintiff re-alleges and incorporates by reference the allegations in paragraph 1 through 16 as if fully set forth herein.

18. The Defendant has enjoyed the use and benefit of the proceeds, benefits or distributions derived from the MCT. Corp. common stock shares that are the subject of this litigation, without compensating Phillips. This has resulted in the Defendant's unjust enrichment.

19. In order to compensate Phillips for his losses and to avoid unjust enrichment of the Defendant, Phillips is entitled to all proceeds, benefits or distributions derived from these shares of stock by the Defendant.

PRAYER FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, Phillips prays that the Court enter a judgment as follows:

A. For all damages incurred by Phillips as a result of the Defendant's breach of the Warrant agreement and other wrongful conduct in an amount to be determined at trial, plus interest at the maximum rate permitted by law;

B. For any sums which would constitute unjust enrichment received by the Defendant as a result of his wrongful conduct;

C. For any and all costs and expenses incurred by Phillips in connection with this actions, including reasonable attorney's fees; and

D. For such other and further relief as this Court may deem just and proper.

Respectfully submitted, this the 9th day of April, 2010.

OLIVER L. PHILLIPS, JR., *Plaintiff*

BY: ______________________
M. Jay Nichols, MS #10066
Attorney for Plaintiff

OF COUNSEL:

Aubrey E. Nichols, MB #3842
Will T. Cooper, MB # 9588
Nichols, Crowell, Gillis, Cooper & Amos, PLLC
Post Office Box 1827
Columbus, MS 39703
Phone: (662) 243-7330
Fax: (662) 328-6890
jnichols@nicholscrowell.com

AMENDED
STOCK PURCHASE WARRANT

This Stock Purchase Warrant is issued from Donald R. DePriest, an individual holding common stock of MCT Corp., a Delaware corporation, to a group of individuals ("The Group") composed of Elton S. Thomas, Jr., Russell Kyle, Oliver L. Phillips, Jr., John F. Prince, and David C. Shelton.

> WHEREAS, the parties hereto, pursuant to a transaction, have agreed that Donald R. DePriest is providing this Warrant to "The Group" to purchase 25,000 shares of MCT Corp. common stock held by him at $10.95 per share. This Warrant is exercisable at the time of a liquidity event pertaining to MCT Corp., which may be a sale of MCT Corp.'s assets and holdings with the proceeds subsequently to be distributed to shareholders, or the effective date of an Initial Public Offering.

The exercise of this Warrant is to be a cashless transaction for "The Group" so that the exercise and any distribution from a liquidity event will be simultaneous.

It is understood that the Warrants are granted so that members of "The Group" will have pro rata rights to the 25,000 shares however "The Group" may realign these rights among themselves by separate agreement.

This document is executed in duplicate originals

Witness our signatures, this the 10th day of November, 2003.

Donald R. DePriest, Grantor

Oliver L. Phillips, Jr., Representative of "The Group"

County of Lowndes]
]
State of Mississippi]

Personally appeared before me, the undersigned notary public in and for the state and county aforesaid, DONALD R. DEPRIEST and OLIVER L. PHILLIPS, JR., who acknowledged before me that they signed the above and foregoing Stock Purchase Warrant on the day and year and for the purposes therein mentioned.

Given under my hand and official seal on the 10th day of November 10,2003.

...ARY PUBLIC STATE OF MISSISSIPPI AT LARGE
...MMISSION EXPIRES: Jan 4, 2005
...NOTARY PUBLIC ...

My Commission Expires:

Notary Public

EXHIBIT

A

Notes in highlights by
W. Havens

PETER HARMER

May 12, 2010

Jimmy Stobaugh
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Subj: **FW:**
Date: 8/10/2007 10:21:45 P.M. Central Daylight Time
From: rsullins9@comcast.net
To: psrharmer@aol.com

Peter attached is the stock purchase agreement. you can clean this up and forward on to wynne. rms

> ---------- Forwarded Message: ----------
> From: "Stacy Murphy" <stacy_m@bellsouth.net>
> To: <rsullins9@comcast.net>
> Subject: FW:
> Date: Sat, 9 Jun 2007 00:48:17 +0000
>
> -----Original Message-----
> From: Stacy Murphy [mailto:stacy_m@bellsouth.net]
> Sent: Friday, June 08, 2007 6:41 PM
> To: Stacy Murphy
> Subject: Fw:
>
> -----Original Message-----
> From: "Don Depriest" <ddepriest@msmct.com>
>
> Date: Fri, 8 Jun 2007 16:34:39
> To:stacy_m@bellsouth.net
> Cc:ddepriest@msmct.com
> Subject:
>
> Dear Bob,
>
> Here is SPC.
>
> Regards,
>
> Don

From: "Stacy Murphy" <stacy_m@bellsouth.net>
To: <rsullins9@comcast.net>
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Content-Type: Multipart/mixed;
boundary="NextPart_Webmail_9m3u9jl4l_15244_1186802495_2"

STOCK PURCHASE AGREEMENT

This agreement is hereby made and entered into this _____ day of _____________, 2007, by and between _________________________ ("Purchaser") and **DONALD R. DEPRIEST** ("Seller") for the purpose of Purchaser purchasing certain common stock of **BIOVENTURES, INC.** ("Corporation") owned by Seller.

THE PARTIES THEREFORE AGREE AS FOLLOWS:

1. *Sale of Stock. Seller presently owns One Hundred Thousand (100,000) shares* of outstanding common stock of the Corporation. Purchaser has offered to purchase the stock at a price of $6.00 per share or a total purchase price of Six Hundred Thousand Dollars ($600,000.00). Seller has accepted the offer and hereby transfers and assigns all of his interest in One Hundred Thousand (100,000) shares of common stock of the Corporation to Purchaser. Simultaneously with the execution of this Agreement Seller has delivered the stock certificate number 146 for One Hundred Thousand (100,000) shares of common stock in **BIOVENTURES, INC.**, properly endorsed to the Purchaser. Seller acknowledges receipt of cash in the sum of Six Hundred Thousand Dollars ($600,000.00) in full payment of the purchase price.

2. Warranty. Seller warrants and represents that he has good marketable title to the stock transferred hereunder and such stock is subject to no mortgages, pledges, liens, encumbrances or other charges of any kind. Seller warrants and represents that he has the *right to transfer said stock, free of any restrictions. Both Seller and Purchaser hereby* acknowledge that there are no agreements with other shareholders providing for any restrictions on the transfer of shares of the Corporation or otherwise restricting the rights of the shareholders of the Corporation. **These securities have not been registered under any applicable federal or state laws regulating the issuance and sale of securities and cannot be resold unless they are registered or an exemption from registration is available.**

3. Purchaser's rights to require repurchase by Seller. At any time on the date which is twelve months and one day after the date of this agreement the Purchaser may require the Seller to repurchase all or any portion of the common stock sold hereunder at the price of $8.00 per share. The purchase price shall be paid in cash within thirty days of the date of the notice of exercise. Purchaser must notify Seller in writing within the above period. Notice of exercise sent by certified mail postmarked within the above period shall be sufficient if sent to the Seller at 206 8TH ST. N. Columbus, MS. 39701, or such other address as shall be communicated to the Purchaser by Seller in writing. On repurchase Purchaser shall make the same representations as made by Seller in paragraph 2 above.

4. Seller's rights to require repurchase from Purchaser. At any time through the period ending twelve months and one day after the date of this agreement the Seller may require the *Purchaser to sell to Seller all or any portion of the common stock sold hereunder at* the price of $9.00 per share. The purchase price shall be paid in cash within thirty days of the date of the notice of exercise. Seller must notify Purchaser in writing within the above period. Notice of exercise sent by certified mail postmarked within the above period shall be sufficient if sent to the Purchaser at ____, or such other address as shall be communicated to the Seller by Purchaser in writing. On such sale Purchaser shall make the same representations as made by Seller in paragraph 2 above.

This agreement shall be binding on the parties hereto and their heirs and assigns and be interpreted in accordance with the provisions of Tennessee law.

IN WITNESS WHEREOF, the parties have executed this agreement this ____ day of ______________, 2007, for the purposes herein.

SELLER

DONALD R. DEPRIEST

PURCHASER

____

Here, Donald Depriest gives Bioventures financials out for purposes of attempting a $600,000 sale of his, or some of his, shares in Bioventures. He is a Director, on the Board, as he writes below.

Finacials Depriest indicates below show "massive profit margin"

~~See MC~~LM Auction 61 assertions: nothing disclosed for Bioventures gross revenues.

Here, and reflected in public information (Google it), Bioventures is substantial. Also, it held interest in MCT controlled by D. Depriest.

Subj: **FW: Potential transaction**
Date: 8/10/2007 10:28:57 P.M. Central Daylight Time
From: rsullins9@comcast.net
To: psrharmer@aol.com

here are the financials for Bioventures

------------- Forwarded Message: -------------
From: "Don Depriest" <ddepriest@msmct.com>
To: '"Bob Sullins'" <rsullins9@comcast.net>
Subject: FW: Potential transaction
Date: Thu, 31 May 2007 22:53:37 +0000
Dear Bob,
Fyi. Financials are attached. Hope we can get some results from Sam, Frank/Joel or otherwise.
Best,
Don

From: Don Depriest [mailto:ddepriest@msmct.com]
Sent: Thursday, May 31, 2007 5:48 PM
To: 'Bob Schultz'
Subject: Potential transaction

[Qtel - another Depriest affiliate?]

Dear Bob,

As time has worn on with our MCT transaction, I, like a number of other shareholders, have used my cash and have taken on sizeable obligations. I have advanced funds to several MCT shareholder friends who made commitments based on our Qtel deal last year. This gives rise to this message.

I have 100,000 shares of BioVentures, Inc. I would like to sell and want to see if the following interests you.

I will sell these shares to you, or someone else you might like to participate, at $6.00/share and provide a one year put back to me at $8.00/share. There is a strong chance the company will sell entirely or license/sell some of its portfolio of intellectual property comprised of about 50 patents not necessary in its ongoing business during the coming year. Tom Dewey, Jr., in New York, is handling this for the company. I would like a call for six months at $9.00/share which would mean a six month's period if the call expires where you would get all the upside if the company sells, and if you decide not to put the shares back to me after a year then the upside (or downside) would belong to you until the liquidity event.

BioVentures has been in business 20 years, is located in Murfreesboro, Tennessee, and has as advisors, Dr. John Phillips, a Vanderbilt genetics researcher, formerly had Dr. Stanley Cohen, and has Jim Hudson who owned Research Genetics in Huntsville that he sold to Invitrogen for $150 Million +. The Board is composed of Elliott Dawson, founder and genius, Bill Sullivan former CEO and Chairman of Burroughs-Wellcome and former Chairman of Myriad Genetics – Bill is also on the Board of a technology development company somewhere in Arizona, Benson (Ben) Sloan who moved to Nashville with Manufacturers Hanover and went into the venture business about 20 years ago, and myself. As you can see from the financials there is a massive profit margin in the research products now being sold and a new prod uct has been released, micro-rna, that is applicable to Big Pharma and is positioned for huge growth. The micro-rna can identify tens of thousands of bacteria/pathogens through a tiny piece of tissue or body fluids and can avoid the drawing of blood that is sent to the lab for analysis that may hit or miss when the results are in. There are other new products in the pipeline that have already been through R&D.

Depriest - a Board member of Bioventures

You may see the company and its products at the website, www.bioventures.com, .

Bob Sullins, who was formerly on the Board of BioVentures, is holding these shares for me. He is with

Smith-Barney and resigned from BioVentures Board a few years ago because of Smith-Barney's policies regarding private activities. He has handled transactions of BioVentures shares for others at $5.50 to 6.00/share two or three years ago. Bob is also a substantial shareholder of MCT, holding about 30,000 shares individually and probably another 20,000 shares through his family investment vehicle, SSS Investors. Let me know if you would have interest in this. Once we get MCT sold I am very interested in your participating in a few things I have placed on the back burner, waiting for our closing, such as low cost, portable, very accurate seismic for oil/gas exploration and identification, fracturing shale with intermittent or constant sound waves to give up the oil that presently can not be recovered, oil/water separation on a large scale in a closed system (a unit performing this at FEDEX in Memphis takes all their sump fluids and separates so that the separated water has less than 15 ppm and goes directly into the Memphis sewer system with no treatment). It works automatically, with very low maintenance, on crude oil and oil polluted bodies of water as well . None of these will require much equity investment and we can also look at the Mighty Engine.

Will talk to you some time tomorrow together with Robin. I will depart for Istanbul Sunday night or Monday for our Tuesday session with Serkan, et al.

Best,

Don

From: "Don Depriest" <ddepriest@msmct.com>
To: "Bob Sullins" <rsullins9@comcast.net>
Subject: FW: Potential transaction
Date: Thu, 31 May 2007 22:53:37 +0000
Content-Type: Multipart/mixed;
boundary="NextPart_Webmail_9m3u9j14l_22377_1186802707_2"

Notes in highlights by W. Havens

PETER HARMER

May 12, 2010

Jimmy Stobaugh
Telesarus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

Dear Mr. Stobaugh,

Please accept this letter as my unconditional authorization to submit in any way to any party including but not limited to the Federal Communications Commission (FCC) information that I am able to provide at any time from whatever source available to me concerning the activities and business dealings of Donald R. DePriest, Sandra DePriest and John Reardon.

Information that has or might be furnished to you is being supplied by me voluntarily, without coercion and without remuneration of any kind. Further, information that has or will be provided has been submitted to you under penalty of perjury and will be accompanied by my statement to that effect and will be truthful and accurate to the best of my knowledge.

I understand and accept that information that I might be able to submit to you might become part of the public domain and might be requested under the Freedom of Information Act and might be disclosed in any FCC decision or action involving your business activity.

Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ Peter Harmer

Peter Harmer
PO Box 159341
Nashville, Tennessee 37215

Phone/Fax: (615) 567 6069
Mobile : (615) 962 2145
Email: psrharmer@aol.com

PETER STUART RICHARD HARMER
P.O. Box 159341
Nashville, Tennessee 37215
Telephone: (615) 962 2145
E-mail: psrharmer@aol.com

PROFESSIONAL EXPERIENCE

Consultant January, 1988 – present

Assist non-competitive ventures on marketing opportunities in international markets including:

gBk Consultants Limited, London, England
Founding member of cross-jurisdictional company engaged in promoting exports, trade and investment with European Union and Near East companies.

GMT, London, England
Founding member of company to provide national photo ID card system in the UK that had multimodal capability employing finger printing, facial mapping and iris scanning with secure wireless information transmission technology.

Corporate Realty Advisors, Inc., Nashville
Director of Marketing and founding member of company that developed computer software to monitor and analyze real estate holdings of multi-location businesses.

Lloyd's of London, London, England
Underwriting Member (Name)

Vereins-und Westbank AG, Hamburg, Germany
Vice President – Marketing. Assisted in the opening of the Atlanta office and introduced the largest regional bank in Northern Germany with assets in excess of $9 Billion to the Southeastern US wholesale corporate market promoting exports.

Consultant

Tennessee Valley Authority, Knoxville, Tennessee
Served as the first international marketing representative of the largest Federally-owned multi-resource utility in the Nation under a personal services contract. Developed the Agency's first international marketing program. Promoted foreign reverse investment in the 7 state Tennessee River Valley region.

United American Bank, Knoxville, Tennessee
Developed business relationships between members of various National pavilions and exhibitors and the Bank during the 1981 Knoxville World's Fair.

Pan East International N.V., Paris, France
Served as international financial trade consultant with former Vice President of the United States in New York and Paris with company engaged in supplying military uniforms to Saudi Arabia under government contract. Negotiated letter of credit facilities with major international banks in New York and Paris; handled purchase and sale of foreign exchange; negotiated terms of payment with suppliers in Far East, Europe and the United States.

State of Tennessee, Nashville, Tennessee

Director of International Marketing. Appointed by Governor Lamar Alexander to head the International Division of the Tennessee Department of Economic and Community Development. Developed a program for attracting foreign capital investment for the State.

Third National Bank in Nashville, Nashville, Tennessee

Vice President - Organized Bank's international department and offshore branch in the Cayman Islands. Supervised direct foreign loans; managed Euro-currency deposits; traveled extensively to Canada, Central and South America, Europe and the Middle and Far East to supervise corporate and correspondent bank relationships.

PROFESSIONAL ACTIVITIES

- **December, 1988 –** Participated in the sponsorship and organization of the **Sixth Annual Report of the Secretaries of State of the United States** in Nashville that included Dean Rusk (1961–1969), William Rogers (1969 – 1973), Henry Kissinger (1973 – 1977), Cyrus Vance (1977 – 1980), and Edmund Muskie (1980) conducted by the **Southern Center for International Studies**, Atlanta, Georgia
- **April, 1982** - First Place for three successive years (1980, 1981, 1982) American Institute of Banking Public Speaking Contest
- **December, 1981** - Re-appointed to **District Export Expansion** Council by U.S. Secretary of Commerce, Malcolm Baldridge
- **April, 1978** - Appointed to **District Export Expansion Council** by U.S. Secretary of Commerce, Juanita Kreps
- **September, 1974** - Invited to participate in the **Foreign Study Seminar** sponsored by the American Bankers Association in London, England; Munich, Germany; and Vienna, Austria
- **June, 1974** - Represented the United States at the **International Banking Summer School**, Helsinki, Finland
- **July, 1973** - **School for International Banking**, University of Colorado, Boulder, Colorado
- **March, 1972** - Appointed to **Regional Export Expansion Council** by U.S. Secretary of Commerce, Peter Peterson
- **1970 to 1979** - Taught "**International Banking**" to members of the Nashville chapter of the American Institute of Banking

EDUCATION

Vanderbilt University
Nashville, Tennessee - Bachelor of Arts

Choate School
Wallingford, Connecticut

Le Rosey
Rolle, Switzerland

Buckley School
New, York, New York

PERSONAL

-Born in **New York, New York**

-Maintain dual nationality in the **United States** and **United Kingdom - European Community**

-Speak fluent French.

IN THE CHANCERY COURT OF LOWNDES COUNTY, MISSISSIPPI

OLIVER L. PHILLIPS, JR. PLAINTIFF

VS. CAUSE NO. 2010.0097

MARITIME COMMUNICATIONS/LAND MOBILE, LLC; COMMUNICATIONS INVESTMENTS, INC.; AND DONALD R. DEPRIEST, INDIVIDUALLY, AND IN HIS CAPACITY AS MANAGER OF MARITIME COMMUNICATIONS/LAND MOBILE, LLC DEFENDANTS

FILED
FEB 25 2010
Chancery Clerk

COMPLAINT FOR SPECIFIC PERFORMANCE

COMES NOW Plaintiff, Oliver L. Phillips, Jr. ("Phillips"), by and through counsel, and files this his complaint against Maritime Communications/Land Mobile, LLC ("Maritime/Land Mobile"), Communications Investments, Inc. ("Communications Investments"), and Donald R. DePriest, individually, and as Manager of Maritime Communications/Land Mobile, LLC ("DePriest"), Defendants, and in support hereof would show unto the Court the following:

PARTIES

1. The Plaintiff is an adult resident citizen of Lowndes County, Mississippi.

2. Defendant, Maritime Communications/Land Mobile, LLC is a Delaware limited liability company, and can be served with process through its registered agent, Corporation Service Company, at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

3. Defendant, Communications Investments is a Mississippi corporation organized and existing under the laws of the State of Mississippi, and can be served with process through its

Sept 20, 2005 is the day before MCLM's payment date for its fraudulent high bids in Auction 61. (Fraudulent due to reasons entirely demonstrated since 2005, only now overwhelming evidence. Fraud against a Federal agency, especially to get Federal property, is a crime not simply violation of FCC rules and the Communications Act.)

registered agent, Sandra F. DePriest, at 206 8th Street North, P. O. Box 1076, Columbus, Mississippi 39701.

4. Defendant, Donald R. DePriest, is an adult resident of Lowndes County, Mississippi, and may be served with process at 510 North Seventh Street, Columbus, Mississippi 39701.

GENERAL STATEMENTS OF FACT

5. On September 20, 2005, Maritime/Land Mobile issued a Warrant to a group of individuals composed of Phillips, Bart Wise, James L. Teel, Si Thomas and Russell Kyle ("the group"), for the purchase of 20 units of Maritime Communications/Land Mobile, LLC at a purchase price of $1.00 per unit. Pursuant to the terms of the Warrant, the 20 units were to be divided based upon each individual's percentage of contribution to "the MC group" note dated September 20, 2005. A copy of the Warrant is attached hereto as **Exhibit "A."**

This Group is an affiliate. See related documents presented at this time, and in past filings. These are not straight-debt providers, but investors that Depriest relies on, and that have as shown here rights related to MCLM's "licenses" = affiliates under FCC rules.

6. Pursuant to the terms of the Warrant as issued, and on behalf of the group, Phillips, through his attorney, gave notice on March 5, 2007, by certified mail, that the group desired to exercise its right of purchase and at that time tendered the sum of $20.00 as the purchase price in accord with the terms of the Warrant, and requested that Defendant take immediate action to have the 20 units transferred as follows:

Oliver L. Phillips, Jr. - 5.43 units
James L. Teel - 5.43 units
Bart Wise - 2.71 units
Si Thomas and Russel Kyle jointly - 6.43 units.

The warrants were issued in relation to the $700,000+ loan, given at a critical date (that is, in a time of special leverage) not for the $20 nominal consideration. More below.

A copy of the March 5, 2007, correspondence is attached hereto as **Exhibit "B."**

7. This notice was sent to DePriest, who executed the Warrant on behalf of Maritime/Land Mobile. The actual ownership structure of Maritime/Land Mobile is unclear, as it

cannot be determined whether DePriest executed the Warrant as a manager for Maritime/Land Mobile or if he executed the Warrant on behalf of Communication Investments, which apparently purports to be a General Partner of Maritime/Land Mobile. As evidenced by the Warrant attached hereto as Exhibit "A," DePriest executed the Warrant as follows:

> Communications Investments, Inc.
> General Partner,
> Maritime Communications/Land Mobile, LLC
> By: ______________________________
> Donald R. DePriest, Manager

8. Since providing the notice to exercise the Warrant, Phillips has received no response from the Defendants. On June 17, 2009, counsel for Phillips wrote DePriest's attorneys again requesting confirmation that the 20 units of Maritime/Land Mobile had been transferred as requested, and further requested that if they had not been transferred, that they be immediately transferred with confirming documents forwarded to counsel for Phillips. A copy of the June 17, 2009, letter is attached hereto as **Exhibit "C."**

9. To date, despite multiple requests from Phillips, Defendants have failed and/or refused to take the appropriate action to have the Maritime/Land Mobile units transferred to Phillips as he requested.

COUNT I
BREACH OF CONTRACT

10. Phillips re-alleges and incorporates by reference all the allegations in paragraphs 1 through 9 as if fully set forth herein.

11. The Defendants have breached and/or caused to be breached the Warrant agreement attached to the Complaint as Exhibit "A," and Phillips respectfully requests that Defendants be required to specifically perform pursuant to the terms of the Warrant.

COUNT II
CONVERSION

12. Phillips re-alleges and incorporates by reference the allegations in paragraph 1 through 11 as if fully set forth herein.

13. Upon information and belief, DePriest, individually, or in his capacity as Manager of Maritime/Land Mobile, has derived proceeds, benefits and/or distributions from the Maritime/Land Mobile units which were to be transferred to Phillips pursuant to the Warrant.

14. DePriest's actions constitute conversion and/or misappropriation.

15. As a direct result of said wrongful conversion and/or misappropriation, Phillips has incurred damages in an amount to be determined at trial.

16. DePriest, individually or in his capacity as Manager for Maritime/Land Mobile, is liable to Phillips for any and all damages caused by his conversion and/or misappropriation of the subject units.

COUNT III
BREACH OF IMPLIED COVENANT OF
GOOD FAITH AND FAIR DEALING

17. Phillips re-alleges and incorporates by reference all the allegations in paragraphs 1 through 16 as if fully set forth herein.

18. In all contracts, including the aforementioned Warrant, there is an implied covenant of good faith and fair dealing.

19. The Defendant's actions, in failing to comply with the terms of the Warrant, constitute a violation of the Covenant of Good Faith and Fair Dealing.

20. As a direct, proximate and foreseeable result of the aforesaid breach of the implied covenant of good faith and fair dealing, Phillips has been damaged and is entitled to specific performance and/or to damages in an amount to be proved at trial.

COUNT IV
QUANTUM MERUIT

21. Plaintiff re-alleges and incorporates by reference the allegations in paragraph 1 through 20 as if fully set forth herein.

22. The Defendants have enjoyed the use and benefit of the Maritime/Land Mobile units that are the subject of this litigation, as well as any proceeds, benefits or distributions derived from those units without compensating Phillips. This has resulted in the Defendants' unjust enrichment.

23. In order to compensate Phillips for his losses and to avoid unjust enrichment of the Defendants, Phillips is entitled to a transfer of 5.43 units of Maritime/Land Mobile, and for damages related to proceeds, benefits or distributions derived from these units by the Defendants.

COUNT V
INTENTIONAL AND/OR NEGLIGENT MISREPRESENTATION

24. Phillips re-alleges and incorporates by reference the allegations in paragraphs 1 through 23 as if fully set forth herein.

25. In order to induce Phillips into loaning Maritime/Land Mobile money, the Defendants made express and/or implied representations to Phillips regarding the transfer of Maritime/Land Mobile units.

26. The Defendants' representations were false and were made knowingly and intentionally to defraud Phillips, or were made with reckless disregard as to the truth or falsity of such representations.

27. In the alternative, said representations as set forth above were false and were made by Defendants without due care as to truth or falsity of such representations.

28. The Defendants knew or should have known that Phillips would rely on the representations, and Phillips did, in fact, reasonably rely on the Defendants' representations to his detriment.

29. As a direct, proximate and foreseeable result of the Defendants' fraudulent conduct and misrepresentations, Phillips has been damaged and is entitled to damages in an amount to be proved at trial.

PRAYER FOR RELIEF

WHEREFORE, PREMISES CONSIDERED, Phillips prays that the Court enter a judgment as follows:

A. For all damages incurred by Phillips as a result of the Defendants' breach of the Warrant agreement and other wrongful conduct in an amount to be determined at trial, plus interest at the maximum rate permitted by law;

B. That the Defendants be required to specifically perform the Warrant agreement;

C. For any sums which would constitute unjust enrichment received by the Defendants as a result of their wrongful conduct;

D. For any and all costs and expenses incurred by Phillips in connection with this actions, including reasonable attorney's fees; and

E. For such other and further relief as this Court may deem just and proper.

Respectfully submitted, this the 25th day of February, 2010.

OLIVER L. PHILLIPS, JR., *Plaintiff*

BY: ______________________________
M. Jay Nichols, MS #10066
Attorney for Plaintiff

OF COUNSEL:

Aubrey E. Nichols, MB #3842
Will T. Cooper, MB # 9588
Nichols, Crowell, Gillis, Cooper & Amos, PLLC
Post Office Box 1827
Columbus, MS 39703
Phone: (662) 243-7330
Fax: (662) 328-6890
jnichols@nicholscrowell.com

WARRANT

This Warrant is issued from Maritime Communications/Land Mobile LLC, ("MC/LMLLC") a Delaware Limited Liability Company to a group of individuals, The Maritime Communications Group ("The MC Group") composed of Oliver L. Phillips, Jr., Bart Wise, James L. Teel, Si Thomas and Russell Kyle.

> WHEREAS, the parties hereto, pursuant to a transaction, have agreed that "MC/LMLLC" is providing this Warrant to "The MC Group" to purchase 20 of 1,000 Units authorized and to be issued from said company at $1.00 per Unit. This Warrant may be exercised at any time up to October 1, 2007 and must be exercised prior to filing of any documents related to an Initial Public Offering.

The exercise of this Warrant is to be at a cost of $20.00 for the 20 Units divided upon percentage of contribution to "The MC Group" Note dated September 20, 2005.

It is understood that the Warrants are granted so that members of "The MC Group" will have pro rata rights to the 20 Units.

Witness our signatures, this the 20th day of September, 2005.

Communications Investments, Inc.
General Partner,
Maritime Communications/Land Mobile, LLC

By: [signature]
Donald R. DePriest, Manager

"The Maritime Communications Group"

By: [signature]
Oliver L. Phillips, Group Representative

County of Lowndes]
]
State of Mississippi]

Personally appeared before me, the undersigned notary public in and for the said state and county aforesaid, DONALD R. DEPRIEST and OLIVER L PHILLIPS, JR., who acknowledged before me that they signed the above and foregoing Warrant on the day and year and for the purposes there mentioned.

Given under my hand and official seal on the 20th of September, 2005.

[signature]
Notary Public, Belinda W. Hudson

My Commission Expires:

NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE
MY COMMISSION EXPIRES: Jan 4, 2009
BONDED THRU NOTARY PUBLIC UNDERWRITERS

EXHIBIT
A

GHOLSON, HICKS & NICHOLS
A PROFESSIONAL ASSOCIATION
Attorneys at Law

AmSouth Bank, Third Floor
710 Main Street
Columbus, MS 39701
Telephone: (662) 243-7300
Fax (662) 327-6217

HUNTER M. GHOLSON *
DEWITT T. HICKS, JR.
AUBREY E. NICHOLS
JOHN W. CROWELL **
J. GORDON FLOWERS
KATHERINE S. KERBY
DAVID B. JOLLY
WILLIAM F. GILLIS
P. NELSON SMITH, JR.
MARC D. AMOS
WILLIAM T. COOPER
M. JAY NICHOLS
SCOTT F. SINGLEY ***
ELLEN A. BLACK
KRISTEN E. WOOD

* Also admitted in District of Columbia
** Also admitted in Arkansas
*** Also admitted in Alabama

MAILING ADDRESS:
P.O. Box 1111
Columbus, MS 39703-1111

March 5, 2007

Certified Mail - Return Receipt Requested

Maritime Communications/Land Mobile, LLC
Attn: Donald R. DePriest, Manager
Post Office Box 1076
Columbus, MS 39703

Re: Warrant to Purchase 20 Units of Maritime Communications/Land Mobile, LLC

Dear Mr. DePriest:

I represent Oliver Phillips of Columbus, Mississippi. On September 20, 2005, Maritime Communications/Land Mobile, LLC issued its Warrant to the Maritime Communications group composed of Oliver L. Phillips, Jr., Bart Wise, James L. Teel, Si Thomas, and Russel Kyle, for the purchase of 20 units of Maritime Communications/Land Mobile, LLC at a purchase price of $1.00 per unit. A copy of the Warrant is attached hereto for reference purposes.

Pursuant to the terms of the Warrant as issued, and on behalf of the Maritime Communications Group, I am hereby giving notice that the Maritime Communications Group desires to exercise its right of purchase, and I am tendering herewith the sum of $20.00 as the purchase price in accord with the terms of the Warrant.

Furthermore, consistent with the provisions of the Warrant agreement, the units should be issued on a prorata basis as follows:

EXHIBIT
tabbies
B

NICHOLS, CROWELL, GILLIS, COOPER & AMOS, PLLC

Attorneys At Law

Regions Bank, Third Floor
710 Main Street
P.O. Box 1827
Columbus, MS 39703-1827
Telephone: (662) 243-7443
Fax: (662) 328-6890

Aubrey E. Nichols
John W. Crowell*
William F. Gillis
Marc D. Amos
William T. Cooper
M. Jay Nichols
Kristen W. Williams
*Also admitted to practice in Arkansas

June 17, 2009

Ernest G. Taylor, Esq.
Balch & Bingham
401 E. Capitol St., Ste. 200
Jackson, MS 39225

Re: Warrant to Purchase Maritime Communications/Land Mobile, LLC

Dear Ernest:

Pursuant to the attached letter and Warrant, on or about March 5, 2007, Oliver Phillips provided Donald R. DePriest, as Manager for Maritime Communications/Land Mobile, LLC, notice of his desire to exercise his right to purchase 5.43 units of Maritime Communications/Land Mobile, LLC consistent with his percentage of contribution to the Maritime Communications Group ("the MC Group") promissory note in the amount of $737,000 dated September 20, 2005.

In fact, Mr. Phillips provided notice to DePriest on behalf of the entire MC Group of the group's desire to exercise its right to purchase the 20 units referenced in the Warrant, and tendered with said notice the sum of $20.00 in accord with the terms of the Warrant. Consistent with the provisions of the Warrant agreement, Phillips requested that the units be issued to the MC Group on the following prorata basis:

Oliver L. Phillips, Jr. - 5.43 units
James L. Teel - 5.43 units
Bart Wise - 2.71 units
Si Thomas and Russel Kyle, jointly - 6.43 units

EXHIBIT
C

Ernest G. Taylor, Esq.
June 17, 2009
Page 2

Since providing this notice to Mr. DePriest, Phillips has had no response. Accordingly, please confirm that the 20 units of Maritime Communications/Land Mobile, LLC have been transferred as indicated above. If the units have not been transferred as indicated above, please do so immediately and forward all confirming documents to me. If Maritime Communications has not received its license yet, then please confirm and/or have Mr. DePriest confirm that the interest represented above will be delivered pursuant to and consistent with the terms of the Warrant as soon as the license is received.

I look forward to hearing from you.

Sincerely,

M. Jay Nichols

Enclosures
cc: Donald Alan Windham, Jr.
Mr. Oliver L. Phillips, Jr.
MJN:ja
File No. 25,091-007

N.B.: MCLM was formed, by its own statements to the FCC, to obtain the Mobex AMTS licenses then to get geographic AMTS licenses.

The loan for which these warrants were granted was made the day before MCLM has to pay the FCC for the geographic licenses.

That was then held up due to the petiton to deny filed by Intelligent Transportation... and AMTS Consortium LLC.

In late 2006, the FCC-- deliberately ignoring clear evidence of fraud and disqualification of MCLM and the Depriests (who were backed by major Republicans at the time, who also controlled the FCC)-- granted to MLCM its "license" for the geographic AMTS spectrum from Auction 61.

It appears that these warrants were not to be fulfilled-- the holders to not get the MCLM "units" or "interest" described above, until the FCC licenses were issued. (Continued below left.)

(Continued.) Why? It appears the reason is so that MCLM would not have to disclose this ownership and with it, the affiliation with this group, and with that... the trail continues. While holding these warrants was disclosable due this group being an affiliate (as FCC rules define), MCLM- Depriest appeared to believe it could better deny that, if caught, by the condition noted above.

See the pages above: there is tellingly no description of what percent in MCLM these units are. Depriest and this group are experieced investors with legal counsel also. They knew what ownerhsip this was of couse, but do not state in in the documents. Why-- apparently since it as controlling interest, or an amount that provide for a Director seat, or at least an amount that would clearly show affiliation. Again why the above noted condition to wait unitl the "coast was clear" as to the FCC licenses issuances.

Either Depriest actually did not tell Oliver and his attorney that the FCC issued "the license" in late 2006, or they knew that but were acting here as if they did not know it, to not be implicated. We do not suggest a position in that regard to Oliver: he certainly had extensive complaints against Depriest in his major case he won in the MS State Chancery Court in 2009 for over $12 million, which suggests Depriest mislead him extensively for years, and thus perhaps also in the case of these MCLM warrants.

In any case, this document clearly suggests a hiddent "real deal" in terms of the loan being on the eve of the required payment after Auction 61, the ownership of the units not being stated (a number of"units" mean nothing by themselves), and the fact note above the units would not be issued until "the license" was received.

Notes in highlights by
W. Havens

See p. 15 below. The Bank notes that D. Depriest has other court judgements against him, other than the one this Bank got, and that he is likely to file for Chapter 11 bankruptcy. That was in June 2009.

Also, D Depriest's representations and warranties in this $300,000 Note are clearly false as explained below- falsely stating there were no governmental (which includes FCC) proceedings and court proceeding against him

PETER HARMER

May 12, 2010

Jimmy Stobaugh
Telesarus Holdings
2649 Benvenue Avenue
Berkeley, California 94704

Dear Mr. Stobaugh,

Please accept this letter as my unconditional authorization to submit in any way to any party including but not limited to the Federal Communications Commission (FCC) information that I am able to provide at any time from whatever source available to me concerning the activities and business dealings of Donald R. DePriest, Sandra DePriest and John Reardon.

Information that has or might be furnished to you is being supplied by me voluntarily, without coercion and without remuneration of any kind. Further, information that has or will be provided has been submitted to you under penalty of perjury and will be accompanied by my statement to that effect and will be truthful and accurate to the best of my knowledge.

I understand and accept that information that I might be able to submit to you might become part of the public domain and might be requested under the Freedom of Information Act and might be disclosed in any FCC decision or action involving your business activity.

Please do not hesitate to contact me if you have any questions.

Sincerely,

/s/ *Peter Harmer*

Peter Harmer
PO Box 159341
Nashville, Tennessee 37215

Phone/Fax: (615) 567 6069
Mobile : (615) 962 2145
Email: psrharmer@aol.com

Book 2009 Page 340
Liens
Lowndes County, MS
Lisa Younger Neese, Chancery Clerk

$12.00
$12.00
ARC Archive Fee
Total

ATTEST AND CERTIFY
A TRUE COPY
Clerk
U.S. District Court
Middle District of Tennessee
By: Robbi Dal
Deputy Clerk

IN THE UNTIED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

FILED
AUG 12 2009
DAVID CREWS, CLERK
By ____ Deputy

1:09MC5-JAD

FIFTH THIRD BANK,	)	
	)	
Plaintiff,	)	
	)	NO. 3:08-cv-642
v.	)	JUDGE HAYNES
	)	
DONALD R. DEPRIEST,	)	
	)	
Defendant.	)	

ORDER

Upon review of the file, this action is reopened. Before the Court is the Plaintiff Fifth Third Bank's motion for a summary judgment, (Docket Entry No. 13) to which the Defendant has not responded within the time provided under the Rules nor has the Defendant requested an extension to do so. The Court ADOPTS the Plaintiff's Statement of Undisputed Facts that the defendant has defaulted on a note owed to the Plaintiff.

Thus, the Plaintiff's motion for summary judgment is **GRANTED**. Plaintiff is **AWARDED** judgment against the Defendant in the amount of two hundred fifty nine thousand nine hundred twenty dollars and thirteen cents ($ 259, 920.13) and thirty eight thousand five hundred fifty two dollars and fifty three cents ($ 38, 552.32) in attorney's fees and costs.

This is the Final Order in this action.

It is so **ORDERED**.

ENTERED this the 15th day of July, 2009.

WILLIAM J. HAYNES, JR
United States District Judge

CERTIFIED TRUE COPY ATTEST
David Crews, Clerk of Court
United States District Court
Northern District of Mississippi
By: ____ Deputy Clerk
8-18-09

CHANCERY COURT LOWNDES COUNTY MISSISSIPPI

Stites & Harbison
SunTrust Plaza
401 Commerce St. Ste 800
Nashville, TN 37219

Lowndes County, MS
I certify this instrument was filed on 08/31/2009 10:31:42 AM
and recorded in the Liens
Book 2009 Page 340 - 340
Lisa Younger Neese, Chancery Clerk

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

FIFTH THIRD BANK, N.A.,	)	
Plaintiff,	)	
v.	)	**Civil Action No. ______________**
DONALD R. DEPRIEST,	)	
Defendant.	)	

COMPLAINT

For the relief requested herein, plaintiff Fifth Third Bank, N.A. ("Fifth Third") would show the following:

PARTIES

1. Fifth Third is a national banking association doing business in Davidson County, Tennessee.

2. Donald R. DePriest ("Mr. DePriest") is an individual who is, upon information and belief, a citizen of the state of Mississippi residing at 510 7th Street North, Columbus, Lowndes County, Mississippi 39701.

JURISDICTION AND VENUE

3. Complete diversity of citizenship exists between Fifth Third and Mr. DePriest.

4. Exclusive of interest and costs, the amount in controversy exceeds $75,000.

5. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1332.

FACTS

6. Fifth Third loaned Mr. DePriest $300,000.00 under that certain *Consumer Note* dated December 15, 2007 (the "Note," with the aggregate amount owed under the Note referred

to herein as the "Indebtedness"). In the event of default, the Note requires Mr. DePriest to pay all of Fifth Third's costs and expenses to enforce the Note, including reasonable attorney fees. A true and correct copy of the Note is attached hereto as *Exhibit 1*.

7. Because Mr. DePriest failed to repay to Fifth Third the Indebtedness when the Note matured on April 15, 2008, Mr. DePriest is in default under the Note.

8. On May 16, 2008, Fifth Third, through its attorney, sent Mr. DePriest a written notice that he had defaulted under the Note by failing to repay the Indebtedness when the Note matured. Fifth Third's written notice to Mr. DePriest also demanded that the Indebtedness be repaid by June 16, 2008. A true and correct copy of Fifth Third's written default notice is attached hereto as *Exhibit 2*.

9. Mr. DePriest has not repaid the Indebtedness to Fifth Third.

10. As of June 17, 2008, Mr. DePriest owed Fifth Third, pursuant to the Note, $297,963.46 in principal (the "Principal"), accrued interest on the Principal, and Fifth Third's costs of collection, including reasonable attorney fees and expenses.

CAUSE OF ACTION ON THE NOTE

11. Fifth Third incorporates by reference the allegations contained in Paragraphs 1-10 above.

12. Mr. DePriest has breached his obligations under the Note by failing to repay the Indebtedness to Fifth Third when the Note matured.

13. Fifth Third has fully performed its obligations under the Note.

14. Fifth Third is entitled to a judgment under the Note for the full amount due thereunder, accrued interest on the Principal as of the date of the entry of judgment, and Fifth Third's costs of collection incurred and to be incurred, including reasonable attorney fees and expenses.

PRAYER FOR RELIEF

THEREFORE, Fifth Third requests that this Court enter a judgment in its favor against Mr. DePriest in an amount equal to the unpaid balance of the Indebtedness as of the date of the entry of judgment, plus one-third of the unpaid balance of the Indebtedness as of the date of the entry of judgment for Fifth Third's costs of collection, and that this Court provide other appropriate relief.

June 26, 2008.

Respectfully submitted,

/s/ F. David T. Arens

F. David T. Arens (BPR No. 25241)
STITES & HARBISON, PLLC
401 Commerce Street, Suite 800
Nashville, TN 37219-2449
(615) 244-5200 Fax: (615) 742-0717
david.arens@stites.com

Counsel for Fifth Third Bank, N.A.

FIFTH THIRD BANK

EXHIBIT 1

Consumer Note

OFFICER No. 36605
$300,000.00

NOTE No. 0905578514-00018
December 15, 2007
(Effective Date)
Personal Purpose Note

1. PROMISE TO PAY. On or before April 15, 2008 (the "Maturity Date"), the undersigned, Donald R. DePriest, an individual residing at 510 7th Street North, Columbus, Lowndes County, Mississippi 39701 ("Borrower") for value received, hereby promises to pay to the order of Fifth Third Bank, N.A., located at 424 Church Street; Suite 600, Nashville, Davidson County, Tennessee 37219 for itself and as agent for any affiliate of Fifth Third Bancorp (together with its successors and assigns, the "Lender") the sum of Three Hundred Thousand and 00/100 Dollars ($300,000.00) (the "Borrowing"), plus interest as provided herein, less such amounts as shall have been repaid in accordance with this Note. The outstanding balance of this Note shall appear on a supplemental bank record and is not necessarily the face amount of this Note, which record shall evidence the balance due pursuant to this Note at any time. As used herein, "Local Time" means the time at the office of Lender specified in this Note. The maximum interest rate payable under this Note will not exceed 25% per annum or the state usury ceiling, whichever is less.

Lender, in its reasonable discretion, may loan hereunder to Borrower on a revolving basis such amounts as may from time to time be requested by Borrower, provided that: (a) the aggregate principal amount borrowed hereunder at any time shall not exceed the Borrowing, and (b) no Event of Default shall exist or be caused thereby. The entire principal balance, together with all accrued and unpaid interest and any other charges, advances and fees, if any, outstanding hereunder, shall be due and payable in full on the earlier of the Maturity Date or upon acceleration of this Note.

The principal sum outstanding shall bear interest at a floating rate per annum equal to the rate of interest per annum established from time to time by Fifth Third Bank at its principal office as its "Prime Rate", whether or not Fifth Third Bank shall at times lend to borrowers at lower rates of interest or, if there is no such prime rate, then such other rate as may be substituted by Fifth Third Bank for the prime rate (the "Interest Rate"). In the event of a change in said Prime Rate, the Interest Rate shall be changed immediately to such new Prime Rate. Interest shall be calculated based on a 360-day year and charged for the actual number of days elapsed, and shall be payable on the 15th day of each calendar month beginning on January 15, 2008.

Principal and interest payments shall be made at Lender's address above unless otherwise designated by Lender in writing. Each payment hereunder shall be applied first to advanced costs, charges and fees, then to accrued interest, and then to principal, which will be repaid in inverse chronological order of maturity.

2. RENEWAL. This Note is issued, not as a payment toward, but as a continuation of, the obligations of Borrower to Lender pursuant to that certain Personal Purpose Note dated December 15, 2006, in the principal amount of $300,000.00 (together with all prior amendments thereto or restatements thereof, the "Prior Note"). Accordingly, this Note shall not be construed as a novation or extinguishment of the obligations arising under the Prior Note, and its issuance shall not affect the priority of any security interest granted in connection with the Prior Note.

3. LATE CHARGES. If any installment stipulated herein is not paid on or before fifteen days after the due date thereof, (whether by acceleration or otherwise) in addition to all other rights and remedies of Lender given by law or the terms of this Note, Borrower promises to pay to Lender a delinquent charge of 5% of the installment. Acceptance of such delinquent charge by Bank shall not constitute a waiver of any default or any rights of Lender hereunder.

4. PREPAYMENT CHARGE. Borrower may prepay the obligation under this Note in full at any time prior to maturity. Partial prepayments shall not excuse any subsequent payment due.

5. INTEREST AFTER MATURITY. Interest after maturity shall continue at the rate then in effect or as thereafter adjusted in accordance with the variable rate disclosures.

6. DEFINITIONS. Certain capitalized terms have the meanings set forth herein, in the Security Agreement, or any other Loan Document. All financial terms used in this Note but not defined herein, in the Security Agreement (if applicable), or any other Loan Document have the meanings given to them by generally accepted accounting principles. All other undefined terms have the meanings given to them in the Uniform Commercial Code as adopted in the state whose law governs this instrument. The following definitions are used herein:

(a) "Lien" means any security interest, mortgage, pledge, assignment, lien or other encumbrance of any kind.

(b) "Loan Documents" means each and every document or agreement executed by any party evidencing, guarantying or securing any of the Obligations; and "Loan Document" means any one of the Loan Documents.

(c) "Loans" means any loans from time to time between Lender and Borrower relating to the Obligations.

(d) "Notes" shall refer collectively to any note entered into from time to time by Borrower in favor of Lender to evidence an Obligation.

(e) "Obligation(s)" means all loans, advances, indebtedness and each and every other obligation or liability of Borrower, or either or any of them, owed to each of Lender and/or any affiliate of Fifth Third Bancorp, however created, of every kind and description whether now existing or hereafter arising and whether direct or indirect, primary or as guarantor or surety, absolute or contingent, liquidated or unliquidated, matured or unmatured, participated in whole or in part, created by trust agreement, lease overdraft, agreement or otherwise, whether or not secured by additional collateral, whether originated with Lender or owed to others and acquired by Lender by purchase, assignment or otherwise, and including, without limitation, all loans, advances, indebtedness and each and every obligation or liability arising under the Loan Documents, letters of credit now or hereafter issued by Lender or any affiliate of Fifth Third Bancorp for the benefit of or at the request of Borrower, or either or any of them, all obligations to perform or forbear from performing acts, and agreements, instruments and documents evidencing, guarantying, securing or otherwise executed in connection with any of the foregoing, together with any amendments, modifications and restatements thereof, and all expenses and attorneys' fees incurred or other sums disbursed by Lender hereunder or any other document, instrument or agreement related to any of the foregoing.

This was false due to the FCC proeedings against Depriest at the time by Intelligent Transportation..., AMTS Consortium, et al. re Auction 61 and other matters.

7. REPRESENTATIONS AND WARRANTIES. Borrower hereby warrants and represents to Lender the following:

(a) Litigation. There are no suits or proceedings pending or threatened against or affecting Borrower, and no proceedings before any governmental body are pending or threatened against Borrower.

This was also false since Depriest was sued in two cases by Telesaurus LLCs and W. Havens and these were pending at the time. These complained defined MLCM and Mobex to include the owners and controllers.

(b) Laws. Borrower is in material compliance with all laws, regulations, rulings, orders, injunctions, decrees, conditions or other requirements applicable to or imposed upon Borrower by any law or by any governmental authority, court or agency.

(c) Financial Condition. All financial statements and information relating to Borrower which have been or may hereafter be delivered by Borrower to Lender are true and correct and have been prepared in accordance with past practices consistently applied. Borrower has no material obligations or liabilities of any kind not disclosed in that financial information, and there has been no material adverse change in the financial condition of Borrower nor has Borrower suffered any damage, destruction or loss which has adversely affected its business or assets since the submission of the most recent financial information to Lender.

8. COVENANTS. Borrower covenants with, and represents and warrants to, Lender that, from and after the execution date of the Loan Documents until the Obligations are paid and satisfied in full:

There were also other court cases pending against Depriest at this time.

(a) Financial Statements. Borrower shall furnish to Lender: (i) an annual personal financial statement within 30 days after the end of each calendar year; and (ii) Within 120 days after the end of each calendar year, a copy of Borrower's compiled tax return by a firm of independent certified public accountants acceptable to Lender and certified as complete and correct; and such other information as Lender may reasonably request.

(b) Taxes. Borrower shall pay when due all taxes, assessments and other governmental charges imposed upon it or its assets, franchises, business, income or profits before any penalty or interest accrues thereon (provided, however, that extensions for filing and payment of such taxes shall be permitted hereunder if disclosed to and consented to by Lender), and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which by law might be a lien or charge upon any of its assets, provided that (unless any material item or property would be lost, forfeited or materially damaged as a result thereof) no such charge or claim need be paid if it is being diligently contested in good faith, if Lender is notified in advance of such contest and if Borrower establishes an adequate reserve or other appropriate provision required by generally accepted accounting principles and deposits with Lender cash or bond in an amount acceptable to Lender.

(c) Other Amounts Deemed Loans. If Borrower fails to pay any tax, assessment, governmental charge or levy or to maintain insurance within the time permitted or required by this Note, or to discharge any Lien prohibited hereby, or to comply with any other Obligation, Lender may, but shall not be obligated to, pay, satisfy, discharge or bond the same for the account of Borrower. To the extent permitted by law and at the option of Lender, all monies so paid by Lender on behalf of Borrower shall be deemed Obligations and Borrower's payments under this Note may be increased to provide for payment of such Obligations plus interest thereon.

(d) Further Assurances. Borrower shall execute, acknowledge and deliver, or cause to be executed, acknowledged or delivered, any and all such further assurances and other agreements or instruments, and take or cause to be taken all such other action, as shall be reasonably necessary from time to time to give full effect to the Loan Documents and the transactions contemplated thereby.

9. DEFAULTS. Upon the occurrence of any of the following events (each, an "Event of Default"), Lender may, at its option, without any demand or notice whatsoever, declare this Note and all Obligations to be fully due and payable in their aggregate amount, together with accrued interest and all fees and charges applicable thereto:

(a) The nonpayment, when the same shall be due, of any installment or other payment on account of the principal or interest of this Note;

(b) The breach of any warranty or agreement by Borrower herein contained, or contained in any mortgage or security agreement executed by Borrower in connection herewith;

(c) The death or incompetency of any individual Borrower;

(d) The default of Borrower under the terms of any lease of, or mortgage on, the premises upon which the Collateral may be located;

(e) Any assignment for the benefit of the creditors of, or the commencement of any bankruptcy, receivership, reorganization, foreclosure, insolvency or liquidation proceedings by or against the Borrower, or any guarantor hereof;

(f) The reasonable determination by Bank at any time that it is inadequately secured hereby with respect to any of Borrower's obligations to Lender;

(g) The creation of any other lien or the issuance of any attachment against the Collateral or the entry of judgment against Borrower;

(h) The occurrence of a default under any other obligation of Borrower, individually or jointly, to Lender or to any other affiliate of Fifth Third Bancorp;

(i) Seizure, levy or confiscation under any legal or governmental process against any Collateral or;

(j) Any sale, conveyance or transfer of any rights in the Collateral securing the Obligations, or any destruction, loss or damage of or to the Collateral in any material respect.

10. REMEDIES. Lender may at its option at any time, without notice, proceed to enforce and protect its rights hereunder by an action at law or in equity or by any other appropriate proceedings; provided that this Note and the Obligations shall be accelerated automatically and immediately if the Event of Default is a filing under the Bankruptcy

Code. Borrower shall pay all costs of collection incurred by Lender, including its reasonable attorney's fees, if this Note is referred to an attorney for collection, whether or not payment is obtained before entry of judgment, which costs and fees are Obligations secured by the Collateral.

Lender's rights and remedies hereunder are cumulative, and may be exercised together, separately, and in any order. No delay on the part of Lender in the exercise of any such right or remedy shall operate as a waiver. No single or partial exercise by Lender of any right or remedy shall preclude any other further exercise of it or the exercise of any other right or remedy. No waiver or indulgence by Lender of any Event of Default shall be effective unless in writing and signed by Lender, nor shall a waiver on one occasion be construed as a waiver of any other occurrence in the future.

11. MULTIPLE OBLIGORS. Each and every reference to and any and all representations, warranties, covenants and undertakings of, Borrower herein, including but not limited to the Events of Default, shall be deemed to apply to each of the undersigned and any and all guarantors of any of the Obligations, jointly and separately.

12. ENTIRE AGREEMENT. Borrower agrees that there are no conditions or understandings which are not expressed in this Note and the documents referred to herein.

13. SEVERABILITY. The declaration of invalidity of any provision of this Note shall not affect any part of the remainder of the provisions.

14. ASSIGNMENT. Borrower agrees not to assign any of Borrower's rights, remedies or obligations described in this Note without the prior written consent of Lender, which consent may be withheld in Lender's sole discretion. Borrower agrees that Lender may assign some or all of its rights and remedies described in this Note without notice to, or prior consent from, the Borrower.

15. MODIFICATION; WAIVER OF LENDER. The modification or waiver of any of Borrower's obligations or Lender's rights under this Note must be contained in a writing signed by Lender. Lender may perform Borrower's obligations, or delay or fail to exercise any of its rights or remedies, without causing a waiver of those obligations or rights. A waiver on one occasion shall not constitute a waiver on another occasion. Borrower's obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases (i) any of the obligations belonging to any co-borrower, endorser or guarantor (ii) any of its rights against any co-borrower, guarantor or endorser.

16. WAIVER OF BORROWER. Demand, presentment, protest and notice of dishonor, notice of protest and notice of default are hereby waived by Borrower, and any endorser or guarantor hereof. Each of Borrower, including but not limited to all co-makers and accommodation makers of this Note, hereby waives all suretyship defenses including but not limited to all defenses based upon impairment of Collateral and all suretyship defenses described in Section 3-605 of the Uniform Commercial Code (the "UCC"). Such waiver is entered to the full extent permitted by Section 3- 605 (i) of the UCC.

17 LOAN CHARGES AND FEES. Lender shall have the authority to impose fees and charges to perform services requested by Borrower or on Borrower's behalf, or to otherwise administer and service this Note. The fees and charges may include administrative costs incurred by Lender and/or in reimbursement of payments made by Lender to third parties. Such fees and charges may include, without limitation, any and all costs or fees associated with the origination and/or servicing of this Note, document copy or preparation fees, transmittal, facsimile or delivery fees, reconveyance and release fees, property inspections and returned check or insufficient funds charges in connection with payments made by Borrower or on Borrower's behalf under this Note and all other such fees for ancillary services performed by Lender for Borrower or at Borrower's request or for services necessitated by or resulting from Borrower's default or malfeasance relating to the Collateral or this Note or incurred by Lender or assessed upon Borrower pursuant to the provisions of this Note or any other document executed in connection herewith. Such fees and charges shall be secured by the Collateral and, unless Lender and Borrower agree to other terms of payment, shall bear interest from the date assessed by Lender at the rate stated in this Note, and in effect from time to time, and shall be payable, with interest, immediately following written demand from Lender to Borrower requesting payment thereof.

18. GIVING OF NO[illegible]ES. Any notice that must be given to Borrower under this Note will be given by delivering it or by mailing it by first class or certified mail or by prepaid overnight delivery service addressed to Borrower at Borrower's address above. A notice will be delivered or mailed to Borrower at a different address if Borrower gives Lender written notice of Borrower's different address provided that Lender shall not be required to deliver notice to more than one address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower may report a change of address only through that specified procedure. Any notice that must be given to Lender under this Note will be given by first class or certified mail to Lender at the address stated above or to any other address that Lender designates by written notice to Borrower.

19. GOVERNING LAW; CONSENT TO JURISDICTION. Except to the extent otherwise specifically required by applicable law, this Note shall be construed and interpreted in accordance with, and governed by, federal law and the law of the State of Tennessee, without reference to its conflict of law provisions, and the obligations, rights, and remedies of the parties hereunder shall be determined in accordance with such laws. Borrower agrees that service of process in any such proceeding shall be effective if mailed to Borrower at the address set forth herein. In the event that any provision of this Note is limited, restricted, prohibited or unenforceable under applicable law, such provision shall be construed and enforced as if it had been more narrowly drawn so as not to be in conflict with applicable law. The validity, legality and enforceability of the remaining provisions of this Note shall not in any way be affected or impaired thereby. If any part of this Note is determined to be invalid, then Lender may enforce the remainder of this Note as if the invalid provision did not exist. Lender shall be afforded the full benefit of all of Borrower's waivers and contractual agreements made in connection with the Loan that are permitted to be given under applicable law.

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded. Lender may choose to make this refund by reducing the principal owed under this Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without penalty.

20. JURY WAIVER. BORROWER, AND ANY ENDORSER OR GUARANTOR HEREOF, WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS NOTE AND THE ABOVE INFORMATION AT THE TIME OF SIGNING.

NOTICE TO COSIGNER: You are being asked to become liable on this debt. Think carefully before you do. If Borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility. You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount. The Bank can collect this debt from you without first trying to collect from the Borrower. The Bank can use the same collection methods against you that can be used against the Borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of YOUR credit record.

The following notice is applicable if this agreement involves a purchase of goods or services to which the FTC HOLDER in DUE COURSE RULE applies.

IF THE COLLATERAL IS TO BE USED PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES:

NOTICE

ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF THE GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

If you believe information we report about the credit history on your account(s) is incomplete, inaccurate or outdated, you must provide us with clear written documentation including the name on the account, the account number and the nature of the disputed information. Please write to us at:

Fifth Third Bank, N.A.
424 Church Street; Suite 600
Nashville, Tennessee 37219
Davidson County, Tennessee

NAME AND ADDRESS:

Donald R. DePriest
510 7th Street North
Columbus, MS 39701

BORROWER:

(Signature)

Donald R. DePriest
(Print Name)

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

FIFTH THIRD BANK, N.A.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	**Civil Action No. 3:08-cv-0642**
	)	
DONALD R. DEPRIEST,	)	**JUDGE HAYNES**
	)	
Defendant.	)	

AFFIDAVIT OF DONNA L. ROBERTS IN SUPPORT OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

1. My name is Donna L. Roberts. I am an attorney with the law firm of Stites & Harbison, PLLC, and I am licensed to practice law in the State of Tennessee, and admitted to practice before the United States District Court for the Middle District of Tennessee.

2. I have first-hand knowledge of the facts set forth herein.

3. My firm has been retained to represent Fifth Third Bank, N.A., ("Fifth Third").

4. I am submitting this affidavit in support of Plaintiff's Motion for Summary Judgment against the defendant Donald R. DePriest (the "Defendant" or "DePriest").

5. The forbearance agreement (the "Agreement") executed by Defendant provides for the recovery of attorney fees incurred by Fifth Third due to a default by Defendant with respect to his obligations to the Fifth Third. This includes attorney fees incurred as part of the cost of collection. Specifically, the Agreement states:

> Subject to the terms of this Agreement, Debtor agrees to pay on demand all of Lender's out-of-pocket costs and expenses, including attorney fees and expenses, during the Forbearance Period, incurred in connection with any of the following: (i) the negotiation and drafting of this Agreement or the enforcement of any rights hereunder or under the Note; (ii) any action, including the commencement of or participation in litigation, taken by Lender to assist in the collection of the Indebtedness or to enforce, protect, or perfect any rights or interests related thereto and any collateral therefore; (iii) any actions taken as part of protecting and/or defending Lender as a creditor in a bankruptcy or insolvency case, including without limitation the filing of claims, motions, for relief from stay, motions to dismiss, objections to sales of property, objections to proposed plans of reorganization, or objections or other responses to avoidance or other action related to Lender. Any rights to payment granted under this section are in addition to and not in lieu of any rights given under the Note, which shall be in no way limited hereunder.

A true and correct copy of the Agreement is attached hereto as *Exhibit A*.

6. I have personally, on several occasions, attempted to obtain payments through Mr. DePriest's counsel. No payments have been made since December 2008. On March 19, 2009, I served upon Defendant a notice of default. A true and correct copy of the Notice of Default is attached hereto as *Exhibit B*. Defendant did not respond to my letter.

7. My time has been spent in this case reviewing the loan and its history and drafting and revising a motion for summary judgment and supporting papers thereto. Further, the attorney in my firm who initially handled this case for Fifth Third, David T. Arens, spent time reviewing the loan and its history; drafting or revising drafts of Fifth Third's Complaint; drafting or revising drafts of the forbearance agreement entered into between the parties; and attempting to enforce the terms of the forbearance agreement. While Mr. Arens is no longer with the firm of Stites & Harbison PLLC, my review of the file confirms that he performed the work just described.

8. In awarding a fee, the Court may consider the following factors in accordance with Rule 1.5 of the Tennessee Rules of Professional Conduct:

(a) The Defendant did not file an answer to Fifth Third's Complaint within the time required by law, thus necessitating motions for extensions of the Initial Case Management Conference scheduled in this matter. Mr. Arens subsequently filed a motion on behalf of both parties seeking to stay the proceedings as the parties attempted a non-judicial resolution of Defendant's debt obligation to Fifth Third.

(b) I have researched and prepared a motion for summary judgment and supporting papers against the Defendant.

(c) As a result of the Defendant's default on the forbearance agreement, Fifth Third is seeking and may obtain a money judgment against the Defendant. Such a judgment may take years to collect. In my time as an attorney, I have observed that the attorney fees and expenses for work done after obtaining a judgment can substantially exceed the attorney fees and expenses incurred prior to obtaining the judgment. Post-judgment collection work is labor intensive, and there are often difficult issues involved. I believe that a high degree of skill is required to collect judgments.

(d) In light of the amount owed by the Defendant and the costs of not only obtaining a judgment against the Defendant, but also collecting on such a judgment, I believe that an award of attorney fees and expenses equal to fifteen percent (15%) of the amount of the outstanding principal balance owed by the Defendant is a reasonable fee. In collection actions involving negotiable instruments, it is reasonable and customary for plaintiff's counsel to be awarded attorney fees and expenses of up to *one-third (33.3%)* of the total amount owing, plus interest and costs. This is reasonable and customary for all such actions located within the Middle District of Tennessee. Here, Fifth Third only seeks to recover *fifteen percent (15%)* of the total amount owed by Defendant. The total amount of this fifteen percent award is $38,552.32. A fifteen percent attorney fee in the amount of $38,552.32 is warranted not only to cover the fees and expenses incurred by Fifth Third to date, but also in light of the substantial fees and expenses that will be necessary to recover the amounts due and owing to Fifth Third. Civil judgments unrelated to this action against DePriest have been entered by other courts. Furthermore, it is likely that Defendant may attempt to file for protection under the provisions of Title 11 of the United States Bankruptcy Code, which would necessitate the filing of dischargeability actions by Fifth Third against Defendant. As a result, the post-judgment legal fees and expenses that Fifth Third will have to incur to collect on this default judgment against Defendant will likely be substantial.

(e) Tennessee case law indicates that a court is not required to award a percentage recovery even if the contract specifies, but the cases do not prohibit a percentage recovery and indicate that the Court should make these decisions based on the circumstances of each case. *See, e.g.*, *Reagan v. Malone*, Case No. 03A01-9707-CH-00281, 1998 Tenn. App. LEXIS 299 (April 30, 1998); *Taylor v. T&N Office Equipment, Inc.*, Case No. 01A01-9609-CV-00411, 1997 Tenn. App. LEXIS 352 (May 23, 1997) (copies attached).

(f) Based on my experience, the fees charged by Stites & Harbison PLLC are customarily charged in Tennessee by other lawyers for similar legal services.

(g) Stites & Harbison PLLC has been representing Fifth Third for several years and often handles defaulted loans for Fifth Third in Tennessee.

9. On behalf of Fifth Third, I respectfully request an attorney fee equal to fifteen percent (15%) of the outstanding amount of the principal balance owed by the Defendant to Fifth Third to cover all fees and expenses of Fifth Third pre- and post-judgment, or $38,552.32.

FURTHER THE AFFIANT SAYS NOT.

Donna L. Roberts

Sworn to and subscribed before me
this 2nd day of June, 2009.

Malinda K. Wilson
Notary Public
My Commission Expires: March 20, 2010

MALINDA K. WILSON
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY, TENN.
My Commission Expires MAR. 20, 2010

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by United States First Class Mail, postage prepaid, on this 2nd day of June, 2009 upon:

Donald R. DePriest 510 7th Street North Columbus, MS 39701	David L. Sanders, Esq. 215 Fifth Street North P.O. Box 1366 Columbus, MS 39703

s/ Donna L. Roberts
Donna L. Roberts

16616N:081029:813957:2:NASHVILLE

[False representations. Compare to later forced disclosures of D. Depriest as co-controller spouse, and his and S Depriests affiliates, attributable gross revenues, etc. That continued in the long form, and pleadings opposing our petition to deny and petitions for reconsideration. And into the FCC investigations.]

Before the

FEDERAL COMMUNICATIONS COMMISSION

Washington, D.C. 20554

In the Matter of	)	
	)	
Maritime Communications/Land Mobile, LLC	)	
	)	
Form 175 for Auction No. 61	)	File Number 0002191807
	)	

Marlene H. Dortch, Secretary
Federal Communications Commission

Attention: Chief, Auctions & Spectrum Access Division
Chief, Wireless Telecommunications Bureau

Response to Section 1.41 Request

Maritime Communications/Land Mobile, LLC (MCLM), by its attorney and pursuant to Section 1.41 of the Commission's Rules, hereby respectfully files its Response to the Section 1.41 Request (Request) filed in the above captioned matter by AMTS Consortium, LLC (AMTSC) and Intelligent Transportation & Monitoring Wireless, LLC (ITL) (collectively, Havens) in the above captioned matter. In support of its position, MCLM shows the following.

Havens' Request is procedurally flawed. The Commission accepted MCLM's Form 175 filing and permitted MCLM to participate in Auction 61. Havens waited until commencement of the auction in a transparent attempt to intimidate, distract and harass MCLM in the bidding process. The fact that the Commission does not provide for the filing of protests to Form 175 applications is clearly intended to prevent such intimidation, distraction, and harassment during the course of an ongoing auction. Havens proper course would have been to object to MCLM's long form application in a timely manner, which he will have ample opportunity to do at an appropriate time. Bidders should be free from such underhanded techniques during the bidding process itself. This is the reason the Commission has placed the short form and long form filing windows before and after the auction, so that bidders like MCLM can focus on competitive bidding rather than on responding to scurrilous allegations such as Havens'. Having been forced to consider and respond to Havens' complaints now, the Commission should in the future pay no attention to any attempt by Havens to raise the same or similar issues in any petition to deny MCLM's long form application.

Havens' state court complaint against Mobex Network Services, LLC (Mobex) is another example of bidder intimidation by Havens. Havens knows that MCLM plans to purchase the Mobex incumbent licenses upon approval by the Commission. Mobex is not a participant in Auction 61 and the mere filing of a state court complaint by Havens against Mobex is not evidence relevant to MCLM's participation in Auction 61. It is, however, evidence of Havens' efforts to intimidate, harass and distract MCLM during the bidding process.

Havens' Section 1.41 Request provided no evidence, whatsoever, of the violation of any Commission rule by MCLM. In fact, the ownership of S/RJW Partnership, Ltd. (S/RJW) and of Communications Investments, Inc. (ComI) was accurately reported to the Commission in MCLM's Form 175 application. The Commission is hereby advised that S/RJW and ComI have updated their records with the States of Delaware and Mississippi to reflect their information correctly reported to the Commission in MCLM's Form 175.

Havens failed to demonstrate that MCLM did not disclose all attributable interests. His repeated, gross speculations did not provide any reasonable basis for the Commission to inquire of MCLM.

Havens did not show that National Rural Telecommunications Cooperative (NRTC) had any affiliation with MCLM which would require the attribution of NRTC revenues to MCLM. In fact, NRTC has no such affiliation.[1] In its filing of its Form 175, MCLM disclosed the existence of a potential lease agreement with NRTC; this disclosure was made out of an abundance of caution. As shown by the attached declaration of Jack Harvey, Senior Vice President, Business Operations for NRTC, no final agreement has been reached, and negotiations are continuing. As stated in MCLM's Form 175 application, the potential agreement between MCLM and NRTC looks toward entry into one or more spectrum lease agreements with NRTC or its individual members of some of the spectrum which MCLM won at auction. Stated more simply, the agreement contemplates NRTC or its members becoming customers of MCLM, not affiliates. MCLM will retain full control of any authorization which it won at auction.

MCLM has filed an application for consent to assignment of certain licenses from Mobex. MCLM does not own or control Mobex. Again, Havens has his facts all wrong.

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[1] Havens' obvious disappointment at his not reaching an agreement with NRTC does not form a basis for Havens to complain about a relationship between MCLM and NRTC.

Contrary to Havens' allegations, Mobex and Clarity GenPar, LLC did not consummate a potential transfer of control transaction. In fact, as shown by the attached letter from the Commission, on June 30, 2005, the Commission properly rescinded the prior grant of its consent to the proposed transfer of control of Mobex to Clarity GenPar, LLC.

Moreover, Havens baselessly claimed that MCLM and Paging Systems, Inc. have a "joint venture" relationship. MCLM has no ownership relationship, joint venture relationship, or management relationship, whatsoever, with Paging Systems, Inc.

Despite Havens' protestations, under the Commission's spousal attribution rule, 47 C.F.R. §2.110(c)(5)(iii)(A), the revenues of one spouse are not automatically attributed to the other spouse. Neither is mere involvement in an entity by one spouse attributable to the other spouse. Havens did not demonstrate that Donald R. DePriest owned or controlled any interest which must be attributed to Sandra L. DePriest. Nor did Havens demonstrate that Donald R. DePriest serves as the majority or otherwise as the controlling element of the board of directors and/or the management of another entity.[2]

Havens speculated; he showed nothing concrete against MCLM. His "pleading" was unsupported by anything by guesswork. It was meant only to intimidate, distract, and harass

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[2] The "affiliation through common management rule" provides that "affiliation generally arises where officers, directors, or key employees serve as the majority or otherwise as the controlling element of the board of directors and/or the management of another entity," 47 C.F.R.§1.2110(c)(5)(vii).

another auction participant at the outset of a simultaneous, multiple round auction. Moreover, Havens' tired assertions against Mobex are entirely irrelevant to the auction participation of MCLM.[3]

The Commission should be more proactive in reigning in Havens' type of behavior in auctions and other Commission proceedings. To prevent further such harassment filings, MCLM recommends that the Commission require Havens to first seek leave from the Commission before any future filings are permitted involving MCLM.

[3] It would appear that Havens' allegations concerning a joint-venture relationship between Mobex and Paging Systems, Inc. are merely an untimely attempt to launch a collateral attack on Mobex's assignment of authorization application. Havens had his chance to say whatever he desired to say concerning Paging Systems, Inc. in his petition to deny Mobex's application. None of it is relevant here.

Conclusion

For all the foregoing reasons, MCLM respectfully requests that the Commission disregard and dismiss Havens' Section 1.41 Request. MCLM further requests that the Commission require Havens to seek leave to file any protest against MCLM in the future, including against MCLM's long form application, any assignment of authorization from Mobex to MCLM, or any other matter involving MCLM.

Respectfully submitted,
MARITIME COMMUNICATIONS/
LAND MOBILE, LLC

Dennis C. Brown

8124 Cooke Court, Suite 201
Manassas, Virginia 20109-7406
703/365-9436

Dated: August 22, 2005

Federal Communications Commission
Wireless Telecommunications Bureau
1270 Fairfield Road
Gettysburg, PA 17325-7245

APPLICATION DISMISSAL LETTER

MOBEX COMMUNICATIONS, INC.
SUITE 630, 1725 DUKE STREET
ALEXANDRIA, VA 22314

Date: 06/30/2005
Reference Number: 3590148

The application file number is: 0001932509

The Commission has rescinded its consent for this application for assignment of authorization / transfer of control and the application is dismissed for failure to timely file pursuant to Section 1.934(a) and for failure to notify the Commission of consummation or to request an extension of time to consummate pursuant to Section 1.948(d).

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC

In the Matter of	)	
	)	
Auction 61 for Automated Maritime Telecommunications System Geographic Area Licenses	)	
	)	**File No. ____________**
Participation by AMTS Consortium and Intelligent Transportation & Monitoring Wireless	)	

To: The Commission

DECLARATION OF JACK HARVEY

I, Jack Harvey, have reviewed the Section 1.41 Request (Request) filed by Warren C. Havens in the above-captioned proceeding on August 8, 2005, which mischaracterizes the nature of the relationship between Maritime Communications/Land Mobile, LLC (MCLM) and the National Rural Telecommunications Cooperative (NRTC). I have been requested by MCLM to submit this Declaration clarifying our relationship, which I understand will be appended to MCLM's response to Mr. Havens' Request.[1]

I declare under penalty of perjury that the following is true and correct.

1. I am the Senior Vice President, Business Operations, for NRTC, which represents the advanced telecommunications and information technology interests of more than 1,200 rural utilities and affiliates in 47 states.

2. NRTC's mission is to lead and support its members by delivering telecommunications solutions to strengthen member businesses, promote economic development, and improve the quality of life in rural America.

3. Among other responsibilities in my position as Senior Vice President, Business Operations, I review and report to NRTC and its members on new business opportunities, negotiate national contracts for NRTC and its members, support business solutions which expand NRTC's and our members' existing service offerings, and aggregate our members' individual buying power in an effort to promote the delivery of advanced telecommunications solutions to rural America.

[1] I do not respond in this Declaration to every unfounded allegation in the Request.

4. I am familiar with the wireless spectrum associated with the Automated Maritime Telecommunications System (AMTS) and the Commission's Auction 61 for AMTS spectrum (the "Auction").

5. Prior to the Auction's short-form application (FCC Form 175) filing window deadline of June 9, 2005, I was engaged on behalf of NRTC in discussions with MCLM regarding MCLM's existing AMTS spectrum holdings and the upcoming Auction, which ultimately resulted in the drafting of a proposed memorandum of understanding between MCLM and NRTC (Proposed MOU).

6. I understood that the Proposed MOU was nonbinding and created no legally enforceable rights or obligations for either NRTC or MCLM.

7. NRTC and MCLM never finalized their negotiations, and the Proposed MOU was never executed by either NRTC or MCLM.

8. The Proposed MOU contemplated the future negotiation of a spectrum lease arrangement, whereby NRTC would lease AMTS spectrum currently held by MCLM or obtained by MCLM in the Auction (Proposed Lease) on terms and conditions to be determined.

9. NRTC's rights under the Proposed Lease would have been limited to leasing from MCLM the use of certain AMTS spectrum licensed to MCLM, whether obtained through the Auction or otherwise.

10. Under the Proposed Lease, NRTC had no right to become the licensee of or to obtain any licensee interests in any of MCLM's AMTS licenses, whether through assignment, transfer, partitioning or disaggregation. All of the AMTS spectrum that would have been subject to the Proposed Lease would have remained solely in MCLM's possession and control as licensee.

11. NRTC and MCLM continue to negotiate the terms and conditions of NRTC's possible lease of MCLM's AMTS spectrum but have not reached any final agreement.

12. Despite the fact that the Proposed MOU was never executed by NRTC or MCLM, I understand that the discussions between NRTC and MCLM were publicly disclosed by MCLM in MCLM's FCC Form 175.

13. NRTC and MCLM are not affiliates and share no identity of interests. Neither controls the other, directly or indirectly, or has the power to do so.

14. NRTC did not participate as a bidder in the Auction.

Executed on August 18, 2005.

FURTHER AFFIANT SAYETH NOT.

Jack Harvey
Senior Vice President, Business Operations
National Rural Telecommunications Cooperative
2121 Cooperative Way, Suite 500
Herndon, VA 20171

DECLARATION

I declare under penalty of perjury that the foregoing is true and correct. Executed on August 22, 2005.

Sandra M. DePriest

CERTIFICATE OF SERVICE

I hereby certify that on this twenty-second day of August, 2005 I served a copy of the foregoing Response to Section 1.41 Request on the following person by placing a copy in the United States Mail, first-class postage prepaid to:

Warren C. Havens, President
AMTS Consortium, LLC
Intelligent Transportation & Monitoring Wireless, LLC
2649 Benvenue Avenue, Suites 2 and 3
Berkeley, California 94704

Dennis C. Brown

MCT Corp. Private Placement Memorandum. Business address is that of Donald DePriest's MCT Investors LP in Virginia.

MCT Corp.

Confidential Private Placement Memorandum
August 14, 2000

1555 King St., Suite 500 • Alexandria, VA 22314
Tel: (703) 683-8726 • Fax: (703) 683-6329
E-mail: MCTCORP@compuserve.com
www.mctcorp.net

The Company is offering to sell shares of common stock at $15.40 per share. See "Offering and Sale of Common Stock."

ANY SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ANY SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION SET FORTH IN THE SECURITIES ACT PROVIDED BY SECTIONS 4(2) AND/OR 3(b) THEREOF AND THE REGULATIONS PROMULGATED THEREUNDER, NOR HAVE THEY BEEN REGISTERED WITH THE SECURITIES COMMISSIONS OF CERTAIN STATES IN RELIANCE UPON SPECIFIC EXEMPTIONS FROM REGISTRATION. THERE IS NO ESTABLISHED MARKET FOR THE COMPANY'S SECURITIES, AND THERE MAY NOT BE ANY MARKET FOR SUCH SECURITIES IN THE FUTURE. SEE "OFFERING AND SALE OF SECURITIES."

ANY SECURITIES OFFERED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

UNDER NO CIRCUMSTANCES SHALL THIS MEMORANDUM CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

ANY SECURITIES OFFERED HEREBY REPRESENT SPECULATIVE SECURITIES, AND THIS OFFERING INVOLVES A HIGH DEGREE OF RISK FOR POTENTIAL INVESTORS. CERTAIN OF THESE RISKS ARE DESCRIBED IN OTHER SECTIONS OF THIS MEMORANDUM. EACH PROSPECTIVE INVESTOR SHOULD REVIEW CAREFULLY THE APPLICABLE LEGENDS AND OTHER MATERIAL DISCLOSURE STATEMENTS CONTAINED IN THE SUBSEQUENT PAGES OF THIS MEMORANDUM. SEE "RISKS AND OTHER IMPORTANT FACTORS."

ANY PURCHASER OF THE COMPANY'S SECURITIES MUST MEET CERTAIN SUITABILITY REQUIREMENTS, AND MUST BE ABLE TO ECONOMICALLY BEAR THE POTENTIAL LOSS OF HIS ENTIRE INVESTMENT. INVESTMENT IN THE SECURITIES IS NOT RECOMMENDED FOR INVESTORS WHO DO NOT HAVE ADEQUATE LIQUID ASSETS TO BE ABLE TO AFFORD A LONG-TERM, NON-LIQUID INVESTMENT. EACH INVESTOR MUST HAVE SUCH KNOWLEDGE AND EXPERIENCE OF FINANCIAL AND BUSINESS MATTERS (ALONE OR WITH A PURCHASER REPRESENTATIVE) SUCH THAT THE INVESTOR IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF THE PROSPECTIVE INVESTMENT. THE COMPANY MAY CHOOSE, IN ITS SOLE DISCRETION, NOT TO SELL SECURITIES TO ANY PERSON OR ENTITIES, INCLUDING, BUT NOT LIMITED TO THOSE WHO DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, THOSE FOR WHOM THE COMPANY BELIEVES THE INVESTMENT MAY NOT BE SUITABLE, AND THOSE TO WHOM SECURITIES MAY NOT BE SOLD PURSUANT TO APPLICABLE EXEMPTIONS FROM REGISTRATION REQUIREMENTS OF FEDERAL AND STATE LAW.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENT OF THIS MEMORANDUM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OWN COUNSEL, ACCOUNTANT OR OTHER ADVISORS AS TO THE LEGAL, TAX AND RELATED MATTERS CONCERNING THIS INVESTMENT.

NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM SHALL BE EMPLOYED IN CONNECTION WITH THE OFFERING OF THE SECURITIES EXCEPT FOR THIS MEMORANDUM AND THE EXHIBITS ATTACHED THERETO. NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS WITH RESPECT TO THE SECURITIES EXCEPT THE REPRESENTATIONS CONTAINED HEREIN. ANY INFORMATION OTHER THAN THAT CONTAINED HEREIN OR IN ADDITIONAL INFORMATION FURNISHED BY THE COMPANY UPON REQUEST BY AN INVESTOR MUST NOT BE RELIED ON.

ALL COMPANY DOCUMENTS RELATING TO THIS INVESTMENT AND RELATED DOCUMENTS AND AGREEMENTS WILL BE MADE AVAILABLE TO PROSPECTIVE INVESTORS AND/OR THEIR ADVISORS WITHOUT COST UPON REQUEST.

THIS MEMORANDUM INCLUDES CERTAIN STATEMENTS, ESTIMATES AND PROJECTIONS WITH RESPECT TO THE COMPANY'S ANTICIPATED FUTURE PERFORMANCE, AND THE PERFORMANCE OF THE ENTITIES IN WHICH THE COMPANY HOLDS, OR INTENDS TO HOLD, INTERESTS. SUCH STATEMENTS, ESTIMATES AND PROJECTIONS REFLECT VARIOUS ASSUMPTIONS CONCERNING ANTICIPATED RESULTS, WHICH ASSUMPTIONS MAY OR MAY NOT PROVE TO BE CORRECT. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF ANY SUCH STATEMENT, ESTIMATE OR PROJECTION.

EACH PROSPECTIVE INVESTOR AND THE INVESTOR'S ADVISOR(S) AND PURCHASER REPRESENTATIVE(S), IF ANY, ARE HEREBY ENCOURAGED TO AVAIL THEMSELVES OF THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM THE COMPANY, AND TO OBTAIN ADDITIONAL INFORMATION, TO THE EXTENT POSSESSED OR OBTAINABLE WITHOUT UNREASONABLE EFFORT OR EXPENSE, RELEVANT TO THIS OFFERING. THE COMPANY, FOR PURPOSES OF THESE REQUESTS, IS LOCATED AT 1555 KING STREET, ALEXANDRIA, VIRGINIA 22314.

UNDER NO CIRCUMSTANCES SHALL THE DELIVERY OF THIS MEMORANDUM OR ANY SALE HEREUNDER CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AND COMPLETE AS OF ANY TIME AFTER THE DATE HEREOF.

The date of this Memorandum is August 14, 2000.

TABLE OF CONTENTS

REFERENCES TO THE COMPANY

In this memorandum, the Company, we, us and our, refer to MCT Corp. and its subsidiaries, including the impact of pending acquisitions as if such transactions had been completed, unless the context otherwise requires.

INVESTMENT CONSIDERATIONS

Large scale network is one of the largest multi-city, built-out networks in the region

Our properties cover a population of 74 million, or one third of the Russian population, including the four largest cities, plus the countries of Uzbekistan and Tajikistan. The combined networks currently serve over 247,000 subscribers. The Company is also well positioned to benefit from the consolidation of the cellular market. As one of the largest operators in the region as measured by revenue and by pops covered, we expect to be an initiator of the coming consolidation in Russia as the market forces smaller operators to partner with a national operator. Additional discussions are under way to "roll up" more interests in the region.

Established cash flow positive operations

All of the Company's operations are EBITDA positive. Combined EBITDA for the group net of corporate-level overhead was $41 million in 1999. Valuations can be measured as a multiple of current as well as projected EBITDA, and the results are attractive compared to multiples for European and developing country standards.

Cellular communication is experiencing rapid growth in Russia

The Company's GSM properties have experienced good annual revenue growth over the past 12 months. Most market analysts expect this growth to continue for the next few years as cellular penetration in regional cities begins to catch up to the level of Moscow.

Strategic joint venture partners

In most of its markets the Company is partnered with the local PTT, eliminating certain natural conflicts that might otherwise arise, and ensuring operations with competitive head starts as the initial GSM provider in many markets.

First GSM provider in operation in most markets with high market share

As the first GSM operator in most of its markets the Company has already captured many heavy cellular telephone users and will be in a position to follow downward pricing trends instead of being forced to lead them to gain market share.

Experienced management with several years of hands-on experience in cellular and in the region

The Management group has previously designed and implemented industry consolidation and growth strategies. The Company's regional business model has resulted in high levels of EBITDA even at early stages of operations.

Stabilized and improving political and economic climates in the region

Russia's GDP grew by 3.2% in 1999 (as reported by the Russian Statistical Agency), and is predicted to grow more than 5.5% in 2000 and 4% in 2001. We expect that recent presidential elections and the anticipated political stability to follow will prove conducive to economic growth.

Significant potential for economies of scale and improved operational management with pending acquisitions	The RTDC properties have not been a primary focus of its owners for the past three years and hence did not receive the management attention that we can provide. MCT will devote significant attention to streamlining and growing these properties, and to developing economies of scale.
Good consolidation vehicle with no problematic political/ industrial alignments	As a U.S. company without affiliations within Russian political structures, the Company is an attractive acquirer for both regional Russian companies and companies in other CIS countries.
IPO consideration	The Company is considering an initial public offering to be initiated upon completion of the RTDC transaction (or any further merger and acquisition transactions that may be initiated in the short term). Two Russian cellular companies, MTS (symbol MBT) and Vimpel Communications (symbol VIP) have ADR's listed on the NYSE.
Other strategic scenarios	A large, developed network of cellular systems may be an attractive future acquisition candidate for one of the major global wireless operators. The Company could also consider a business combination with one of the other Russian operators as a major component to national/regional coverage.

MEMORANDUM SUMMARY

This summary highlights selected information from this memorandum and may not contain all of the information that you should consider before deciding to purchase any of our securities. For a more complete understanding of the Company, you should read the entire memorandum, including the risk factors and our financial statements and accompanying notes. Unless otherwise indicated, all information contained in this memorandum regarding our business and properties, but not our historic financial results, is presented as if the RTDC Acquisition (as defined herein) had already been consummated.

The Company and its Strategy

We provide cellular telephone service in Russia and Central Asia through twelve joint ventures (including pending acquisitions) with local partners. The joint ventures are licensed to serve over 74 million people. Together, our interests form a large scale, strategic network of cellular systems with a focus in the GSM standard. Our goal is to provide national-scope GSM coverage to our subscribers in each country. Our current cellular operations and pending acquisitions are presented in Table 1 on the following page.

We have developed our business plan based upon seven years of experience in the region, including several years of commercial operations in our joint ventures. To accomplish our objectives we intend to:

Continue regional GSM industry consolidation	Historically, few benefits of large-scale operations have been realized in the region. Our combined operations now create a large footprint to develop operational and network integration between markets. We have also identified additional potential acquisitions to further our objectives for a strategic holding in the region.
Accelerate penetration and coverage expansion within our existing systems	Our subscriber growth results in 1999 and 2000 indicate market potential for significant expansion in our current coverage areas, and in new areas within our licensed territories. Our goal is to accelerate growth through network expansion and through additional sales and marketing efforts.
Maximize cash flow with a balance of premium service pricing and growth strategies	We have designed service pricing strategies and network build-out plans to achieve positive joint venture operating cash flow at an early stage. These results provide an attractive financial model, and profitable operations can be achieved at relatively low market penetrations. We have significant potential to further reduce equipment and other costs through economies of scale.
Focus on the widely-deployed GSM digital cellular standard	Our focus is the GSM standard, the most widely deployed cellular standard in the world. The advantages of GSM over other standards are substantial, and we believe that GSM is important for long-term success in the CIS. Our goal is to convert our NMT systems to GSM, leveraging the existing subscriber base and strategic position.
Continue partnering with local enterprises to access regional experience and reduce operating risks	We have been successful in developing our operations through joint ventures with local partners. Relationships with regional partners are an important element of our plan to successfully develop national scope and to take advantage of operational head starts by incumbent GSM operators.
Leverage our experience as entrepreneurs	The CIS business environment requires resourcefulness and responsiveness that are best matched with an entrepreneurial focus. We believe that our backgrounds in the cellular industry and with growth companies are an important advantage in aggressively growing the market and in executing consolidation strategies.

Table 1. Cellular Joint Venture Interests, including pending acquisitions (pop. in millions, subscribers in thousands)

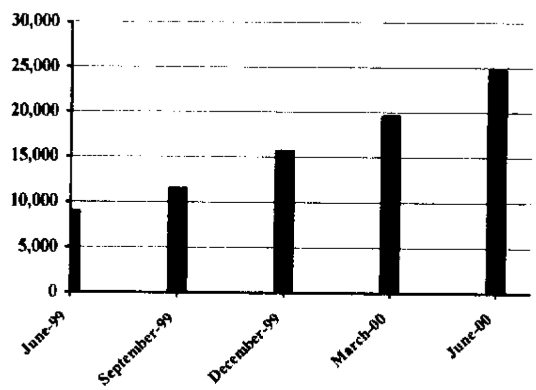
Joint Venture	License Region (Largest City)	Standard	% Held	Population Total	Population Pro rata	6/30/2000 Subscribers
Russia-						
Moscow Cellular Communications ("MCC")*	Moscow, Moscow oblast	NMT GSM 400/1800**	22%	15.3	3.4	97
Delta Telecom*	St. Petersburg, Leningrad oblast	NMT	32%	6.6	2.8	65
Uraltel	Sverdlovsk oblast (Yekaterinburg)	GSM900	48.2%[1]	4.7	2.3	11
Uralwestcom*	Same	NMT	49%	Same	Same	11
Don Telecom*	Rostov oblast (Rostov-on-Don)	GSM900	33.3%	4.4	1.5	10
Nizhnegorodskaya Cellular Communications ("NCC")*	Nizhny Novgorod oblast (Nizhny Novgorod)	GSM900	50%	3.7	1.9	20
Yeniseytelecom*	Krasnoyarsky krai (Krasnoyarsk)	GSM900/NMT	49%	3.2	1.6	5
Baykalwestcom*	Irkutsk oblast (Irkutsk)	GSM900/NMT	49%	2.9	1.4	6
AKOS*	Primorsky Krai (Vladivostok)	AMPS	67.7%	2.3	1.6	8
Sibintertelecom	Chita oblast (Chita)	GSM900	88%	1.4	1.2	1
				44.5	17.7	234
Central Asia-						
Coscom	Republic of Uzbekistan (Tashkent)	GSM900	51%	24.1	12.3	13
Somoncom	Republic of Tajikistan (Dushanbe)	GSM900	70%	6.1	4.3	.1
				30.2	16.6	13
				74.7	34.3	247

* Pending acquisition. See "Pending Acquisitions."

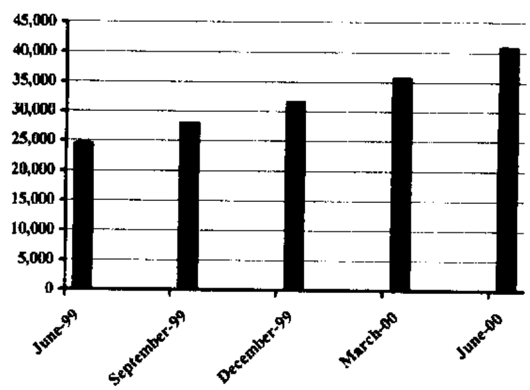
** Recently received approval to test GSM 400/1800 cellular services on an experimental basis. Historically, experimental approvals have been converted to licenses after commencement of commercial operations.

Current cellular penetrations in the region are low by industry standards. However, recent results show accelerating growth and significant potential. Limited GSM coverage and capacity, high service pricing, fragmented industry ownership, under-developed management and a lack of adequate infrastructure to support inter-market roaming have all contributed to the slow pace of penetration. Recent developments in each of these areas are contributing to increased growth and more rapid penetration. Recent subscriber growth for our GSM markets is illustrated below.

Current MCT Operations



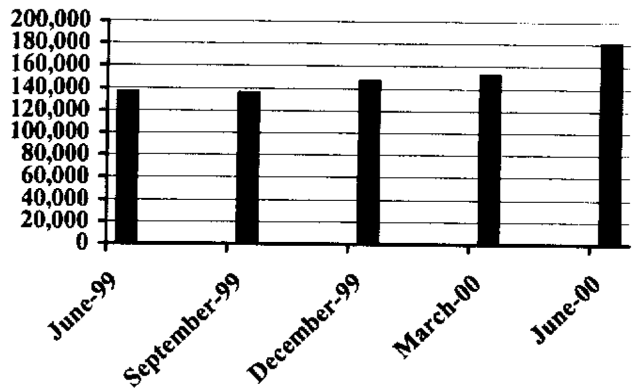
Current GSM Target Acquisitions



Until recently, subscriber growth for our NMT and AMPS-standard systems has been relatively flat, recognizing the impact of GSM competitors. However, our NMT interests are a strategic asset from which to develop future GSM operations in the important Moscow and St. Petersburg markets. Upon deployment of GSM 400/1800 networks, we expect growth in these markets to significantly accelerate. Recent subscriber growth for non-GSM systems is illustrated in the graph below.

[1] Includes 11.9% to be acquired from current shareholders for approximately $250,000 pursuant to existing agreements. See "Pending Acquisitions."

Pending Non-GSM Acquisitions



Our cellular networks address an immediate need for more reliable, advanced communications. Wireline communication infrastructures are not well developed in our region of focus, and cellular service plays an important role. Our systems offer mobile voice and data telephone service with advanced network features inherent in the GSM or other standards. Our service appeals to an affluent user segment that has demonstrated willingness to pay premium prices for cellular communications. We believe that broader market segments will develop in the future as the regions' economies develop. However, our operating model has been designed to achieve good returns on investment even with limited penetrations.

We plan to achieve our goal for national-scope service to our customers by developing the strategies below. We believe that our joint venture partners and their strategic relationships will be helpful in this process.

- Evolve our current NMT systems to GSM by (a) obtaining GSM 400/1800 authority through amendments to current licenses, (b) acquiring GSM 900/1800 licenses or (c) seeking new licenses;
- Acquire additional interests in existing regional GSM operators; and
- Affiliate with other GSM operators in strategic alliances to provide network access (in addition to traditional roaming) in regions where we do not hold or acquire GSM interests.

We also provide international gateway switching service, digital overlay and intercity network and other long distance network services across Russia through Westelcom (through a pending acquisition). We hold a 50% interest in the venture.

Pending Acquisitions

We have entered into an agreement to purchase approximately 95% of RTDC Holdings, Inc. ("RTDC Holdings"), a MediaOne affiliate, and holder of a series of cellular interests in Russia. RTDC has invested in eight cellular joint ventures and a switching venture. It has established a presence in several of Russia's major population centers, including Moscow, St. Petersburg, Nizhny Novgorod, Rostov-on-Don, Krasnoyarsk, Irkutsk and Vladivostok.

Under the terms of the agreement we will acquire the 68% of the outstanding shares of RTDC Holdings owned by MediaOne International Holdings, Inc. ("MediaOne International"), plus shares held by minority stockholders other than the International Finance Corporation ("IFC"), an arm of the World Bank. The minority stockholders of RTDC Holdings are not signatories to the agreement, but provision has been made for them to become parties by entering into Assumption Agreements.

The total consideration for the purchase is $63.5 million plus certain expense reimbursements of approximately $140,000 as of the date hereof. In addition to the stock of RTDC, we will also receive all outstanding remaining notes due to MediaOne and its affiliates which total approximately $39 million as of the date hereof, and MediaOne has agreed to forgive all outstanding advances owed to them by RTDC Holdings and its subsidiaries immediately prior to closing. We have made payments as deposits to MediaOne totaling $11.5 million, which will be returned to us only if MediaOne International fails to meet one of its closing delivery obligations. Upon payment of at least an additional $11 million, the transaction will close and the balance will be represented by a 120-day note due to MediaOne International as described below. The closing must be completed by August 31, 2000; however, extensions are available to us through September 15 and September 30 upon additional deposits of $1 million for each extension. The minimum additional amount required at closing (currently $11 million) will be reduced by any such additional deposits.

At the closing, we will issue to MediaOne International a 120-day promissory note in the amount of (a) the balance of the purchase price (a maximum of $41 million), plus (b) a premium of 9.8% of the portion of the note that is not repaid within 60 days from the closing date (a maximum of $4 million). The note may be prepaid without penalty at any time. The note will be secured by all of the shares of RTDC Holdings' stock acquired by us as long as the principal amount is greater than $30 million, by 11,947,500 shares (85.3%), if the principal amount is between $15 million and $30 million, and by 7,522,500 shares (53.7%) if the principal amount is less than $15 million.

The remaining 5% of RTDC Holdings will continue to be held by the IFC. We have encouraged the IFC to remain as partner because of the beneficial strategic relationship. We have also discussed the possibility of an exchange of the IFC's shares in RTDC for shares of the Company, although no agreement has yet been reached.

We have also reached an agreement with certain current shareholders of Uraltel to purchase an additional 11.9% interest in Uraltel for approximately $250,000. This arrangement includes an agreement with MTT Invest to the effect that Uraltel will sell its stake in Uralskiy GSM to MTT Invest in return for (i) the sale of MTT Invest's shares in Uraltel and (ii) MTT Invest's assistance in procuring the sale to us of Uraltel shares held by certain related shareholders. Due to the nature of these transactions, the sale of the additional shares in Uraltel to us does not reflect an arm's length transaction. These purchases are subject to the execution of definitive agreements, the approval of Russian anti-monopoly authorities, and the waiver of certain shareholder rights.

We are currently in discussion with other cellular operators to "roll up" additional regional cellular interests. Our goal is to continue to develop national coverage in our targeted regions by acquiring interests that compliment our existing networks. Purchase consideration may include cash, our common stock, or a combination of cash and our stock or other consideration.

The Offering

We are offering the private placement of our shares of common stock (the "Common Stock" and the "Offering") to institutional and other qualified private investors at a purchase price of $15.40 per share (the "Offering Price") in one or more closings. We reserve the right to (i) accept subscriptions for the purchase of Common Stock on a "rolling basis", upon receipt of executed subscription agreements, together with payment therefor; and (ii) increase the number of shares of Common Stock sold pursuant to the Offering. Principal terms of the Offering are summarized below.

Securities Offered	Shares of common stock, par value $0.01 per share ("Common Stock"), at a purchase price of $15.40 per share for gross proceeds of up to $55 million.
Eligible Investors	In the United States the shares of Common Stock will be offered only to "Eligible U.S. Investors" as set forth in the Subscription Agreement, in reliance on the exemptions from the registration requirements of Section 4(2) and Regulation D under the United States Securities Act of 1933, as amended (the "Securities Act"). Each subscriber will be required to provide a properly completed and signed Subscription Agreement.
Risk Factors	An investment in our shares involves a high degree of risk. See "Investment Considerations, Risks and Other Important Factors."
Liquidity Strategies	We intend to consider appropriate liquidity strategies, including (i) an initial public offering of our common stock in the United States or overseas stock market within the next twelve months, and (ii) possible strategic transactions in the future with global mobile telecommunications providers.
Dividend Policy	We do not expect to pay any dividends on shares of Common Stock for the foreseeable future and anticipate reinvesting funds which could otherwise be used for dividends, to finance the expansion of our business.
Transfer Restrictions	Transfers of shares of Common Stock (other than transfers to affiliates) will be restricted under the Shareholders Agreement by defined rights of first refusal. Any transfers must also comply with all applicable laws and satisfy the conditions set forth in the Shareholders' Agreement.
Piggy Back Registration Rights	The Shareholders' Agreement provides that in the event we offer shares of Common Stock in a public offering pursuant to an effective United States registration statement (other than a registration statement with respect to employee stock, stock options or similar plans or mergers, consolidations or other business combinations), Shareholders will have the right to include their shares of Common Stock in such registration, subject to the limitations and conditions specified in the Shareholders' Agreement.
Preemptive Rights	In the event that we issue additional shares of Common Stock or other equity securities (an "Issuance") under the circumstances specified in the Shareholders' Agreement, the Shareholders shall have the right to subscribe for additional shares of Common Stock or such other equity securities at the same price and on the same terms so as to maintain their percentage interest. Such preemptive rights will not apply to offerings at or above the Offering Price during the one year period following the closing of this Offering, and would terminate upon an initial public offering.

Tag-Along Rights	In the event that a Shareholder, acting individually or as a group (the "Selling Shareholder"), desires to transfer all or part of its shares to a bona fide third-party purchaser (other than to an affiliate) where the effect would be to vest ownership of 50% or more of the then outstanding shares of Common Stock in such purchaser, the other Shareholders shall have the right to sell shares to such purchaser, at the same price and on the same terms on a pro rata basis. The rights shall terminate upon an initial public offering.
Drag-Along Obligations	In the event that Selling Shareholders, acting individually or as a group, desire to sell all or part of their shares to a bona fide third-party purchaser, where the Selling Shareholders own and propose to transfer 65% or more of the then outstanding shares of Common Stock and such sale is contingent upon all of the outstanding shares being sold simultaneously to such purchaser, the Selling Shareholder shall have the right to require that the other Shareholders sell all of their shares, at the same price and on the same terms, to such purchaser. These obligations shall terminate upon an initial public offering.
Board Representation	Subject to maintaining a minimum ownership percentage of MCT's capital stock, investors participating in the Offering shall have the right to designate the number of directors proportionate to their ownership interest in the Company. The seats will be allocated based on the relative size of investments or by agreement among the investors participating in the Offering.
Fees and Expenses	We will pay the agency fees and transaction costs related to the Offering.
Reports	We will undertake to provide Shareholders with audited annual financial reports within 150 days of the fiscal year-end and unaudited quarterly financial statements within 75 days of the end of the first three fiscal quarters in each fiscal year beginning with the fiscal quarter ended September 30, 2000. Such reports will be prepared in accordance with International Accounting Standards, US GAAP or such other recognized basis of accounting as determined by MCT's Board of Directors.
Shareholders' Agreement	Each investor will be required to enter into the Shareholders' Agreement in the form to be provided, which will contain provisions relating to, among other things, rights of first refusal which restrict the transfer of Common Stock.
Tax Considerations	All persons interested in purchasing shares of Common Stock bear the responsibility of informing themselves of any income tax or other tax consequences relevant to their particular circumstances in connection with the subscription, holding or redemption of shares of Common Stock or the receipt of dividends, if any, paid thereon. Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communications from the Company and/or any of its directors, officers or agents as legal or tax advice. Each investor should consult his own financial adviser, counsel and accountant as to tax and related matters concerning an investment in our shares .

Projected Results

We have developed a range of projections for our operations. Combined joint venture level results for our base case projection, which assumes little economic improvement in the region, is summarized below. Our goals are higher, and our expectations are higher based upon our belief that the economic environment will continue to improve. The timing of such improvements is difficult to predict, although recent trends show positive developments. The base case results also do not reflect the impact of any conversion of NMT systems to the GSM standard. Assuming conversion of the NMT systems to GSM, our projected results would increase significantly. We have assumed only limited positive impact from Internet and other data applications. Based upon recent trends in Europe, we expect this impact to be more significant, but specific projections are difficult to make at this time. See "Business."

Combined Joint Venture Level Results – Base Case[2] ($ in thousands)

	Actual	Projected					
	1999	2000	2001	2002	2003	2004	CAGR
Cellular -							
Subscribers	200,800	280,600	343,500	421,000	515,700	633,800	26%
Revenues	$ 146,612	$ 156,097	$ 195,628	$ 228,881	$ 261,822	$ 299,297	15%
EBITDA	$ 47,511	$ 51,731	$ 73,216	$ 91,115	$ 109,510	$ 129,261	22%
ARPU	$ 65	$ 54	$ 52	$ 50	$ 47	$ 43	
Switching[3] -							
Revenues	$ 12,439	$ 8,000	$ 8,240	$ 8,487	$ 8,742	$ 9,004	3%
EBITDA	$ 10,363	$ 4,000	$ 4,120	$ 4,244	$ 4,371	$ 4,502	3%

The statements, estimates and projections as to future performance of the Company and the entities in which it holds or expects to hold interests, have been provided to assist in evaluation of the securities offered hereby but are not to be viewed as facts and should not be relied upon as accurate representations of future results. The statements, estimates and projections are based upon assumptions which are set forth in the detailed projections, and should be carefully reviewed by prospective investors. Because the projected financial information is based on assumptions about circumstances and events that have not yet occurred and are subject to significant uncertainties, and because of the subjective judgments and inherent uncertainties of forecasts, there can be no assurance that the projected results will be achieved, and actual results may be materially different than those shown (see "Forward-Looking Statements").

[2] Reflects results for the joint ventures on a combined basis, and excludes parent-level overhead and other costs. See "Selected Financial Highlights" for historical parent-level costs and for illustrative historical proportional consolidation data.

[3] Reflects recent results based on historical data increased by 3% assumed growth. Does not reflect the impact of potential strategic transactions for the business. Such plans will be further developed at a later date. The projected data is presented to illustrate the impact of continuing the historical level of business.

SELECTED FINANCIAL HIGHLIGHTS

The following selected financial highlights and other data have been derived from the historical financial statements listed in "Index to Historical Financial Statements" and from our operating results. Certain of the referenced financial statements are audited and others are unaudited. Portions of the financial statements at the joint venture level are prepared on the modified cash basis as indicated thereon, instead of generally accepted accounting principles. The selected financial data should be read in conjunction with the financial statements and the related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SELECTED FINANCIAL HIGHLIGHTS (in thousands)

	MCT CORP.						RTDC										
		Unconsolidated subsidiaries [1]					Unconsolidated subsidiaries										
		GSM					GSM					NMT					
	Parent Only	Coscom	Uraltel	Sibinter-telecom	Sormon-com	Consolid. RTDC [3]	NCC	Don-telecom	Yenisey-telecom	Baykal-westcom	MCC	Delta Telecom	Ural-Westcom	Wes-telecom	Pro Forma Combined	Proportional Pro Forma Combined
Percentage ownership	100%	51%	48%	88%	70%	100%	50%	33%	49%	49%	22%	42%	49%	50%		
Six Months Ended June 30, 2000[2]																
Subscribers		12,200	11,200	1,300	100	8,000	20,000	10,000	5,000	6,000	97,000	65,000	11,000	N/A	246,800	90,892
Revenues:																
Service		7,626	3,402	310	73	2,065	2,963	2,635	1,768	3,419	31,878	10,615	3,476	-	70,230	25,979
Other	2,939					950								3,802	3,802	1,901
Total revenues	2,939	7,626	3,402	310	73	3,015	2,963	2,635	1,768	3,419	31,878	10,615	3,476	3,802	74,032	27,880
Operating expenses	1,248	4,157	1,718	196	75	4,860	1,478	1,480	1,210	1,485	26,019	8,670	2,070	1,968	56,634	23,190
Net income from operations before interest, dep. and amort.	1,691	3,469	1,684	114	(2)	(1,845)	1,485	1,155	558	1,934	5,859	1,945	1,406	1,834	17,398	4,690
Interest (net)	1,001	886	339	256	19	(207)										
Depreciation	2,359	1,684	1,140	481	87	628										
Currency conversion		926	78	2	1											
Other	1					(5,551)										
Net (loss) income	(1,670)	(27)	127	(625)	(109)	3,285	379	(444)	(121)	(68)	(2,148)	(2,765)	121	(194)	(4,611)	(1,928)
EBITDA %	58%	45%	50%	37%	-3%	-61%	50%	44%	32%	57%	18%	18%	40%	48%		
Cash and cash equivalents	1,594	2,638	203	24	27	1,063										
Total assets	39,934	17,746	9,481	4,330	866	88,324										
Long term debt facilities:																
Third-party	22,337	381	4,536	-	-	58,403										
To the Company	-	15,679	4,108	5,009	755	-										
Total liabilities	24,591	19,732	9,517	6,674	921	63,006										
1999																
Subscribers		8,000	6,700	1,000	-	7,400	13,600	6,500	3,800	5,000	92,200	48,800	7,800	N/A	200,800	69,959
Revenues:																
Service	-	9,030	3,423	427	6	3,435	4,121	4,221	2,532	1,926	80,376	21,502	5,098	-	136,097	44,404
Other	3,306	-	-	-	-	2,812	77	218	275	5,162	5,493	1,455	517	12,439	25,840	11,271
Total revenues	3,306	9,030	3,423	427	6	6,247	4,198	4,439	2,807	7,088	85,869	22,957	5,615	12,439	161,937	55,675
Operating expenses	1,465	5,166	1,563	340	61	10,382	2,280	2,547	2,502	2,572	62,282	15,483	3,153	2,076	111,872	42,563
Net income from operations before interest, dep. and amort.	1,841	3,864	1,860	87	(55)	(4,135)	1,918	1,892	305	4,516	23,587	7,474	2,462	10,363	50,065	13,112
Interest (net)	1,817	1,489	799	409	-	4,564	323	875	53	1,135	-	-	948	450	6,468	5,301
Depreciation	3,099	1,903	1,206	659	-	3,785	1,333	1,776	882	2,345	13,497	7,894	1,299	2,459	39,038	16,603
Currency conversion[4]	-	398	79	46	-	-	-	-	-	-	-	-	-	-	523	261
Other	-	214	45	18	-	(839)	146	170	86	16	1,415	1,976	(85)	3,051	7,429	3,318
Net (loss) income	(3,075)	(140)	(269)	(1,045)	(55)	(11,645)	116	(929)	(716)	1,020	8,675	(2,396)	300	4,403	(3,393)	(12,372)
EBITDA %	56%	43%	54%	20%	-917%	-66%	46%	43%	11%	64%	27%	33%	44%	83%		
Cash and cash equivalents	186	2,010	264	16	16	2,176	116	496	20	224	1,950	3,300	456	2,796	14,026	7,281
Total assets	28,324	16,813	9,847	4,533	835	100,245	7,609	9,611	8,529	21,841	88,532	40,060	7,298	58,408	363,835	196,509
Long term debt facilities:																
Third-party	19,524	382	4,778	-	-	49,869	2,326	4,704	1,614	-	12,050	-	829	2,362	98,438	79,052
To the Company	-	16,026	4,403	5,175	872	-	413	2,429	-	4,684	-	-	4,648	-	-	19,313
Total liabilities	24,668	19,135	9,817	6,553	872	76,476	3,740	10,140	2,804	14,454	31,710	6,742	7,985	2,100	217,196	147,750

	MCT CORP.	Unconsolidated subsidiaries				RTDC	Unconsolidated subsidiaries									
		GSM					GSM				NMT					
	Parent Only	Coscom	Uraltel	Sibintertelecom	Somoncom	Consolid. RTDC [2]	NCC	Dontelecom	Yeniseytelecom	Baykalwestcom	MCC	Delta Telecom	Ural-Westcom	Westelcom	Pro Forma Combined	Proportional Pro Forma Combined
Percentage ownership	100%	51%	36%	65%	70%	100%	50%	33%	49%	49%	22%	42%	49%	50%		
1998																
Subscribers		3,000	2,200	500	-	6,500	9,400	4,800	3,500	4,600	88,200	39,900	5,900	N/A	168,500	56,308
Revenues:																
Service	-	3,728	3,450	752	-	5,852	7,006	4,313	4,247	3,920	104,461	38,060	7,675	-	183,464	61,140
Other	2,829	-	-	-	-	3,514	308	381	562	4,469	5,480	3,423	1,133	22,531	39,298	18,220
Total revenues	2,829	3,728	3,450	752	-	9,366	7,314	4,694	4,809	8,389	109,941	41,483	8,808	22,531	222,762	79,359
Operating expenses	1,883	3,256	1,725	491	-	13,981	3,789	3,366	3,472	5,311	86,341	28,638	4,938	4,160	158,629	60,026
Net income from operations interest, dep. and amort.	946	472	1,725	261	-	(4,615)	3,525	1,328	1,337	3,078	23,600	12,845	3,870	18,371	64,133	19,334
Interest (net)	1,446	1,316	680	441	-	4,204	642	912	27	893	393	(32)	1,038	(343)	4,732	3,949
Depreciation	2,373	1,503	877	539	-	3,773	1,169	1,449	769	1,600	11,994	7,277	1,247	1,703	33,900	14,587
Currency conversion	-	69	291	29	-	-	512	206	191	260	(681)	427	936	2,899	5,139	2,641
Other	-	(64)	306	82	-	(4,100)	786	68	698	(96)	2,291	3,130	160	5,647	15,518	8,072
Net (loss) income	(2,873)	(2,352)	(429)	(830)	-	(8,492)	416	(1,307)	(348)	421	9,603	2,043	489	8,465	4,844	(9,916)
EBIDTA %	33%	13%	50%	35%		-49%	48%	28%	28%	37%	21%	31%	44%	82%		
Cash and cash equivalents	59	430	99	2	8	3,915	26	259	38	59	661	1,766	866	6,277	14,465	8,832
Total assets	26,005	15,144	8,710	4,991	8	102,825	8,493	10,370	6,383	17,331	943	46,390	8,084	60,635	272,088	171,973
Long term debt facilities:																
Third-party	17,774	814	5,144	-	-	48,830	2,877	2,429	-	-	11,700	-	1,092	1,787	92,447	75,114
To the Company	-	14,895	7,970	5,764	-	-	-	4,704	383	5,121	-	-	5,387	-	-	-
Total liabilities	22,248	17,326	8,411	5,954	-	67,410	4,540	9,970	1,030	11,070	45,168	10,572	9,072	8,730	221,501	140,069
1997																
Subscribers		700	1,000	200	-	5,000	5,600	2,400	2,000	2,700	48,600	29,100	3,700	N/A	101,000	34,819
Revenues:																
Service	-	1,638	1,752	446	-	4,758	5,435	2,649	866	3,219	83,878	38,983	5,672	-	149,296	49,713
Other	1,228	-	-	-	-	4,696	957	251	688	5,122	3,226	5,749	1,949	23,576	42,891	20,649
Total revenues	1,228	1,638	1,752	446	-	9,454	6,392	2,900	1,554	8,341	87,104	44,732	7,621	23,576	192,187	70,361
Operating expenses	1,636	1,464	800	445	-	18,477	4,092	2,377	1,279	6,360	64,755	29,271	5,068	4,684	138,800	58,506
Net income from operations interest, dep. and amort.	(408)	174	952	1	-	(9,023)	2,300	523	275	1,981	22,349	15,461	2,553	18,892	53,387	11,855
Interest (net)	633	511	291	286	-	1,821	316	648	8	756	218	(102)	1,135	(311)	(544)	(1,055)
Depreciation	1,144	649	341	361	-	3,344	1,110	944	108	1,372	10,032	6,240	1,268	483	26,252	11,315
Currency conversion	-	-	15	-	-	-	(181)	(77)	100	62	145	(33)	121	389	541	241
Other	-	13	136	12	-	(10,653)	638	247	39	75	2,010	4,355	555	2,963	8,916	2,418
Net (loss) income	(2,185)	(999)	169	(658)	-	(3,535)	417	(1,239)	20	(284)	9,944	5,001	(526)	15,368	18,222	(1,063)
EBITDA %	-33%	11%	54%	0%		-95%	36%	18%	18%	24%	26%	35%	33%	80%		
Cash and cash equivalents	150	87	466	16	-	6,754	91	871		312	2,295	3,692	977	4,304	20,015	12,299
Total assets	21,540	12,838	7,775	4,923	-	104,577	8,084	10,109		14,565	88,998	47,257	7,867	50,414	342,647	185,387
Long term debt facilities:																
Third-party	14,660	-	3,801	-	-		3,299	2,650	-	-	13,251	-	1,629	-	39,290	22,266
To the Company	-	12,523	2,915	5,439	-	47,701	-	4,436	-	5,110	-	-	5,877	-	-	-
Total liabilities	16,935	13,093	6,817	5,550	-	60,670	4,547	8,402		8,814	45,197	13,487	9,344	6,974	199,830	123,383

Note 1 Results for the MCT Corp historical joint ventures are provided on the modified cash basis of accounting. See "Management's Discussion of Financial Condition and Results of Operations."

Note 2 Detailed information by joint venture for interest, depreciation and currency conversion is unavailable.

Note 3 Includes the results of AKOS on a consolidated basis.

Note 4 Currency exchange losses and related party management consulting fee data are unavailable for the RTDC properties for 1999.

RISKS AND OTHER IMPORTANT FACTORS

Investing in our stock will provide you an equity interest in the Company. As a stockholder, you may be subject to risks in our business. The value of your investment may increase or decline and could result in loss. You should carefully consider the following factors relating to us as well as other information contained in this memorandum before deciding to invest in our stock.

Possible Non-Consummation of RTDC Acquisition

We have recently entered into a definitive agreement to acquire RTDC Holdings (the "RTDC Acquisition"). The consummation of the RTDC Acquisition is subject to certain conditions. There can be no assurance that this transaction will be consummated. Upon consummation of the RTDC Acquisition, the interests in operating systems that are acquired will constitute a significant part of our business. We will be required to invest capital and management time in order to develop and expand these systems and to manage our interests. There can be no assurance that we will be able to operate and manage our interests in these systems successfully over the long term.

Need for Additional Financing

We will require substantial additional capital. The proceeds of the Offering will be used primarily to make the payments required at closing of the RTDC Acquisition. Depending on the amount of Offering proceeds, it may be necessary to obtain additional financing after the closing in order to pay a promissory note obligation to MediaOne secured by the outstanding stock of RTDC. In addition, current capitalization will only satisfy a portion of the Company's future financing requirements for its existing business, for the businesses to be acquired in the RTDC Acquisition, and for additional acquisitions. We expect to issue additional shares of stock in the future. We may also, either directly or through subsidiaries, issue debt instruments as necessary to meet our financing requirements. There can be no assurance that such necessary financing will be available, nor that if available, acceptable terms can be obtained. Our inability to finance the RTDC Acquisition, operations or necessary joint venture investments may have a substantial negative impact on us. Any additional sales of our equity interests may dilute existing stockholders, and any new debt instruments may add further restrictive covenants, interest and other obligations.

Substantial Leverage and Joint Venture Indebtedness

MCT Corp. has indebtedness outstanding under three credit facilities with Motorola. Outstanding balances under the facilities totaled $22.4 million as of June 30, 2000. Our objective is to meet these debt service requirements from proceeds of equipment leases entered into with Uraltel, Coscom and Sibintertelecom. To date, Uraltel has made most payments due under its lease, and Sibintertelecom and Coscom have made partial lease payments, each as shown in more detail in the accompanying financial statements. There can be no assurance that necessary lease payments will be received in the future, and we may be required to fund debt service requirements to Motorola.

In addition, certain of our joint ventures have third party debt facilities as more fully described in "Liquidity and Capital Resources." Certain payments under these facilities are in arrears. While discussions are in process to reschedule payments, and while we believe that these efforts will be successful, there is no assurance that creditors will not assert various rights under the respective credit agreements. Any such assertion could have a substantial negative impact upon us.

We may seek additional leverage in the future. Use of leverage creates additional risks. See "Liquidity and Capital Resources."

Emerging Markets and Foreign Enterprises

We offer services in developing nations, including Russia, Uzbekistan, and Tajikistan. A number of additional business risks are inherent in such businesses, as enumerated below.

Inflation and Adverse Economic Conditions- Many developing nations have experienced significant change and economic volatility. For example, vast changes in the former Soviet Union in recent years have led to a period of adjustment from efforts to move toward market-driven economies. This adjustment has caused increases in unemployment, overall contraction of the economy and high rates of inflation. The prospect exists of widespread bankruptcy, mass unemployment and collapse of certain sectors of former Soviet Union economies. Adverse economic conditions, especially inflation, may have significant negative effects on the viability of our business.

Over the past several years, governments of the CIS have enacted reforms designed to create conditions for more market-driven economies, particularly in Russia. Despite some progress in implementing reforms, including periodic reductions of inflation and periodic stabilization of production, substantial problems remain. These include, among others, budget deficits and deficit spending, periods of substantial inflation, unemployment, default under outstanding government indebtedness, inadequate tax systems, currency shortages and insufficient hard currency reserves. In August 1998, the Russian government effectively devalued the ruble, and has subsequently defaulted on certain debt obligations. Substantial inflation occurred following the devaluation and inflation might continue in the future. Inflation in Uzbekistan and Tajikistan has also been substantial in recent months. No assurance can be given that the reform policies will continue to be implemented and, if implemented, will be successful, that countries in the region will remain receptive to foreign trade and investment, or that the economies will improve. Elements of the previous command economy may also reappear.

Businesses in the CIS have a limited operating history in market-oriented conditions. The relative infancy of the business culture is reflected in the under-capitalization and liquidity problems of the banking systems. Many banks in the region are reported to have cash shortages. Many banks may fail and further consolidation may occur in the industry. Further problems in the banking systems could have a material adverse effect upon us. Many nations of the CIS have received substantial financial assistance from foreign governments and international organizations such as the International Monetary Fund (IMF). To the extent any of this financial assistance is reduced or eliminated, economic development in Russia and other CIS countries may be adversely affected.

Currency Fluctuation and Inability to Exchange Currency- Political and economic instability can cause substantial fluctuations in currency value. Rapid devaluation of foreign currencies and inflation could adversely effect us. Although many foreign governments in the CIS have periodically taken steps to stabilize their currencies, there can be no assurance that rapid swings in currency values will not occur, and that such fluctuations will not substantially damage the value of our interests. As discussed in "Inflation and Adverse Economic Conditions" above, substantial currency devaluation and inflation has recurred in Russia, Uzbekistan and Tajikistan within the last year. Our joint ventures have substantial liabilities due in foreign currencies, including the equipment financing discussed below. Our value is dependent upon local currency fluctuations.

Foreign currency unavailability can result from such factors as currency devaluation, trade balance problems, political instability, or the imposition of exchange controls, and is more likely to occur in countries with less-developed economies. For example, the Russian government has placed certain restrictions on foreign currency accounts, and has restricted certain foreign currency outflows (see "Other Regulations"). Also, the government of Uzbekistan has tightly controlled exchange of its currency and outflows of local and foreign currencies. Historically, our joint ventures in Russia and Tajikistan have been able to convert local currency to U.S. dollars, and to remit payments, necessary to service their obligations to us as discussed below and to other foreign creditors. However, there is no assurance that this capability will continue. In Uzbekistan, Coscom has been able to convert only limited amounts, approximately $273,000, of local currency to make payments to us under equipment leasing arrangements. There can be no assurance that such necessary payments will be made in the future. The lack of foreign currency availability, the inability to make necessary payments due in foreign currencies, or the inability to repatriate dividends in foreign currencies may have a material adverse impact upon us.

We utilize vendor equipment debt financing which is denominated in U.S. dollars, and payments are subject to various currency fluctuation and unavailability risks. Under the current vendor financing arrangements for Sibintertelecom, Coscom and Uraltel, for example, our leasing subsidiaries obtained financing from U.S. vendors for equipment purchases, and leased such equipment to the respective Russian and Uzbek joint ventures. Lease payments by the Russian and Uzbek entities are required to be made in U.S. Dollars. The ability of the joint ventures to make lease payments is therefore subject to such currency fluctuations and availability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Uncertain and Changing Political and Social Environment- Countries in which we operate are currently undergoing rapid changes in government structure and policies. For example, the countries of the CIS have emerged from the centrally-controlled government of the Soviet Union, and are instituting broad structural changes in their economic policies and programs. In this atmosphere of rapid transformation, it is difficult to predict what direction policy makers will take, and how long stated policies will remain in effect. The policies adopted by Russia and other CIS countries could have a substantial effect upon our success or failure, and government volatility and disruption could rapidly alter the prospects for our success.

Political and economic changes in the CIS in recent years have resulted in significant dislocations of authority, as previously existing structures have collapsed and new structures are only beginning to take shape. The local and international press have reported that significant organized criminal activity has arisen, particularly in large metropolitan centers. Moreover, the combination of the sudden loss of the tight social control that was characteristic of the Soviet Union, a large but poorly paid police force, an increase in unemployment, an influx of unemployed persons from outlying areas to metropolitan centers and a decline in real wages has led to a substantial increase in property crime in large cities. In addition, the local and international press have reported corruption of government officials. The failure of salaries and benefits generally to keep pace with the rapidly increasing cost of living have led in the past, and could lead in the future, to labor and social unrest. Such labor and social unrest may have political, social, and economic consequences, such as increased support for a renewal of centralized authority, increased nationalism (with restrictions on foreign involvement in the economy) and increased violence, any of which could have a material adverse effect upon us.

Uncertain Government Regulation- We are generally dependent upon government regulations, such as cellular telephone licensing policies, equipment certification and regulations relating to foreign investment. As discussed above, the countries in which we operate are undergoing substantial legal and economic changes, and there can be no assurance that current relevant government regulations will stay in effect, or that the regulations will not be adversely changed. In addition, a lack of consensus exists over the manner and scope of government control over the telecommunications industry. There can be no assurance that recent government policies liberalizing control over the telecommunications industry will continue. Any change in or reversal of such policies could have a material adverse effect upon us.

Expropriation- Telecommunications businesses are subject to risks of government expropriation or nationalization. Expropriation could occur through outright government confiscation of property, or "creeping" expropriation, in which the government cuts off services and gradually takes over ownership. While Russia and, to a lesser degree, Uzbekistan, have partially moved away from centrally controlled government and have privatized large segments of their economies, the countries have a history of nationalizing industry and could potentially decide to re-nationalize an industry such as telecommunications. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Legal Systems- Risks associated with CIS legal systems include: (i) inconsistencies between and among laws, decrees, and government and ministerial orders and resolutions; (ii) conflicting local, regional and federal rules and regulations; (iii) the lack of judicial or administrative guidance on interpreting the applicable rules; (iv) the untested nature of the independence of the judiciary and its immunity from economic, political or nationalistic influences; (v) the relative inexperience of judges and courts in interpreting and enforcing legal norms; and (vi) a high degree of discretion on the part of governmental authorities. Laws regulating ownership, control and corporate governance of CIS companies may, in some cases, provide little protection to minority shareholders. Disclosure and reporting requirements, and anti-fraud and insider trading legislation, have only been adopted in certain countries, and where adopted, have only recently been enacted. Most companies and managers are not accustomed to such restrictions on their activities. The concept of fiduciary duties on the part of management or directors to their companies or shareholders is also relatively new and is not well developed. Antitrust considerations may hinder or prevent our ability to complete acquisitions.

Risk of Early Stage Operations, Historical Losses, New Market and Uncertain Demand

Since inception, our business has experienced significant net losses and has accumulated significant working capital deficits. These losses and deficits may continue for an undetermined period of time. While early stage businesses offer the opportunity for significant growth, such opportunities involve a high degree of business and financial risk that can result in substantial losses. Among these are the risks associated with investments in projects in an early stage of development with little or no operating history, projects operating at a loss or with substantial variations in operating results between periods, and projects with needs for substantial additional capital to support current operations or expansion, or to achieve or maintain a competitive position. Cellular and other wireless communications services are relatively new in many countries, including the CIS, and demand for such service is uncertain. There can be no assurance that demand for the services will emerge to meet our objectives. There can be no assurance that we will achieve or maintain profitability. If profitability cannot be obtained as necessary, debt service requirements and working capital requirements may not be met.

Reliance Upon Local Entities and Local Management

We participate in enterprises together with local entities. We hold less than majority interests in several of our joint ventures, and, in the case of AKOS, Coscom, Sibintertelecom and Somoncom where we hold a majority of shareholder interests, we do not control all decisions. Economic conditions may force our joint venture partners to rely on us for financial assistance in meeting their obligations in the enterprises. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." It is possible that the local participants' interests will not correspond with ours, and there can be no assurance that these partners will remain economically viable or be willing or able to commit their resources to the joint ventures.

We continue to rely to an extent on our local partners for political contacts, relationships with regional and national communications companies, local knowledge, and, to a certain extent, day-to-day operation of the joint ventures. There can be no assurance that these entities will be able to achieve their objectives. We are reliant on local personnel for joint venture management. In some regions in which we may operate, it may be difficult to obtain qualified personnel due to the lack of trained engineers and other key professionals. We will make substantial efforts to train personnel in skills that will enhance the likelihood of success, and to utilize the resources of our local partners, particularly the telecommunications concerns.

Limitations on Foreign Ownership

Many countries limit the level of foreign ownership in business enterprises. In addition, certain forms of business organization (such as closed joint stock and limited liability companies, the structures used in each of our current ventures) place restrictions upon transferability of ownership interests. Accordingly, our joint venture interests may not be freely transferable. Our joint ventures may be forced to sell interests only to certain other qualified entities, and may be prohibited from accepting attractive offers from other parties. There can be no guarantee that viable buyers will be available in the event we seek to sell our interests in the joint ventures, and the inability to sell to other entities may have a negative effect upon our potential value.

Managing Rapid Growth

We seek rapid growth. There can be no assurance that necessary system construction, financing, financial systems and controls, personnel and other operational requirements can be met. Failure to meet these requirements could have a material adverse affect upon us.

Impact of New Technology

All cellular telephone systems involve significant capital expenditure for equipment based upon rapidly changing technologies. The impact on the company of such changes, including current trends toward data transmission and third generation systems cannot be fully determined. Changes in technology may require substantial additional capital expenditures. There is no assurance that necessary financing will be available, and the failure to make such expenditures may have a substantial negative impact on our business.

Migration from NMT to GSM Standards

Three of our systems (MCC, Delta Telecom and Uralwestcom) are licensed for the NMT standard. As further discussed in "Business," we plan to migrate from NMT to GSM 400/1800 networks. There is no assurance that license amendments or new licenses for these standards can be obtained. The licensing regime for GSM 400/1800 has not been announced in Russia and the terms are therefore unknown. Also, while multiple vendors have announced GSM 400/1800 products, no such systems have yet been commercially deployed. The inability to obtain necessary licensing, or to procure GSM 400/1800 equipment at a reasonable cost would have a substantial negative impact on the prospects for these businesses.

Cellular License Compliance Unpaid License Fees

The cellular licenses for our joint ventures contain various compliance requirements. There can be no assurance that the license requirements can be met and that the licenses can be maintained. Many of our joint ventures have generally not paid the substantial fees due under terms of Russian cellular licenses. Although this practice has been common in the Russian cellular industry, and while the fees have not been asserted by the licensing authority, there can be no assurance that substantial payments will not be required in the future. Non-compliance could result in the loss of each respective business opportunity.

Spectrum Allocation

Access to sufficient radio frequency is necessary to support wireless systems' growth and quality. An inability to access adequate frequency, including additional needs for subscriber expansion, could limit the growth of such systems and their ability to generate cash flow and profitability. Although we seek opportunities where adequate spectrum appears to be available, there can be no assurance that such frequency will be available in the future. See "Business."

Contractual Interconnection Relationships

In order to provide customers with access to local landline and long distance networks, our joint ventures must negotiate interconnection arrangements with local telephone companies and long distance carriers. Precedent within the CIS for such arrangements is limited. The joint ventures may be unable to obtain such interconnection in the future, or may only be able to do so at prices that would negatively affect their profitability. See "Business."

Competition

Our joint ventures expect to encounter significant competition from other wireless enterprises, including current licensees and new licensees that may emerge in the future. Competition may also come from other forms of communication. It is likely that additional cellular and other wireless service licenses will be issued in the future. There can be no assurance that the joint ventures will be able to compete successfully with existing competitors or new market entrants. Such competitors may have substantially greater financial, technical and other resources. See "Telecommunications Sectors" and "Cellular Competition."

Accounting Methods and Audit Status

For certain of our joint ventures, we currently do not have sufficient information available as a practical matter to report or account for our joint venture interests under methods required by generally accepted accounting principles ("GAAP"). Rather than accounting for our investments in these ventures under the equity or consolidated method as required by GAAP, we may be required to account for such investments on the cost method for an indefinite period of time. Therefore, all of our financial statements may not be prepared on the basis of GAAP. To date, the historical financial statements of MCT Corp. have not been audited, although the audit process has been recently initiated. Audits of the historical joint ventures of MCT Corp. have been audited under Russian standards, but audits under GAAP standards have only recently been initiated. Audited GAAP financial statements are available through 1998 for RTDC Holdings and its related joint ventures; 1999 audits are in process.

Dilution

Any future additional funds or resources we obtain through the issuance of additional shares of stock could result in dilution of the investments of existing stockholders at such time. The Board of Directors may issue additional shares of stock, at prices and under such terms as it may determine are in the best interests of the Company.

Control by Board of Directors and Reliance on Management

All management decisions will be made by the Board of Directors. We are dependent upon the efforts and abilities of its existing management team. The loss of several of our current managers could have a material adverse effect upon us.

No Trading Market for Shares

Transfer of the shares offered hereby may be subject to certain restrictions and may be affected by restrictions on resale imposed by applicable federal and state securities laws. There is presently no public market for the shares, and none is expected to develop. Consequently, stockholders may not be able to liquidate their investments in the event of an emergency or for any other reason. Such factors may also limit the price that a stockholder would be able to obtain.

Dividends

There can be no assurance that any dividends or other distributions to stockholders will be made or that aggregate distributions, if any, will equal or exceed your investment. The Board of Directors has absolute discretion in the timing of dividends.

FORWARD-LOOKING STATEMENTS

We may from time to time make written or oral forward-looking statements, including in this memorandum, in reports to stockholders and in other communications. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments, and business strategies. Examples of such forward-looking statements include, but are not limited to:

- statements regarding our results of operations and financial condition;
- statements of our plans, objectives or goals;
- statements regarding our services and anticipated customer demand for these services;
- statements of future economic performance;
- statements of assumptions underlying such statements.

Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "project" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections, and other forward-looking statements will not be achieved. Our risks are more specifically described in the "Risks and Other Important Factors" section. If one or more of these materialize, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated in this memorandum. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- political, economic and legal changes in the markets where we operate;
- the effect of, and changes in, regulation and government policy;
- the effects of competition;
- our need for additional financing;
- our success at managing the risks of the foregoing.

The foregoing list of important factors is not exhaustive; when relying on forward-looking statements to make investment decisions you should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

Net proceeds of the securities offered hereby will be used primarily to finance the pending acquisitions as further discussed in "Pending Acquisitions." Remaining proceeds will be used for purchases of cellular equipment and related debt service, operating expenses and other working capital requirements.

DIVIDEND POLICY

We, including our predecessor, have never declared or paid any dividends on our equity securities. We currently intend to retain any future earnings to finance the growth and development of our business and therefore do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend upon our financial condition, operating results, capital requirements and other factors that our board of directors deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and related notes referenced elsewhere herein. Certain statements herein contain forward-looking statements about our operations, economic performance, prospects and financial condition. Because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied. See "Forward-Looking Statements."

Formation and Pending RTDC Acquisition

The Company was formed in February 2000 as a reorganization of the operations of MCT of Russia, L.P. (the "Partnership" or "Predecessor"). Effective February 29, 2000, the assets and liabilities of the Partnership were assigned to the Company in exchange for the issuance of our common stock. The Partnership was formed as a Delaware limited partnership in late 1995. From formation through mid-1997, its activities were primarily limited to (a) organizational efforts, (b) review and investigation of potential opportunities, and (c) formation, planning, financing and initial construction efforts associated with Coscom, Uraltel and Sibintertelecom. To date the Company has developed four GSM cellular joint ventures (the "Historic Joint Ventures").

In March 2000, the Company entered into an agreement to acquire a controlling interest in RTDC Holdings. Total consideration and our contractual commitments are discussed in "Pending Acquisitions." RTDC Holdings, a Delaware corporation, was formed in 1996 for the purpose of developing, investing in and managing telecommunication businesses in Russia. Development of its business began in 1990 through the efforts of US West International ("US West"). US West was among the first telecommunications companies to invest in and commence cellular operations in Russia. The first major commitment was an investment in Delta Telecom in October 1990, followed by an investment in MCC in December 1991. Westelcom was established shortly thereafter. In December 1993, US West contributed its interests in these three investments, as well as certain other interests, to form RTDC. The shareholders of RTDC exchanged their shares for interests in RTDC Holdings upon its formation in 1996. Currently, RTDC Holdings has interests in nine joint ventures in which it holds equity interests ranging from 22% to 68%. RTDC Holdings coordinates its activities in Russia through a representative office of a wholly-owned subsidiary, RTDMC, registered in Moscow.

Our combined joint ventures are listed below, together with dates of inception for commercial operations and period-end subscriber data.

Table 2. Joint Venture Operations History

	Date of		Subscribers			
Joint Venture	Formation	Commercial Operations	December 31, 1997	December 31, 1998	December 31, 1999	June 30, 2000
AKOS	July 1993	Jan. 1995	5,000	6,500	7,400	8,000
Baykalwestcom	June 1994	July 1995	2,700	4,600	5,000	6,000
Coscom	Dec. 1995	July 1997	700	3,000	8,000	12,200
Delta Telecom	Oct. 1990	Sept. 1991	29,100	39,900	48,800	65,000
Don Telecom	Feb. 1994	Aug. 1995	2,400	4,800	6,500	10,000
MCC	Jan 1992	Feb 1992	48,600	88,200	92,200	97,000
NCC	Mar. 1995	June 1995	5,600	9,400	13,600	20,000
Sibintertelecom	Dec. 1993	May 1997	200	500	1,000	1,300
Somoncom	July 1998	March 2000	-	-	-	100
Uraltel	July 1993	July 1997	1,000	2,200	6,700	11,200
Uralwestcom	Aug. 1994	Dec. 1995	3,700	5,900	7,800	11,000
Westelcom	Aug. 1992	Dec. 1991	N/A	N/A	N/A	N/A
Yeniseytelecom	Sept. 1995	June 1997	2,000	3,500	3,800	5,000
			101,000	168,500	200,800	246,800

The operating joint ventures began realizing revenues upon initiation of commercial operations at various dates as shown in the table above. The Company and several of the joint ventures have generally experienced net losses to date. Losses from these ventures will continue until revenues reach levels that exceed expenses. We operate in countries with emerging economies, which have uncertain economic, political and regulatory environments. Risks include the possibility of rapid change in many business and other variables. See "Risks and Other Important Factors."

Basis of Accounting and Presentation

Portions of the financial data provided are presented in accordance with GAAP, and others are presented based upon different principles. Departures from GAAP and other key principles are as follows.

Non-Consolidation and Investment Cost Basis Method for Certain Historical Joint Ventures- MCT Corp.'s investments of capital in the four Historical Joint Ventures have been accounted for using the cost method, a departure from GAAP. Under the cost method, an investor records its investments at cost, without adjustment of the carrying amount of the investment to recognize the investor's proportionate share of earnings or losses of the investee after the date of acquisition, as in the equity method, or without consolidating the assets, liabilities, revenues and expenses, as in the consolidated method. Each of MCT Corp.'s Historical Joint Ventures has incurred net losses to date. We have not recorded our proportionate share of these losses, as required under the equity method of accounting, which would reduce the amount of investment in the joint ventures, nor have we consolidated the results of operations, as required under the consolidated method of accounting. We believe that this presentation is the most useful under the circumstances because these four joint ventures currently lack financial reporting designed to comply with GAAP. See "Index to Available Historical Financial Statements." The Historical Joint Ventures are currently undergoing GAAP-based audits.

Cellular System Lease Accounting for Unconsolidated Subsidiaries- To finance cellular systems for MCT Corp.'s four Historical Joint Ventures, we (through our subsidiaries) purchased cellular system equipment for subsequent lease under long-term arrangements to each respective joint venture. As described above, the subsidiaries have not been consolidated in the accompanying financial statements. The agreements have been recorded in MCT Corp.'s financial statements as operating leases, and rental income is recognized ratably over the term of the lease agreements, commencing with placement of the cellular systems into commercial service. Related cellular system equipment is recorded in our financial statements at cost, and is depreciated on a straight-line basis over estimated useful lives (generally 7 years). As more fully discussed in "Liquidity and Capital Resources," proceeds of the leases generally approximate our costs of purchasing the equipment (including vendor credit facility interest charges, insurance and other out-of-pocket costs) over the lives of the leases.

Modified Cash Basis Method for Historical Joint Venture Data- Information presented for MCT Corp.'s four Historical Joint Ventures has been prepared on the modified cash basis in the absence of information prepared in accordance with GAAP. Therefore, income and expenses are recognized only as cash is received or paid, and operating account payables and most accrued expenses are not reflected. However, the selected balance sheet information and condensed statements of cash receipts and disbursements include the addition of accounts receivable, depletion of inventory, depreciation of cellular systems, amortization of deferred license costs, and accrual of interest on the capital lease obligations. Lease obligations to the Company and other entities have been capitalized and subsequently amortized, generally over a 7-year period. The inclusion of these items is a departure from pure cash basis reporting. See the financial statements contained elsewhere herein for further discussion.

Results of Operations

Selected financial highlights and other data for the Company, the pending acquisitions and the joint ventures are presented in "Selected Financial Highlights." The table below outlines trends in sequential quarterly service revenues for the combined joint ventures. Data for MCT Corp.'s four Historical Joint Ventures are reported on a modified cash basis.

Table 3. Combined Joint Venture Revenues ($ in thousands except per subscriber data)

	Quarter Ended					
	March 31, 1999	June 30, 1999	September 30, 1999	December 31, 1999	March 31, 2000	June 30, 2000
MCT Corp – Historical Joint Ventures:						
Coscom	$ 1,171	$ 1,626	$ 2,074	$ 2,528	$ 3,719	$ 3,907
Uraltel	501	621	958	1,206	1,359	2,043
Sibintertelecom	69	107	117	132	137	173
Somoncom	-	-	-	6	25	48
	$ 1,741	$ 2,354	$ 3,149	$ 3,872	$ 5,240	$ 6,171
ARPU	$ 127	$ 135	$ 134	$ 125	$ 122	$ 122
RTDC – GSM:						
NCC	$ 822	$ 910	$ 1,091	$ 1,298	$ 1,302	$ 1,716
Dontelecom	840	901	1,176	1,304	1,095	1,574
Baykalwestcom	425	452	516	533	563	615
Yeniseytelecom	681	697	553	601	801	1,066
	$ 2,768	$ 2,960	$ 3,336	$ 3,736	$ 3,761	$ 4,971
ARPU	$ 54	$ 54	$ 56	$ 56	$ 52	$ 58
NMT and other:						
MCC	$ 20,087	$ 20,639	$ 21,387	$ 18,263	$ 17,009	$ 15,526
Delta Telecom	5,047	5,316	5,678	5,461	5,152	5,475
Uralwestcom	1,025	1,121	1,427	1,526	1,737	1,751
AKOS	878	807	914	947	992	1,120
	$ 27,037	$ 27,883	$ 29,406	$ 26,197	$ 24,890	$ 23,872
ARPU	$ 80	$ 79	$ 81	$ 68	$ 61	$ 53
Westelcom	$ 3,828	$ 3,171	$ 2,107	$ 3,333	$ 1,897	$ 1,944

Six Months Ended June 30, 2000 Compared with 1999

Joint Venture Level- Total pro forma combined revenues increased (decreased) 179%, 52%, (11%) and (45%) for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, and Westelcom, respectively, compared to the first six months of 1999. Trends within 2000 reflect increases (decreases) in combined revenues of 18%, 32%, (4)% and 2% from the first quarter to the second quarter, respectively. Cellular results are primarily attributable to increases in subscribers, net of reductions in ARPU for non-GSM systems. Subscribers increased by 175%, 79% and 33% from June 30, 1999 to June 30, 2000, for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, respectively, by 58%, 42% and 16% from December 31, 1999 to June 30, 2000, and by 26%, 23% and 12% from March 31, 2000 to June 30, 2000, respectively. GSM subscriber increases reflect strengthening economic indicators in the region, further sales and marketing efforts, and the impact of larger system coverage areas. Growth for non-GSM systems was lower because of competition from GSM systems.

ARPU for the GSM systems was relatively constant in 2000 compared to 1999. Generally, this trend reflects gradual increases in the level of roaming revenues, net of reductions in activation fees and service pricing for system subscribers. The level of ARPU for Coscom began a more significant decreasing trend in the second quarter of 2000 as a result of the impact of currency devaluation and other changes in economic policy in Uzbekistan beginning in May 2000. This devaluation is part of a broader strategy of the Uzbek government to re-position the local currency during the next several months, and to ultimately relax restrictions on local currency convertibility. While this process in Uzbekistan will likely limit growth in the near-term, and produce a decreasing ARPU trend because of pressure on the purchasing power of subscribers, we believe that the impact beyond the short-term will be positive because of the potential for increased foreign investment and longer-term economic growth in the country. ARPU and revenue growth for Don Telecom was reduced in the first quarter of 2000 because of special promotions necessary to match competition. Don Telecom ARPU returned to normal levels in the second quarter. ARPU in non-GSM systems decreased as a result of service price reductions associated with the strategy to retain subscribers in the transition period from NMT to GSM standards. Decreases in Westelcom revenues from the first six months of 1999 to 2000 are primarily attributable to reductions in contract pricing as discussed in the 1999 discussion below.

Our goal is to further improve the level of subscriber growth in future periods, particularly in the RTDC ventures, and to stimulate increased subscriber usage. We believe that further developed sales and marketing strategies, common branding and promotion, increased network coverage and other strategies, additional management attention, and improving economic indicators will continue to improve results. We expect results for the non-GSM ventures to continue to reflect lower growth patterns similar to recent months until strategies for conversion to GSM have been implemented. We expect the level of roaming revenues to increase in future periods as a result of further increases in the number of subscribers, increases in the number of roaming agreements with other GSM operators, increased user awareness, increased promotion of roaming capabilities to local subscribers and inbound roamers, and improvements in economic conditions. We expect ARPU for the GSM systems to gradually decrease in future periods due to lower usage for incremental subscribers and decreased pricing to attract larger market segments. We expect overall decreases in ARPU to be slowed by efforts to stimulate usage by current customers compared to prior periods.

EDITDA margins at the joint venture level were 46.4%, 47.8%, 22.6% and 43.8% for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, and Westelcom, respectively, for the first six months of 2000, and 33.8%, 42.1%, 28.8% and 75.8% for the first six months of 1999. EBITDA margins for the second quarter of 2000 were 45.2%, 48.8%, 23.7% and 34.4% compared to 47.8%, 46.6%, 21.7% and 53.5% for the first quarter. Changes in margins for the GSM systems reflect the impact of increases in revenues and the fixed nature of certain operating costs consistent with trends in prior years, net of timing differences associated with the modified cash basis of accounting for the MCT Historical Joint Ventures. Decreases in margins for the non-GSM ventures primarily reflect lower ARPU as discussed above. Decreases in margins for Westelcom reflect lower revenues.

Variations in net income are primarily the result of changes in EBITDA and changes in depreciation for the MCT Historical Joint Ventures attributable to the change in estimated useful lives.

Parent Level- Decreases in RTDC Holdings consolidated operating expenses during the periods reflect reductions in representative office personnel and related expenses, and reductions in costs at AKOS, the only consolidated RTDC Holdings joint venture. RTDC Holdings interest expenses are primarily attributable to its OPIC credit facility, which was retired in May 2000. The retirement resulted in other income of approximately $8 million. We expect RTDC Holdings expenses to be further reduced after closing of the pending acquisition as a result of cost efficiencies from combining our operations. Increases in MCT operating expenses in the first six months of 2000 reflect increased personnel, higher travel costs and additional professional expenses. These increases are attributable to efforts to expand our existing operations and to pursue the RTDC acquisition and other development activities.

1999 Compared with 1998

Joint Venture Level- Total pro forma combined revenues increased (decreased) 62%, (26%), (29%) and (45%) for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, and Westelcom, respectively, compared to the 1998. Trends within 1999 reflect increases (decreases) of 30%, 16%, (8%) and (58%) from the third quarter to the fourth quarter, respectively. Cellular results are primarily attributable to increases in subscribers, net of reductions in ARPU and increases in the proportion of subscriber on inactive status. Subscribers increased by 175%, 34% and 5% from December 31, 1998 to December 31, 1999, for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, respectively, and by 37%, 9% and 9% from September 30, 1999 to December 31, 1999, respectively. GSM subscriber increases reflect increased sales and marketing efforts, the impact of system expansion and larger system coverage areas, and, in the second half of the year, strengthening economic indicators. Growth for non-GSM systems was lower because of competition from GSM systems. Subscriber and revenue results in the first half of 1999 were particularly impacted by Russian crisis which began in 1998.

Decreasing trends in cellular ARPU in 1999 reflect (a) pricing decreases to stimulate further demand and usage (impacted by the Russian crisis), and respond to competition, (b) decreasing usage as the targeted market segments of users expands, and (c) lower national pricing for long distance service. ARPU for the RTDC systems was negatively impacted by the introduction of pre-pay plans whose subscribers typically have lower usage levels. Decreasing trends are partially offset be increasing roaming revenues attributable to broader GSM coverage in our markets. Decreases in Westelcom revenues from 1998 to 1999 are primarily attributable to mid-1999 scheduled reductions in contract pricing for traffic upon reaching defined milestones.

EDITDA margins at the joint venture level were 42.5%, 46.6%, 29.5% and 83.3% for the MCT Historical Joint Ventures, RTDC GSM joint ventures, the non-GSM RTDC joint ventures, and Westelcom, respectively, for 1999, and 31.0%, 36.8%, 25.7% and 81.5% for 1998. Changes in margins for the cellular systems are due to (a) the fixed nature of certain costs that decrease as a percentage of revenues as revenues increase or decrease, (b) decreases in long distance and other usage-related costs (primarily attributable to ruble devaluation and lower long distance usage), and (c) lower inflationary increases in other ruble-denominated costs compared to service price increases. Decreases in margins for the MCT Historical Joint Ventures reflect timing differences associated with the modified cash basis of accounting.

Combined depreciation for the cellular ventures increased as a result of the further expansion of the cellular systems.

Parent Level- Decreases in RTDC Holdings consolidated operating expenses during the periods reflect reductions in representative office personnel and related expenses, and reductions in costs at AKOS, the only consolidated RTDC Holdings joint venture. RTDC Holdings interest expenses are primarily attributable to its OPIC credit facility, which was retired in May 2000. We expect RTDC Holdings expenses to be further reduced after closing of the pending acquisition as a result of cost efficiencies from combining our operations. Decreases in MCT operating expenses are a result of a reduction in travel costs and professional fees. MCT interest expense increased due to increases in outstanding debt balances and increases in the interest rate on certain debt facilities.

1998 Compared with 1997

Joint Venture Level- Results for 1998 reflected increasing levels of subscribers, coupled with eroding results in the second half of the year as the result of the Russian crisis. The crisis caused reductions in service pricing and average usage, and suspension of service to users that were unable to afford service in our Russian ventures.

Parent Level- Increases in operating and interest expenses reflected increased levels of activities, including growth in operations of AKOS, and increased borrowings under OPIC credit facilities.

Liquidity and Capital Resources

Financing History of the Company

MCT Parent Level- Our predecessor was formed in 1995 as a spin-off from MCT Investors, L.P. as further discussed in "Our Company and its Subsidiaries." The Company (including its predecessors) has been financed through a series of private placements of equity securities and vendor credit facilities. Proceeds of private placements have totaled $25.5 million from the inception of operations of the business in 1995 through June 30, 2000, as more fully described in the financial statements (see "Index to Available Historical Financial Statements"). In March and April 2000, the Company sold 723,738 shares of its common stock at $12.85 per share for proceeds of $9.3 million. An additional 68,583 shares of common stock were sold in August 2000 for total proceeds of approximately $881,000. A total of $22.4 million in vendor equipment credit facilities is outstanding as of June 30, 2000.

Financing proceeds have been used primarily to fund (a) the purchase of cellular equipment for use by our joint ventures under leasing arrangements, (b) $11.5 million in deposits made as part of the pending acquisition of RTDC holdings, (c) U.S.-level start-up costs and operating and administrative expenses and (d) capital contributions to our joint ventures.

MCT Corp. Historical Joint Ventures- Our four historical joint ventures have been financed through a combination of capital contributions by shareholders (primarily to finance start-up costs, organizational activities, working capital, local construction requirements and licensing and other related fees), system leasing arrangements with the Company and Rostelecom, and, in more recent periods, internally generated funds. Cumulative capital contributions and outstanding joint venture indebtedness, including lease obligations to the Company, as of June 30, 2000, are shown in the table below.

Table 4. MCT Corp. Historical Joint Venture Contributed Capital and Credit Facilities (in thousands)

		Long-term Credit Facilities, including leases		Short-term Credit Facilities		
	Capital Contributions	To The Company	Third-Party	To The Company	Third-Party	Total
Coscom	$ 941	$ 16,075	$ 529	$ -	$ 449	$ 17,994
Sibintertelecom	772	5,200	-	-	-	5,972
Somoncom	35	922	-	-	-	957
Uraltel	1,153	3,860	3,957	-	-	8,970
Total	$ 2,901	$ 26,057	$ 4,486	$ -	$ 449	$ 33,893

All joint ventures are currently generating positive operating cash flow. These cash flows have been sufficient to make partial payments under lease agreements with the Company as detailed in the financial statements. We generally expect that our joint ventures will not likely declare significant dividends in the first few years of operations, even though operations may be profitable. Any profits in these years are expected to be largely committed for lease payments, other debt payments, and necessary facilities and operations expansion.

Financing History of RTDC Holdings

RTDC Holdings Parent Level- MediaOne, (through its predecessor US West International) was among the first telecommunications companies to commence operations in Russia. Its first major commitment was an investment in Delta Telecom in October 1990, followed by an investment in MCC in December 1991. Westelcom was established shortly thereafter. In December 1993, MediaOne contributed its interests in these three investments, as well as certain other interests, to form RTDC. RTDC Holdings was created in 1996 through an exchange of capital stock with RTDC.

RTDC Holdings and its predecessors have been financed through (a) equity contributions and advances from its controlling shareholder, MediaOne (and predecessors), totaling $111,723,000 as of March 31, 2000, (b) private placements of stock totaling $47.5 million in 1995, and (c) $49.9 million in cumulative borrowings under an OPIC credit facility. Financing proceeds were primarily used to fund (a) loans to joint ventures, (b) joint venture capital contributions, and (c) administrative costs, interest and other expenses. The OPIC facility was repaid in May 2000 through an advance from MediaOne. With the repayment of the OPIC facility by MediaOne, RTDC Holdings has no debt other than to MediaOne at the parent company level. Indebtedness of RTDC joint ventures is described in "Outstanding Credit Facilities" below. Remaining outstanding obligations to MediaOne will be acquired by MCT as part of the purchase (approximately $39 million). See "Pending Acquisitions."

RTDC Joint Ventures- RTDC's joint ventures have been financed through a combination of capital contributions by shareholders and credit facilities provided by RTDC Holdings (primarily to finance equipment purchases, start-up costs, organizational activities, working capital, local construction requirements and licensing and other related fees), vendor credit facilities and, in more recent periods, internally generated funds. Cumulative capital contributions and outstanding joint venture indebtedness, including debt obligations to RTDC Holdings, as of March 31, 2000, are shown in the table below.

Table 5. RTDC Holdings Joint Venture Contributed Capital and Credit Facilities (in thousands)

		Long-term Credit Facilities, including leases		Advances and Short-term Credit Facilities		
	Capital Contributions	To RTDC Holdings	Third-Party	To RTDC Holdings	Third-Party	Total
MCC	$ 7,600	$ -	$ 11,498	$ -	$ -	$ 19,098
Delta Telecom	15,524	-	-	-	790	16,314
Uralwestcom	2,921	4,648	1,716	-	-	9,285
Don Telecom	5,457	2,429	6,095	-	-	13,981
NCC	4,602	413	1,978	-	-	6,993
AKOS	8,445	9,608	2,106	-	-	20,159
Baykalwestcom	8,194	4,684	4,308	-	-	17,186
Yeniseytelecom	6,768	-	1,833	-	-	8,601
Westelcom	106	-	-	-	-	106
Total	$ 59,617	$ 21,782	$ 29,534	$ -	$ 790	$ 111,723

All the RTDC Holdings joint ventures are currently generating positive operating cash flow. These cash flows have been sufficient to make partial payments under debt agreements with RTDC Holdings and other third-party debt holders, as reflected in the financial statements. We generally expect that the RTDC Holdings joint ventures will not likely declare significant dividends in the next few years of operations, even though operations may be profitable. Any profits in these years are expected to be largely committed for debt payments and necessary facilities and operations expansion.

Outstanding Credit Facilities

We have indebtedness outstanding under three credit facilities with Motorola that totaled $22.4 million as of June 30, 2000. We generally intend to meet these debt service requirements from proceeds of equipment leases entered into with Uraltel, Coscom and Sibintertelecom. To date, Uraltel has made most payments due under its lease, and Sibintertelecom and Coscom have made partial lease payments, each as more fully discussed in the attached financial statements. There can be no assurance that necessary lease payments will be received in the future, and we may be required to fund a portion of these debt service requirements.

Payment terms and collateral arrangements under these facilities were restructured through an agreement with Motorola in July 2000. Aggregate future principal payments due to Motorola under the credit facilities as of June 30, 2000, under the agreement are summarized in the following table. Interest rates for the Coscom and Uraltel facilities are fixed, and the current interest rate for the Sibintertelecom facility is 9.56%. Borrowings are secured by approximately $4.0 million in marketable securities under a guarantee agreement with an affiliate of Mr. DePriest, and by the Company's underlying interests in Coscom and Uraltel. In the event the value of certain of the pledged securities with stipulated values of $3.0 million and $1.0 million falls below $2.5 million and $900,000 in aggregate value for a consecutive 30-day and 15-day period, respectively, the Company has agreed to pledge additional shares causing the aggregate value of the total shares pledged to be not less than $3.0 million and $1.0 million, respectively.

Table 6. Future Maturities of MCT Corp. Outstanding Credit Facilities (in thousands)

	2000	2001	2002	2003	2004 and after	Total
MCT of the CIS, Corp.	$ -	$ 5,870	$ 5,872	$ 2,935	$ -	$ 14,677
MCT Uraltel, Corp.	705	1,611	884	-	-	3,200
MCT of Russia, Corp.	-	286	608	1,231	2,399	4,524
Total	$ 705	$ 7,767	$ 7,364	4,166	$ 2,399	$ 22,401

In addition, certain of our joint ventures have third-party indebtedness. Future minimum payments under these facilities are shown below. Interest is due at various times with interest rates generally ranging from 8.75% to 13% as more fully detailed in the attached financial statements.

Table 7. Future Maturities of Joint Venture Third-Party Credit Facilities (in thousands)

	2000 (nine months)	2001	2002	2003	Total
AKOS	$ 2,106	-	-	-	$ 2,106
Baykalwestcom	2,749	542	312	705	4,308
Coscom	382	-	-	-	382
Dontelecom	3,002	1,450	1,642	-	6,094[4]
MCC	5,152	2,115	2,115	2,115	11,497
NCC	851	921	206	-	1,978[5]
Uralwestcom	1,097	619	-	-	1,716
Uraltel	857	1,054	1,919	948	4,778
Yeniseytelecom	478	380	300	675	1,833

Payments are overdue under the AKOS, Baykalwestcom, and Dontelecom facilities. Discussions are in process to reschedule overdue payments. Although there can be no assurance, we believe that these discussions will be successful. No actions have been taken by the creditors to enforce further rights under the agreements, although actions have been threatened in Baykalwestcom. See "Litigation."

Current Cash Position and Future Requirements

Combined Parent Level- As of June 30, 2000, we had cash and cash equivalents of approximately $619,000. Based upon the amount raised under the Offering, this balance would increase, net of amounts necessary to make payments for the pending acquisitions. See "Pending Acquisitions." Typical parent level operating expenses currently approximate $200,000 per month, although we expect additional audit costs, acquisition transaction costs, and insurance premiums to approximate $1,000,000 in total in the next few months. We expect our monthly costs to increase by approximately $300,000 to $400,000 upon the completion of the pending acquisitions. This increase reflects employees that we expect to hire directly and related additional expenses, as well as expenses of RTDMC, the representative office of RTDC in Moscow. Over the next several months, our commitments include payments for an additional $700,000 to vendors for equipment leased, or to be leased, to our joint ventures, $250,000 for the purchase of an additional ownership interest (11.9%) in Uraltel, and $300,000 in additional joint venture capital contributions. In addition to pending acquisitions and operating expenses, we will be required to finance at the parent level (a) any further purchases of interests in any new cellular ventures, (b) expansion of cellular networks by current and future joint ventures, net of internal cash flow and vendor or other project financing that can be obtained and (c) any debt service requirements for vendor credit facilities that cannot be met by cash produced from operations at the joint venture level. In August, we sold approximately $900,000 in common stock and received an advance of $200,000 in order to make an additional $1 million deposit towards the RTDC acquisition.

Combined Joint Venture Level- Our joint ventures are currently generating positive operating cash flow, although there are additional requirements for system expansion and debt service requirements as further discussed below. The amount of further additional financing to be required depends upon the future rate of growth and success of the joint ventures, foreign currency considerations, the availability of vendor credit and other project financing facilities, the number and size of new cellular ventures that we attempt to acquire or develop, and other factors. Future requirements are detailed in the financial projections. As previously discussed, portions of outstanding vendor credit facilities are in arrears. The outcome of debt rescheduling negotiations will impact the availability of future cash flow for other purposes, and the extent of any additional required capital contributions from joint venture shareholders. Current levels of cash are

[4] $2.3 million of this obligation is guaranteed by RTDC.
[5] Guaranteed by RTDC. RTDC is entitled to a 3.5% annual fee of the outstanding balance.

shown by joint venture in "Selected Financial Highlights". While future capital expenditure requirements are significant, the amounts are not as proportionately large as many cellular telephone systems at similar stages of development because of the current levels of operating cash flow, and because of the controlled build-out strategy which limits the amount of equipment. We believe that vendor credit facilities or deferred payment terms can be obtained in the future for a portion of future needs. We expect that our joint ventures will not likely distribute significant dividends for the foreseeable future, even though operations may be profitable. Operating cash flow in this period is expected to be committed for debt service and facilities expansion. See "Risks and Other Important Factors."

MCC's implementation of GSM 400/1800 in Moscow is estimated to require approximately $100 million in capital expenditures over a five-year period. While it is anticipated that a significant portion of these funds may be financed through vendor credit facilities and internal cash flow, additional equity contributions may be required. We may seek to invest more than a pro-rata share in any equity calls in order to increase our ownership percentage in MCC. Delta Telecom also plans to implement a GSM 400/1800 network in St. Petersburg. The project is estimated to require approximately $60 million in capital expenditures over a five-year period and would be financed in a similar manner as MCC's GSM conversion described above.

Our plan is to implement a further placement of equity or debt securities later in 2000, to finance additional future operating needs and any additional acquisitions that may be identified. There can be no assurance that future financing will be available, or that acceptable terms can be obtained.

Foreign Currency Considerations

Russia and other CIS countries continue to experience significant inflation rates, and local currencies fluctuate significantly against the U.S. Dollar and other foreign currencies. Also, legal and practical limitations currently exist over the ability to convert local currencies to foreign currencies in Uzbekistan, and may exist in Russia in the future. See "Risks and Other Important Factors."

Customers of the joint ventures typically pay with local currency, although certain customers can be charged in hard currencies, such as roamers into local networks and certain other foreign users. To partially mitigate the risk of revenue erosion from inflation and devaluation, the joint ventures currently re-index service prices in local currencies to movements against the U.S. dollar. While re-indexing service prices makes cellular service more expensive and less affordable to customers, we believe that the current affluent target markets of the joint ventures will be significantly less affected than the general population. Cellular service continues to be an important resource for the affluent market segment. However, the impact of inflationary factors cannot be readily predicted into the future, particularly when wireless services are targeted to appeal to broader and less affluent segments of the market and not just the most affluent. Such effects of inflation may also impact the ability of the joint ventures to make lease or other similar payments to us and to our affiliates under any project system financing arrangements. See "Liquidity and Capital Resources."

Certain obligations of the joint ventures, such as equipment leasing arrangements and other equipment purchase needs, are denominated in U.S. dollars or other foreign currencies. Historically, our Russian joint ventures have been able to convert rubles to U.S. dollars, and to remit payment necessary to service their obligations to us, and to other foreign creditors. However, there is no assurance that this capability will continue. In Uzbekistan, Coscom has not yet been able to convert sufficient local currency to meet its obligations to us under equipment leasing arrangements. Over the last several months, Coscom has been successful repatriating hard currency from its roaming activities (totaling approximately $115,000 as of the date hereof), as reflected in the enclosed financial statements. We expect the amount of repatriation to increase as the level of roaming increases. The lack of foreign currency availability, the inability to make necessary payments due in foreign currencies, or the inability to repatriate dividends could have a material adverse impact upon us and our joint ventures. Currency conversion issues are further discussed in "Business" and "Risks and Other Important Factors."

The impact of foreign exchange losses on the operating results of the joint ventures has been comparatively limited to date. Advance payment and subscriber credit policies are closely managed to avoid the build-up of receivable balances. Significant cash balances are not generally maintained at the joint venture level. We expect most cash generated by the joint ventures for the foreseeable future to be used for payments under credit facilities and for network expansion. See "Risks and Other Important Factors."
The ability of the joint ventures to make lease payments to us will impact the amount of financing resources we require as further discussed in "Liquidity and Capital Resources."

We have not hedged any currency positions to date. We generally believe that currency hedging in the future may prove too expensive in many cases and not possible in others. However, we will continue to evaluate the potential benefits and costs of hedging techniques in the future.

OPIC Insurance

We have historically maintained OPIC insurance coverage for the MCT Historical Joint Venture investments against certain risks associated with expropriation, political violence and, where available, currency inconvertibility. We have entered into agreements with OPIC to insure (a) amounts due to MCT pursuant to respective leases with joint ventures and (b) the book value of our equity in Sibintertelecom, Uraltel and Coscom. The policies require premium payments to OPIC at a current annual rate of approximately 1.75%. Coverage for the Coscom project excludes currency inconvertibility because OPIC does not offer such coverage for Uzbekistan. RTDC Holdings did not obtain OPIC insurance for its investments, and OPIC coverage can only be obtained for new investments. We believe the need for OPIC insurance has been reduced due to the current economic and political developments, and we are currently evaluating the ongoing need for OPIC insurance. There is no assurance that OPIC coverage will be available in the future or that available insurance will be adequate to insure against all related losses.

Year 2000 Readiness

In prior years we initiated a comprehensive internal Year 2000 compliance program to enable us to continue our business without interruption as we moved into the Year 2000. As a result of our review, we generally implemented prescribed vendor programs where applicable. Since the century date change, we have not experienced any significant disruption in our business due to Year 2000 issues.

BUSINESS

We provide cellular telephone service in regions of the former Soviet Union. We operate through thirteen joint ventures (including pending acquisitions) with local partners in Russia and Central Asia. Together, our interests form a large scale, strategic network of cellular systems with a focus on the GSM standard. Our joint ventures are licensed to provide cellular service to over 74 million people. We continue to look for additional opportunities to expand our network of cellular interests in the region. We also participate in a venture that provides gateway switching and other network services in Russia.

Our goal is to consolidate the GSM cellular market in the region and to be one of the three or four operators capable of offering national service in Russia and areas of Central Asia in the future. We believe that our relationships with regional partners will enhance our prospects for growth and success.

Our service addresses an immediate need for more reliable, advanced communications throughout the region. Cellular telephony was first introduced in the region in 1991, but system deployment, particularly under the GSM standard, was limited until recent years. The region's cellular industry has historically been divided among numerous inefficient local or regional providers operating under different standards. We believe that significant growth potential exists as a result of impending economic recovery in our license regions, increasing GSM coverage, rising penetration rates, and our industry consolidation efforts.

Joint Venture Structures

We have structured our operations through joint ventures with a diverse group of regional partners. We have largely sought to partner with local telecom providers in each region. Our cellular joint venture interests are listed in the table below.

Table 8. Cellular Joint Venture Interests, including pending acquisitions

Joint Venture	License Region	Standard	% Held	Population Total (mls.)	Population Pro rata (mls.)	June 30, 2000 Subscribers (thousands)
Russia-						
Moscow Cellular Communications	Moscow, Moscow oblast	NMT GSM 400/1800[6]	22%	15.3	3.4	97
Delta Telecom	St. Petersburg, Leningrad oblast	NMT	32%	6.6	2.8	65
Uraltel	Sverdlovsk oblast (Yekaterinburg)	GSM900	48.2%[7]	4.7	2.3	11
Uralwestcom	Same	NMT	49%	Same	Same	11
Don Telecom	Rostov-on-Don	GSM900	33.3%	4.4	1.5	10
NCC	Nizhny Novgorod oblast	GSM900	50%	3.7	1.9	20
Yeniseytelecom	Krasnoyarsky krai	GSM900/NMT	49%	3.2	1.6	5
Baykalwestcom	Irkutsk oblast	GSM900/NMT	49%	2.9	1.4	6
AKOS	Primorsky Krai (Vladivostok)	AMPS	67.7%	2.3	1.6	8
Sibintertelecom	Chita oblast	GSM900	88%	1.4	1.2	1
				44.5	17.7	234
Central Asia-						
Coscom	Republic of Uzbekistan	GSM900	51%	24.1	12.3	13
Somoncom	Republic of Tajikistan	GSM900	70%	6.1	4.3	.1
				30.2	16.6	13
				74.7	34.3	247

Our joint venture partners are listed in the following table. We believe that our partnering approach has several advantages because local telecom providers (a) typically receive the first GSM licenses in their

[6] MCC has obtained permission to construct an experimental GSM 400/1800 network in Moscow. Historically, experimental networks in Russia have received commercial licenses upon commencement of commercial operations.
[7] Includes 11.9% to be acquired from current shareholders for approximately $250,000 pursuant to existing agreements.

respective service area, (b) serve as an attractive political ally, (c) have long-standing telecom operating experience, and (d) often grant more favorable network interconnect terms to affiliates.

Our ownership interests in the thirteen ventures range from 22% to 88%. Although several of our positions are minority holdings, we have protected our interests through involvement in operations, strong partner relationships, strong minority shareholder rights and limited dependence on any single partner. In addition, we have strategies to obtain majority stakes over time in certain of the joint ventures.

Table 9. Joint Venture Partners

Joint Venture	Primary Shareholders	% Ownership Voting	% Ownership Economic
Russia-			
MCC	MCT Corp.	22	22
	OJSC Moscow Intercity and International Telephone[8]	23.5	23.5
	OJSC Moscow Local Telephone Network[9]	23.5	23.5
	Millicom International Holdings, B.V.	20	20
	LLP Eye Microsurgery - cellular communications	8	8
	State Specialized Design Institute of Radio and Television	3	3
Delta Telecom	MCT Corp.	42.5	31.9
	OJSC Petersburg Telephone Network	43.1	24.2
	OJSC Telecominvest	25	33.3
Uraltel	MCT Corp.	48.2[10]	48.2[10]
	CJSC Sistema-Telecom	48.2[10]	48.2[10]
	CJSC Lank	2.9	2.9
	Uraltel General Director	0.5	0.5
Uralwestcom	MCT Corp.	49	49
	OJSC Ekaterinburgskaya City Telephone Network	25.5	25.5
	OJSC Uraltelecom of the Sverdlovsk region	25.5	25.5
Don Telecom	MCT Corp.	33.3	33.3
	OJSC Rostelecom	33.3	33.3
	OJSC Electrosvyaz of the Rostov Oblast	33.3	33.3
NCC	MCT Corp.	50	50
	OJSC Svyazinform of Nizhny Novgorod	50	50
Yeniseytelecom	MCT Corp.	49	49
	OJSC Electrosvyaz Krasnoyarsky Krai	51	51
Baykalwestcom	MCT Corp.	49	49
	OJSC Electrosvyaz of Irkutsk Oblast	51	51
AKOS	MCT Corp.	67.7	67.7
	88 Individuals	32.3	32.3
Sibintertelecom	MCT Corp.	88	88
	OJSC Electrosvyaz of Chita Oblast	6.3	6.3
	CJSC Irkutsk Medical Co.	3.3	3.3
	CJSC Lank	.6	.6
Westelcom	MCT Corp.	50	50
	OJSC Rostelecom	50	50
Central Asia-			
Coscom (Uzbekistan)	MCT Corp.	51	51
	Uzbek Cosmos (Uzbek State Space Agency)	26	26
	CJSC DAWR Conversion	10	10
Somoncom (Tajikistan)	MCT Corp.	70	70
	CJSC Hakas Ltd.	30	30

OJSC - Open Joint Stock Company formed in the country indicated
CJSC - Closed Joint Stock Company formed in the country indicated

Each joint venture is governed by a charter in accordance with Russian, Uzbek or Tajik law. We participate in each board of directors, or the General Assembly of Participants in the case of Coscom. For each joint venture, certain major decisions (including, among others, charter amendments, liquidation, and changes in statutory capital) require approval of shareholders holding at least 75% of the shares.

[8] Shares placed in management trust with MCTT-Consult.
[9] Shares placed in management trust with Centre-TS, an affiliate of AFK Sistema.
[10] Includes additional interests (11.9%) to be acquired from current shareholders pursuant to existing agreements.

Transfers of stockholder interests in the Russian joint ventures are generally restricted pursuant to the charter, and certain transactions require shareholder and other approvals. The charters generally contain other agreements among the shareholders including, among others, rights of first refusal. The number of our director position designees is summarized below. In addition, we also have the right to appoint certain key management (i.e., directors of finance or deputy general directors) to several joint ventures.

Table 10. Primary Joint Venture Structures

			% Ownership		Directors	
Joint Venture	Form of Organization	Form of Ownership[11]	Voting	Economic	Total	Our Representatives
Russia-						
MCC	OJSC	Common Stock	22	22	13	3
Delta Telecom	CJSC	Common Stock	42.5	31.9	7	3
Uraltel	CJSC	Common Stock	48.2[12]	48.2[12]	5	2
Uralwestcom	CJSC	Common Stock	49	49	4	2
Don Telecom	CJSC	Common Stock	33.3	33.3	4	2
NCC	CJSC	Common Stock	50	50	4	2
Yeniseytelecom	CJSC	Common Stock	49	49	4	2
Baykalwestcom	CJSC	Common Stock	49	49	4	2
AKOS	CJSC	Common Stock	67.7	67.7	5	3
Sibintertelecom	CJSC	Common Stock	88	88	7	4
Westelcom	CJSC	Common Stock	50	50	4	2
Central Asia-						
Coscom (Uzbekistan)	LLC	Common Stock	51	51	N/A[13]	N/A
Somoncom (Tajikistan)	CJSC	Common Stock	70	70	7	4

OJSC - Open Joint Stock Company formed in the country indicated
CJSC - Closed Joint Stock Company formed in the country indicated
LLC - Limited Liability Company

Pending Acquisitions

We have entered into an agreement to purchase approximately 95% of RTDC Holdings, Inc. ("RTDC Holdings"), a MediaOne affiliate, and holder of a series of cellular interests in Russia. RTDC has invested in eight cellular joint ventures and a switching venture. It has established a presence in several of Russia's major population centers, including Moscow, St. Petersburg, Nizhny Novgorod, Rostov-on-Don, Krasnoyarsk, Irkutsk and Vladivostok.

Under the terms of the agreement we will acquire the 68% of the outstanding shares of RTDC Holdings owned by MediaOne International Holdings, Inc. ("MediaOne International"), plus shares held by minority stockholders other than the IFC. The minority stockholders of RTDC Holdings are not signatories to the agreement, but provision has been made for them to become parties by entering into Assumption Agreements.

The total consideration for the purchase is $63.5 million plus certain expense reimbursements of approximately $140,000 as of the date of this Memorandum. In addition to the stock of RTDC, we will also receive all outstanding notes from MediaOne and its affiliates which total approximately $39 million as of the date hereof, and MediaOne has agreed to forgive all outstanding advances owed to them by RTDC Holdings and its subsidiaries immediately prior to closing. We have made payments as deposits to

[11] Outstanding securities for each corporate joint venture consist of a single class of stock except for Delta Telecom, which has both common and preferred shares. Preferred shares are non-voting, are convertible into common shares at a one-to-one ratio.
[12] Includes additional interests (11.9%) to be acquired from current shareholders pursuant to existing agreements.
[13] Decisions are made through the General Assembly of Participants in which each shareholder representative votes in proportion to percentage ownership, or 51% for the Company.

MediaOne totaling $11.5 million, which will be returned to us only if MediaOne International fails to meet one of its closing delivery obligations. Upon payment of at least an additional $11 million, the transaction will close and the balance will be represented by a 120-day note due to MediaOne International as described below. The closing must be completed by August 31, 2000; however, extensions are available to us through September 15 and September 30 upon additional deposits of $1million for each extension. The minimum additional amount required at closing (currently $11 million) will be reduced by any such additional deposits.

At the closing, we will issue to MediaOne International a 120-day promissory note in the amount of (a) the balance of the purchase price (a maximum of $41 million), plus (b) a premium of 9.8% (a maximum of $4 million) of the portion of the note that is not repaid within 60 days from the closing date. The note may be prepaid without penalty at any time. The note will be secured by all of the shares of RTDC Holdings' stock acquired by us as long as the principal amount is greater than $30 million, by 11,947,500 shares (85.3%), if the principal amount is between $15 million and $30 million, and by 7,522,500 shares (53.7%) if the principal amount is less than $15 million.

The remaining 5% of RTDC Holdings will continue to be held by the International Finance Corporation ("IFC", an arm of the World Bank). We have encouraged the IFC to remain as partner because of the beneficial strategic relationship. We have also discussed the possibility of an exchange of the IFC's shares in RTDC for shares of the Company, although no agreement has yet been reached.

We have also reached an agreement with certain current shareholders of Uraltel to purchase an additional 11.9% interest in Uraltel for approximately $250,000. This arrangement includes an agreement with MTT Invest to the effect that Uraltel will sell its stake in Uralskiy GSM to MTT Invest in return for (i) the sale of MTT Invest's shares in Uraltel and (ii) MTT Invest's assistance in procuring the sale to us of Uraltel shares held by certain related shareholders. Due to the nature of these transactions, the sale of the additional shares in Uraltel to us does not reflect an arms' length transaction. These purchases are subject to the execution of definitive agreements, the approval of Russian anti-monopoly authorities, and the waiver of certain shareholder rights.

We are currently in discussion with other cellular operators to "roll up" additional regional cellular interests. Our goal is to continue to develop national coverage in our targeted regions by acquiring interests that compliment our existing networks. Purchase consideration may include cash, common stock, or a combination of cash and our stock or other consideration.

Cellular Services and Products

Our systems offer voice and data telephone service that can be accessed through mobile or fixed wireless handsets. Calls can be placed from within the respective systems' coverage areas to any other telephone in the world through interconnection provided to the public switched telephone network and, conversely, calls can be received in the coverage areas from any other telephone in the world. Our GSM-standard systems offer advanced features inherent in the GSM specification, including data transfer (such as Internet access), call forwarding and call waiting. We provide voice mail, short messaging and other capabilities in many markets today, and we expect to provide these services to most remaining markets in the near future when software upgrades are complete.

We offer a variety of pricing plans. Generally, charges include (a) an initial activation fee ($25 to $500), (b) a base monthly fee and (c) additional per minute airtime charges. Activation fees are waived occasionally in conjunction with sales promotions. Certain features (such as itemized billing and call forwarding) and long distance calls have additional charges. Base monthly fees and per minute charges vary based upon the pricing plan. Subscribers are generally charged for both incoming and outgoing calls. Total recurring monthly service charges per customer averaged $83 and $53 for the three months ended June 30, 2000, for our combined GSM and combined NMT systems, respectively (including pending acquisitions). Activation and monthly fees are generally due in advance. Also, customers must provide a deposit for per minute, long distance and other charges to be incurred. Service is generally terminated when deposits have been exceeded by accumulated charges. We also offer prepaid card service through most markets developed by RTDC Holdings. Revenues are largely collected in local currencies; however, service prices are adjusted routinely based upon fluctuations of local currencies against the U.S. Dollar.

Most of our Russian and Uzbekistan joint ventures have entered into various arrangements to allow their subscribers to access same-standard systems (i.e., GSM or NMT) in other markets ("outbound roaming") and to allow subscribers to use these other systems to access the joint ventures' systems ("inbound roaming"), while traveling. The GSM-standard networks generally provide roaming capabilities with other same-standard systems in Russia, and an extensive list of systems in Europe and other areas internationally. The number of international roaming access partners has increased significantly in recent months, and we expect further increases. Inbound roamers are generally charged a standard rate per minute for local airtime, plus additional amounts for long distance or other services. Inbound roaming is usually charged to the roamer's home system at the highest per minute rate charged to local subscribers plus a percentage mark-up. Outbound roaming subscribers are generally charged the costs billed by the local provider in the market visited plus a mark-up of 12% to 15%. The joint ventures have entered into agreements with roaming clearing houses to provide billing and invoicing between operators and to monitor payments between systems. We expect the level of roaming traffic and revenues to increase as more agreements are implemented and as users become increasingly aware of roaming capabilities.

In prior years, the joint ventures supplied most subscribers' handsets because of the lack of other retail handset outlets. Currently, various independent retailers and dealers supply most handsets. We continue to offer a variety of handset choices at prices that generally recover the equipment purchase cost.

Operating Strategies

Our joint ventures have generally adopted similar initial operating strategies. Planning efforts have been designed to recognize political and economic uncertainties and to capitalize near-term on anticipated immediate market demand from affluent users. System deployment and operating plans have been designed around the following strategies.

- Revenue and cost structures designed to generate profits and to meet debt service at low penetration levels until demand is clearer and until a larger market segment can be successfully targeted
- Smaller initial system deployments allowing for efficient system expansion as demand materializes
- Service to the largest metropolitan areas first, and expansion to other cities as successful operations develop
- High quality service to establish a superior service reputation (digital in GSM markets)
- Strong relationships with key regional enterprises and authorities to support a favorable operating environment
- Multi-market economies of scale and other industry consolidation benefits

Cellular Network Facilities

Cellular telephone systems provide voice and data communications through computer-controlled, radio-based technology. Systems operate through the use of interconnected multiple transmitter sites which re-use allocated radio frequencies to provide large calling capacity. Several different standards exist that define the specific interfaces, protocols, and radio transmission standards. Older standards are based upon analog technology, and newer standards have been developed for digital technology. A typical cellular telephone system consists of individual cellular phone units (handsets), computer-controlled radio transmitters or "cells", an operations and maintenance center which controls and monitors system quality, and a switch to process cellular calls and to provide interconnection into the landline telephone network. Additional modem equipment also allows cellular systems to transmit data.

Several different cellular standards have been developed which operate at different frequencies and use differing analog and digital radio signal protocols[14]. The particular standards in use vary from country to country, as well as within a country. Our focus is the GSM standard, although we also operate NMT and AMPS-standard systems. We plan to achieve our goal to provide national-scope GSM service to our customers by developing a combination of the strategies below. We believe that our joint venture partners and their strategic relationships will be a significant benefit in this process.

- Evolve our current NMT systems to GSM by (a) acquiring GSM 900/1800 licenses, (b) obtaining GSM 400/1800 authority though amendments to current licenses, or (c) seeking new licenses;
- Acquire additional interests in existing regional GSM operators; and
- Affiliate with other GSM operators in strategic alliances to provide network access (in addition to traditional roaming) in regions where we do not hold or acquire GSM interests.

GSM is the most widely deployed standard in the world. We believe that GSM is the most attractive digital standard available in the targeted region because of the following features.

- *Large roaming network-* Automatic roaming can be established throughout the CIS, Europe and many other countries where GSM is deployed. European roaming is particularly important because of its proximity and the extent of cross-border business and travel.

- *SIM card technology-* GSM handsets rely on an intelligent card ("smart card") inserted into the unit which provides subscriber identification and other important user data. Smart cards can be easily removed and transferred between handsets, unlike most other cellular standard handsets.

- *Vendor open architecture-* The open architecture standard of GSM enables multiple vendor equipment to be integrated into the same system. Accordingly, the market for GSM equipment is expected to be more competitive than with other standards.

- *Advanced networking features-* The GSM network platform can support a broad range of advanced user features. Since GSM systems are widely deployed, these features can be shared across an extensive coverage area.

- *Economies of scale-* The large, growing installed base of GSM systems in the world creates economies of scale to lower equipment prices. Also, the large installed base supports substantial ongoing research and development for future standard evolution and improvement.

- *Advanced digital features and fraud prevention-* The GSM standard provides a series of advanced digital performance features and fraud prevention features that provide better service and protection over analog techniques.

Our systems use the GSM, NMT or AMPS standards, and support highly scalable operations. System coverage has been first deployed in the largest metropolitan areas. Expansion into additional licensed areas has been initiated once market demand has been demonstrated. This strategy is in contrast to approaches followed in countries with more developed economies, where broader initial coverage and greater initial capacity are necessary to effectively compete and to support lower service pricing structures for broader market penetration.

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[14] A description of cellular standards is presented in Figure 1 on page 73.

Eight of our joint ventures operate in the GSM 900 band, which is the most widely deployed GSM configuration in the region. Although the GSM 900 band offers a good tradeoff between subscriber capacity and coverage range, limited availability of GSM 900 frequencies and related capacity issues have led some Russian cellular operators to obtain licenses for systems based in whole or in part on the GSM 1800 standard. Various strategies may be adopted by GSM 1800 system operators. Because of GSM 1800's smaller cell size, stand-alone GSM 1800 network infrastructure would be prohibitively expensive to build out except in areas with high population densities. This factor, the head start by GSM 900 operators, weak post-crisis economic conditions, and a general lack of access to capital, represent significant obstacles to the development of pure GSM 1800 systems on an economic basis in the near term. Thus far, GSM 1800 networks are generally only being deployed as an overlay to existing GSM 1900 systems. This GSM 900/1800 approach is attractive in high-density areas, because it allows operators to increase capacity and enhance service options while leveraging existing switching, interconnection and cell site facilities. Outside of Moscow and St. Petersburg, deployment of GSM 900/1800 or pure GSM 1800 systems has been particularly slow.

Three of our joint ventures currently operating in the NMT standard plan to convert to the GSM standard in the GSM 400/1800 band. GSM 400/1800 is a new GSM configuration designed to allow the conversion of analog NMT systems to digital GSM standards by utilizing spectrum currently used by NMT operators rather than the more fully utilized frequencies for the GSM 900 band. A GSM 400/1800 network shares the advantages of the GSM 900/1800 system discussed above, because it allows operators to build out GSM 1800 infrastructure in city centers while deploying a more cost-effective GSM 400 network to cover less densely populated areas. For instance, we are planning to build out GSM 400/1800 networks in large metropolitan areas such as Moscow and St. Petersburg, with GSM 1800 deployed in centers of these cities and GSM 400 in the outlying areas.

A disadvantage of GSM 400/1800 systems is the lack of compatibility with GSM 900/1800[15] handsets. This limits the ability of GSM 900 handset uses to roam into networks with only GSM 400/1800 infrastructure. However, we can mitigate this lack of compatibility by employing GSM 1800 in the city centers, where many subscribers and roamers could access our network with their GSM 900/1800 handsets. While multiple vendors have announced efforts to deliver GSM 400/1800 equipment and handsets, only beta-test systems have been deployed to date. Commercial deployment is expected by next year.

Our networks and current coverage areas are summarized in the tables below.

Table 11. Cellular Network Configurations

Joint Venture	License Region/Capital City	Standard	Date Operational	Base Stations[16]	Switches	Primary Vendors
Russia-						
MCC	Moscow	NMT	12/91	105	1	Ericsson
	Moscow oblast	NMT	12/91	91	2	Ericsson
	Moscow city and oblast	GSM 400/1800[17]	N/A	N/A	N/A	N/A
Delta Telecom	St. Petersburg	NMT	9/91	65	1	Nokia
	Leningrad oblast	NMT	9/91	63	1	Nokia
Uraltel	Sverdlovsk oblast(Yekaterinburg)	GSM900	7/97	29	1	Motorola, Siemens
Uralwestcom	Same	NMT	11/95	22	2	Ericsson
Don Telecom	Rostov-on-Don	GSM900	8/95	16	1	Motorola, Siemens
NCC	Nizhny Novgorod oblast	GSM900	5/95	31	1	Alcatel
Yeniseytelecom	Krasnoyarsky krai	GSM900	7/99	7	1	Northern Telecom
		NMT	9/97	17	1	Ericsson

[15] Dualband 900/1800 handsets have been available for some time, and most handsets sold new include this dual band capability. Our GSM 400/1800 networks will supply users with triband (400/900/1800) functionality, enabling our subscribers to roam on any GSM-standard network.

[16] Including system expansions under contract and in progress.

[17] MCC has obtained permission to construct an experimental GSM 400/1800 network in Moscow. Historically, experimental networks in Russia have received commercial licenses upon commencement of commercial operations.

Baykalwestcom	Irkutsk oblast	GSM900	5/99	7	3	Northern Telecom
		NMT	8/95	17	1	Ericsson
AKOS	Primorsky Krai (Vladivostok)	AMPS	1/95	10	2	Alcatel, Ericsson
Sibintertelecom	Chita oblast	GSM900	5/97	3	1	Motorola, Alcatel
Central Asia-						
Coscom	Republic of Uzbekistan	GSM900	7/97	34	2	Motorola, Alcatel
Somoncom	Republic of Tajikistan	GSM900	3/00	3	1	Telos

Table 12. Current Cellular Network Coverage

Joint Venture	License Region/Capital City	Current Primary Geographic Coverage[18,19]
Russia-		
MCC	City Moscow	Complete
	Moscow oblast	85% of oblast population
Delta Telecom	City St. Petersburg	Complete
	Leningrad oblast	80% of oblast population
Uraltel	Sverdlovsk oblast (Yekaterinburg)	Yekaterinburg (capital), Nizhny Tagil, Pervouralsk, Revda, Kashino, Kamensk-Uralskiy, Serov
Uralwestcom	Same	Yekaterinburg (capital), Nizhny Tagil, Pervouralsk, Revda, Kamensk-Uralskiy, Nevyansk
Don Telecom	Rostov-on-Don	Rostov-on-Don (capital), plus 35% of the oblast population
NCC	Nizhny Novgorod oblast	Nizhny Novgorod (capital), plus 80% of the oblast population
Yeniseytelecom		
GSM	Krasnoyarsky krai	Krasnoyarsk (capital)
NMT	Krasnoyarsky krai	Krasnoyarsk (capital), Achinsk, Jeleznogorsk, Kansk, Zelenogorsk
Baykalwestcom		
GSM	Irkutsk oblast	Irkutsk (capital)
NMT	Irkutsk oblast	Irkutsk (capital), Bratsk, Angarsk, Usolie, Sibirsk, Baikalsk, Sheilikhov
AKOS	Primorsky Krai (Vladivostok)	Vladivostok (capital)
Sibintertelecom	Chita oblast	Chita (capital) and surrounding areas
Central Asia-		
Coscom	Republic of Uzbekistan	Tashkent (capital) and surrounding areas, Samarkand, Jizak, Fergana Valley, Bukhara, Navoi, Chirchik, Gulistan, Yanguil
Somoncom	Republic of Tajikistan	Khujand and surrounding areas

Each switching center is interconnected to the landline network to enable cellular subscribers to make local and long distance calls to conventional telephones. The switches interface with a digital switch in respective PSTN local networks. Each joint venture has entered into agreements with local and regional telephone network providers to allow calls to or from cellular customers to access the landline network. The agreements provide for varying compensation to the landline network operator for network access. Each system connects its cell sites with switching centers using a combination of point-to-point microwave facilities (generally purchased as part of the turn-key system contracts) and leased fiber optic network capacity. Switching centers are equipped with PC-based billing systems to provide various billing and customer support functions. For GSM systems, switches are also equipped with various data base capabilities that enable sharing of authorized customer data with other GSM systems and other advanced network features.

As further discussed in our financial statements, we have acted as purchaser of most of the network equipment for the Coscom, Uraltel, Sibintertelecom and Somoncom systems. In turn, we have provided the equipment to our joint ventures under a series of long-term leases. Terms of the leases generally recover our costs of procurement, and are provided under payment schedules designed to meet vendor financing repayment schedules. For other joint ventures, direct purchase agreements have been entered

[18] Including system expansions under contract and in process.
[19] Coverage often includes areas surrounding the cities named.

into with vendors and the joint ventures based upon consultation between us and the other venture shareholders.

Other Networks

We also provide international gateway switching service, digital overlay and intercity network and other long distance network services across Russia through Westelcom (through the pending RTDC Holdings acquisition). We hold a 50% interest in the venture. Westelcom was formed to finance gateway switching and other projects in partnership with Rostelecom. The assets are operated by Rostelecom, and Westelecom is entitled to various fees based upon traffic. Cash flow from the venture based upon the contracted fee structure has been reinvested to date into new telecommunications projects. Fees to be earned by Westelcom for the new ventures in which investments have been made through Rostelecom are not yet negotiated.

We plan to review the strategic relationship between Westelcom's operations and our cellular business to determine how best to manage this investment in the future. Various options can be considered to maximize our value, in additional to continuing operations in the current plan and form.

Regulation

Cellular Licensing

Cellular systems utilize government-regulated radio spectrum. Spectrum and operating authority are typically allocated through the issuance of a limited number of licenses, and licensing processes vary by country. The licensing process for cellular spectrum and necessary operating authority are described by country in the paragraphs below. The licensing requirements limit competition based upon available spectrum, standard and other limitations. Cellular licenses issued to the joint ventures are described in the table below. Current licensed competitors to our joint ventures are discussed in "Cellular Competition."

Table 13. Joint Venture Cellular Licenses

					Minimum Requirements[20]		
Joint Venture	License Region	Standard	Current Term	Expiration	Year	Subscriber Capacity	Coverage
Russia-							
MCC	Moscow	NMT	10	10/04	2003	20,000	100%
	Moscow oblast	Same	10	10/04	2001	40,000	100%
	Moscow and Moscow oblast	GSM 400/1800	Experimental[21]	Temporary	N/A	N/A	N/A
Delta Telecom	St. Petersburg	NMT	10	7/07	All	50,000	100%
	Leningrad oblast (same license)	Same	Same	Same	2000	4,500	80%
					2001	6,000	80%
					2002	7,000	80%
					2003	9,000	80%
					2004	10,000	80%
Uraltel	Sverdlovsk oblast	GSM900	10	3/06	2000	15,000	.09%
					2005	30,000	7.8%
					2006	300,000	17.8%
Uralwestcom	Same	NMT	10	9/05	2005	20,000	75%
Don Telecom	Rostov-on-Don	GSM900	8	7/03	2000	2,000	35%
					2005	2,000	35%
NCC	Nizhny Novgorod oblast	GSM900	10	12/04	2000	8,800	50%
					2003	20,350	75%

[20] We believe that these requirements only represent guidelines as further described in this section. We also believe that our joint venture partners can influence the level of such requirements in the future.
[21] MCC has obtained permission to construct an experimental GSM 400/1800 network in Moscow. Historically, experimental networks in Russia receive commercial licenses upon commencement of commercial operations.

Yeniseytelecom	Krasnoyarsky Krai	GSM900	10	9/07	2000 2003 2007	1,700 3,500 52,500	7% 7% 7%
		NMT	10	8/05	2000 2005	19,000 49,500	30% 30%
Baykalwestcom	Irkutsk oblast	GSM900 NMT	8.5 10	5/07 11/05	2007 2005	40,000 16,400	80% 80%
AKOS	Primorsky Krai	AMPS	10	3/09	2000	5,000	None
Sibintertelecom	Chita oblast	GSM900	10	1/06	2000 2005 2006	4,000 10,000 10,000	.36% .74% .74%
Central Asia-							
Coscom	Rep. of Uzbekistan	GSM900	5[22]	10/01		None	None[23]
Somoncom	Rep. of Tajikistan[24]	GSM900	5	8/03		None	None

Russia- The Russian Ministry of Communications ("RMOC") is responsible for the issuance and regulation of cellular licenses. The first Russian cellular licenses were issued in 1991 and covered Moscow and St. Petersburg. Subsequently, various tender processes have been conducted to award additional regional licenses. Generally, each region has a single provider for each of the AMPS and NMT standards, and one or more in the GSM standards. In the largest markets, such as Moscow and St. Petersburg, a single GSM 900 operator was originally licensed, and additional licenses have since been awarded under the GSM 900 and/or 1800 standard. Certain of the GSM 1800 licenses have also been awarded additional rights and frequencies for GSM 900. The RMOC has recently issued a third GSM 900 license for the Moscow area.

Initially, the country was divided into a large number of regions for license issuances, and approximately 220 such cellular licenses have been issued in total covering the GSM, NMT and AMPS standards. The first licenses for NMT, AMPS and GSM were awarded based upon these regional territories. Cellular systems have now been constructed in most highly populated areas. AMPS and NMT were typically the first to be licensed and built out because of spectrum shortages in the GSM-standard frequencies. The slow pace of license awards and system build-outs, and the fragmentation of ownership have all contributed to the historically low cellular penetration in Russia. NMT, GSM 900 and GSM 1800 have been designated federal standards by the RMOC to facilitate the development of roaming infrastructure. AMPS licenses are designated a regional standard.

In 1998, the RMOC conducted a tender for two GSM 1800 licenses in each of eight regions into which the country was divided. License awards were announced in April 1998. GSM 1800 system deployment has begun in Moscow, St. Petersburg and a few limited areas in other regions. Most GSM 1800 systems have not been constructed, and the license construction deadlines have not been met. Generally, GSM 1800 license holders have applied for extensions, but the RMOC's position on extensions has not been announced.

Terms of the Russian GSM 900 licenses as originally issued provide for payments of a fee by the licensee, over the life of the license as shown in the following table.

[22] Subject to renewals pursuant to Uzbek law. Five years is the standard term for all UMOC spectrum licenses; we expect the license to be renewed in the future as necessary.
[23] Coscom's license contains general references to its business plan. Coscom has not received notification of any deficiency, and it has the most widely deployed GSM system of the four licensees.
[24] Effective term is seven years due to automatic two-year extension stipulated in the license. Further, the license is subject to renewal thereafter under Tajik law.

Table 14. Russian Cellular License Fees (Current licenses)

Joint Venture	License Region	Standard	License Fee (millions) Total	Paid To Date	Payment of Balance
Russia-					
MCC	City of Moscow Moscow oblast Moscow city and oblast	NMT NMT GSM400/ 1800[23]	8.4 16.7 -	8.4 12.1 -	Balance payable over life of the license at direction of the RMOC N/A
Delta Telecom	St. Petersburg, Leningrad oblast	NMT	1.7	.3	Balance payable over life of the license at direction of the GSM Association; Delta has paid over $3 million for telecom infrastructure improvements and believes that such payments will satisfy the remaining obligation
Uraltel	Sverdlovsk oblast	GSM900	14.1	-	$1.4 million initial payment to serve up to 90,000 subscribers; thereafter payments annually in an amount equal to $604 per subscriber
Uralwestcom	Same	NMT	11.8	1.2	Payable over life of the license at direction of the RMOC
Don Telecom	Rostov-on-Don	GSM900	13	1.3	Payable over life of the licenses at direction of the RMOC; Don Telecom has paid an additional $.45 to connect to the PSTN that it believes should be credited to the license fee
NCC	Nizhny Novgorod oblast	GSM900	13	1.3	Payable of the life of the license at direction of the GSM Association
Yeniseytelecom	Krasnoyarsky Krai	GSM900 NMT	9.3 7.6	- -	Payable over life of the license Payable over life of the license
Baykalwestcom	Irkutsk oblast	GSM900 NMT	14 7.1	- .7	Payable over life of the license Payable over life of the license based upon the number of subscribers; Baykalwestcom has also paid $2 million toward an intercity switch that it believes should be credited to the license fee
AKOS	Primorsky Krai	AMPS	TBD	N/A	If a fee is asserted under the license, AKOS believes that its payment of $2 million for network development should satisfy the obligation
Sibintertelecom	Chita oblast	GSM900	4.1	All[26]	

No attempt has been made by the RMOC to date to enforce these payment requirements, and we believe that Russian license holders do not intend to make substantial payments toward the outstanding license fees. Our joint ventures do not currently intend to make such payments. Although the Association of Russian GSM Operators invoiced each of the GSM operators in 1999, the amounts were small, ranging from $15,000 to $35,000 in similar markets. We anticipate that payments for 2000 will be similar. The GSM 1800 licenses issued recently did not require any such license fees. If the RMOC were to attempt to collect fees in the future, we believe that the amounts would be significantly reduced. In addition, several joint ventures have developed and implemented their own network development projects, and expect that such expenditures will be credited toward the license fees (as reflected in the table above). There is, however, ultimately no assurance that efforts to eliminate further payments will be successful. If enforced, these license fee provisions would require substantial additional contributions to our joint ventures in the future.

[25] MCC has obtained permission to construct an experimental GSM 400/1800 network in Moscow. Historically, experimental networks in Russia receive commercial licenses upon commencement of commercial operations. No fees have been established for any GSM 400/1800 licenses to date.

[26] An agreement was entered into with the local Electrosvyaz (designated by the RMOC as recipient of the fee for the region and a shareholder in Sibintertelecom) whereby certain equipment of the cellular system will qualify as such required contribution. Accordingly, Sibintertelecom does not anticipate that further payments will be necessary.

MCC has recently obtained permission from the RMOC to develop and experimental GSM 400/1800 network in Moscow and Moscow region. Delta is seeking permission to build an experimental GSM 400/1800 network in St. Petersburg. Although such permissions have been converted into commercial licenses in the past upon the launch of commercial services, there is no assurance that we will receive commercial licenses. The RMOC has publicly stated that it intends to amend NMT licenses to allow for GSM 400/1800 networks, although no formal amendments have been granted to date. The RMOC has not yet established license fees, if any, or other terms for such networks.

Licenses issued to our Russian joint ventures authorize each entity to provide mobile cellular telephone service in the defined regions using standards. Further provisions of the licenses generally include, among others, requirements to cooperate with the RMOC to integrate the cellular system with other cellular systems, to interconnect to the landline long distance and local networks, to provide long distance service only through Russia's long distance networks, to obtain RMOC approval of the technical documentation, to allow the government to operate the system in the event of emergencies, to make mutual financial settlements for traffic with the Russian local and long distance landline network in accordance with pertinent regulations, to achieve minimum quality standards such as less than 5% blocking (the inability to complete a call because of lack of capacity), to publish a number directory, to provide emergency service, and to allow access to authorized security agencies. The licenses also include objectives regarding minimum system capacity and geographic coverage to be achieved as shown in the previous table. We believe that such targeted levels are only guidelines, and we believe that our joint venture partners can generally influence the outcome of any such requirements. However, there can be no assurance that the RMOC will not place specific demands for coverage and growth as conditions of maintaining licenses. Such requirements may increase required investments by system operators.

Licenses may be suspended by the RMOC for several reasons, including the following: (a) failure to comply with terms of the license, (b) failure to provide communication service by the start date set forth in the license (subject to extensions), (c) provision of inaccurate information about communications services rendered to consumers, and (d) refusal to provide documents requested by the RMOC. Licenses may be revoked for the following reasons: (a) failure to remedy circumstances which resulted in suspension within the established time, and (b) other grounds set forth by Russian law or international treaties.

Once the RMOC issues necessary cellular licenses, region-specific frequency allocations (within the range supported by each standard, such as GSM) must be coordinated with various other bodies such as Gossvyaznadzor, regional frequency committees and military organizations. Regulation of the use of radio frequencies is under the control of the Russian government represented by the RMOC which has established the Russian Federation State Commission on Radio Frequencies ("SCRF") for this purpose. A frequency allocation by the SCRF is a preliminary condition to receiving a license for providing cellular service. Once a licensee receives a license and general frequency allocation from the SCRF, the licensee must develop its frequency allocation plan, which is subject to approval. Each licensee must pay fees for radio frequency issuance. To date, these fees have not been significant to the joint ventures; however, no assurance can be given that such fees will not be significant in the future. Typically only a portion of the total frequency normally associated with the standards has been initially authorized for use by licensees. Generally, the RMOC seeks to increase the authorization of useable frequency over time and as subscriber demand develops.

The RMOC has licensed additional frequencies in selected cities for WLL services based upon CDMA and other standards, but only a limited number of such systems have been deployed to date. The licenses primarily authorize fixed-base, rather than mobile, service.

Uzbekistan- In 1990, the government of Uzbekistan issued a single nation-wide license, which was ultimately built using the AMPS standard. In October 1996, four nation-wide GSM licenses and an additional AMPS license were authorized. The UMOC has more recently encouraged mergers among competing licensees. The UMOC has announced its intention to consider sanctions upon the three competing GSM operators and the second AMPS operator for failing to meet the terms of their license, including network build-out requirements. Generally, the cellular networks of Coscom's GSM competitors are limited to the Tashkent area. Possible sanctions include the modification of the license from a nationwide to a regional license, reducing or eliminating frequencies, fines, and other measures. The Uzbek government is in the process of organizing a tender for state-owned telecom assets, including cellular assets, in order to attract a strategic investor into the sector. The timing of this tender is difficult to predict.

Providers of cellular service are required to obtain government licenses based upon a decision of the Cabinet of Ministers Committee of Communications and Transport ("CMCCT"). Coscom's cellular license authorizes the provision of mobile cellular telephone service throughout Uzbekistan using GSM standards, and stipulates the conditions for interconnection to the landline local and long distance network. Further provisions of the licenses include, among others, requirements to enable access by security agencies, to comply with network interconnection standards, and to supply periodic information to the UMOC. The license can be revoked upon default of the terms of the license or the failure of the licensee to fulfill its business plan submitted to the UMOC. The license is not transferable, and can be amended in accordance with the laws of Uzbekistan. Terms of other GSM licenses are required to be similar pursuant to the issued decrees. For cellular licensees that meet a defined minimum of foreign ownership, such as Coscom, no license fee payment is required. For licensees which do not meet the criteria, a substantial fee is payable as a condition of the license. Each cellular provider is allowed to establish its own pricing pursuant to CMCCT decrees. There is no assurance that the regulatory environment will not change.

Regulation of the use of radio frequencies is under the control of the government represented by a state committee. Actual frequency issuances must be coordinated through this committee. Each licensee must pay fees for radio frequency issuance. To date, these fees have not been significant; however, no assurance can be given that such fees will not be significant in the future.

Tajikistan- The Tajikistan Ministry of Communications ("TMOC") issued a nation-wide AMPS license in 1996. Today the AMPS system serves only the capital city of Dushanbe. Somoncom was issued the first GSM license in 1998. In early 1999, the TMOC issued a tender for an additional GSM license. None of the tender responses were accepted. The TMOC has disclosed plans to issue an additional GSM license to Tajik Telecom, the PTT.

Somoncom's license authorizes the provision of national GSM-standard mobile and fixed cellular telephone service. The license stipulates that interconnection with the local and long distance network will be achieved by mutual agreement. The license does not specify system capacity or coverage requirements, and requires a $20,000 one-time license fee and various equipment registration fees.

The State Inspectorate for communications allocates and administers radio spectrum. This body includes representatives from the military and public security ministries, as well as from the TMOC, and is operationally separate from the TMOC. The Inspectorate charges a nominal annual fee for frequencies.

Other Telecommunications Regulation

The CIS telecommunications industries are regulated by the respective governments. Forms of regulation include service licensing, cellular spectrum licensing (previously discussed), equipment certification requirements, network interconnection standards and requirements, and other requirements.

Russia- The provision of telecommunications services in Russia generally falls within federal jurisdiction. The principal legal act regulating Russian telecommunications is the Federal Law on Communications enacted in 1995 (the "Communications Law") which establishes the legal basis for all activities in the telecommunications sector and provides for, among other things, licensing to provide communications services, the requirement to obtain a radio frequency allocation, certification of equipment, and fair competition and freedom of pricing. The Communications Law is a framework law that anticipates and references various regulations to be enacted by the competent supervisory authorities. The practice is for regulations promulgated under predecessor law to continue to be applied until new regulations are issued, to the extent pre-existing regulations do not contradict newly enacted law. The

Communications Law provides for equal rights of individuals and legal entities to participate in telecommunications operations and does not contain any special restrictions with regard to participation by foreigners. All users and operators have access to the telecommunications network, a centrally managed complex of networks belonging to different enterprises and government agencies of Russia, and have the right to interconnect their networks to the network in compliance with the conditions set forth in their licenses.

The Communication Law requires that any person providing telecommunications services must obtain a license. Licenses are issued by the RMOC on the basis of a decision by the Licensing Commission of the RMOC. Licenses are issued for defined periods, and may be renewed upon application to the RMOC and verification by government authorities that the licensee has conducted its activities in accordance with the licenses. Officials of the RMOC have fairly broad authority with respect to license issuances and renewals. The Communications Law provides that licenses are not transferable. Further, this restriction is interpreted to prohibit assignment or pledge of a license to collateralize obligations to a third party. However, pursuant to a letter issued the Deputy Minister of Communications, a licensee may enter into agreements with third parties in connection with the provision of services under the licensee's license.

Once cellular licenses are received, the licensee is required to register its right to hold and operate under the license with Gossvyaznadzor, the national authority responsible for monitoring compliance with regulatory and technical norms. Cellular telecommunications equipment is generally subject to mandatory certification to confirm its compliance with various standards and technical requirements. Certificates of compliance are issued to the supplier by the RMOC.

The Communications Law requires the federal regulatory authorities to encourage and promote fair competition in the provision of telecommunications services and prohibits abuse of dominant position to hinder, limit or distort competition. The Communications Law also provides that tariffs for communications services may be established on a contractual basis between the provider and the user. A special federal agency was created in 1995 to regulate providers of public telecommunications services. There can be no assurance, however, that such laws and any implementation regulations will not be changed with respect to cellular service.

Uzbekistan- The provision of telecommunications services in Uzbekistan generally falls within national jurisdiction. Regulation of cellular service was largely established through Decrees of the Cabinet of Ministers (and its committees) issued since 1994. In July 1997, the President of Uzbekistan issued a decree abolishing the Ministry of Communications and establishing the Postal and Telecommunications Agency ("UMOC"). The new agency was charged with regulatory tasks including policy making, development and supervision of compliance with appropriate industrial standards, promotion of market reforms in the telecommunications industry and attracting foreign investment. The assets of the Ministry of Communications were separated into three joint-stock companies including Makhalliy Telecom (local public networks operator), Halqaro Telecom (international and long distance public network operator), and Uzbekistan Pochtasi (postal service).

Cellular telecommunications equipment is generally subject to mandatory certification to confirm its compliance with various standards and technical requirements. Certificates of compliance are issued to the supplier by the UMOC.

Tajikistan- Telecommunications within the Republic of Tajikistan is regulated by the Ministry of Communications ("TMOC"), which also oversees the national post office and radio and television broadcasting. All providers of telecommunications services in Tajikistan must be licensed by the TMOC.

Cellular telecommunications equipment imported and put into service in Tajikistan must be certified in one of a number of select CIS countries, including Russia. The TMOC does not have the ability or mandate to certify equipment itself.

Other Regulation

Foreign Currency Transactions and Repatriation- The use of foreign currencies, and conversion into or from foreign currencies, are regulated in Russia, Uzbekistan and Tajikistan.

Russian currency exchange legislation limits the exchange of rubles for foreign currency and the use of foreign currency in Russia. Legislation currently permits foreign investors to transfer abroad income received on investments in Russia (including, among others, profits, dividends, and interest) provided such income was received in foreign currency and subject to payment of all applicable taxes and duties and subject to other documentation requirements. Legislation also permits legal entities to convert rubles into foreign currency for purposes of making dividend and interest payments. Foreign currency may be freely exchanged for rubles in Russia, but rubles may not be exported or exchanged outside of Russia. The currency exchange rules govern transactions in foreign currency and currency "valuables" between Russian residents (including citizens, permanent residents and legal entities established under Russian law) and between residents and non-residents. Legislation distinguishes between "current" foreign exchange transactions and foreign currency transactions involving a "movement of capital." "Current" foreign currency transactions generally may be freely carried out between residents and between non-residents. "Movement of capital" transactions in foreign currency, including the purchase and sale of securities, generally require a license from the Central Bank of Russia. The prevailing view is that a license is only required in such "movement of capital" transactions. Uraltel and Sibintertelecom have received necessary Central Bank of Russia approvals for payment of amounts due pursuant to leases with our subsidiaries. Cash transactions in foreign currency are generally prohibited within Russia; however, certain obligations may be paid in foreign currency by means of credit cards or wire transfers. Any change in such legislation or interpretations thereof could have a material adverse impact on us.

Following the ruble's devaluation in August 1998 (see "Risks and Other Important Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations"), and the subsequent default on certain Russian government obligations, the Russian government announced a 90-day prohibition against the repayment of various government and other debt. The prohibitions were generally allowed to lapse. Also, the Russian government placed limits on the maintenance of bank accounts held in foreign currencies. We believe that these restrictions will not affect the ability of our Russian joint ventures to make lease payments due to us. However, there can be no assurance that such policies and regulations will not be changed, and that payments to us will be allowed in the future.

Uzbekistan Government decrees also generally permit foreign investors to transfer abroad income received in investments in the country. However, conversions from soums into foreign currencies are strictly regulated. Government approval, including approval of the Central Bank of Uzbekistan and various government bodies, is required for such conversion and payment. Foreign currency may be freely exchanged for soums in Uzbekistan, but soums may not be exported or exchanged outside of Uzbekistan. Cash transactions in foreign currency are generally prohibited; however, certain obligations may be paid in foreign currency by means of credit cards or wire transfers. Under most circumstances, 50% of any hard currency collected must be converted into soums. Coscom has recently been successful in repatriating a portion of its hard currency collected through automatic roaming activities after the mandatory 50% conversion into soum. We expect the amount of repatriation to increase as the level of roaming increases.

Coscom has applied for authorization to convert soums into foreign currency for lease payments to the Company, purchases of handsets, purchases of cellular system equipment, and other needs through a broad-based request. The application follows a defined procedure and was submitted pursuant to Coscom's inclusion in the Uzbekistan State Investment Program ("USIP"). The USIP provides designated entities certain tax exemptions, and priority access for hard currency conversion. To date, Coscom has received a series of approvals to convert an amount of soum equivalent to the projected balance of the lease agreement, or approximately $29 million, subject to final action by a state currency conversion committee. However, Coscom has only received hard currency under its leases to date totaling $273,000. While we believe that Coscom will be successful in converting necessary local currency in the future as further discussed in "Liquidity and Capital Resources", there can be no assurance that the conversion process will be completed without further significant delays. Any change in such conditions, or failure to obtain necessary approvals, could have a material adverse impact on us.

The Tajik ruble is freely convertible. No licenses are required to obtain hard currency. The National Bank of Tajikistan and a number of larger commercial banks will exchange hard currency for clients. The commercial banks typically set a slightly higher exchange rate and hold smaller hard currency reserves. The official exchange rate is established at bi-weekly currency auctions at the Republican Currency Exchange in the capital, Dushanbe. Foreigners and entities with foreign ownership have the right to maintain accounts denominated in hard currency in Tajikistan. There are no mandatory foreign currency requirements. The government's tight monetary and fiscal polices, as well as IMF stabilization facilities, have promoted a stable exchange rate.

Local construction- Local construction is also regulated through various building codes and other similar requirements.

Cellular Competition

Competition is limited and defined by cellular licensing and spectrum allocations. See "Business-Regulation". Licensed competitors in regions of our cellular joint ventures are listed in the following table.

Table 15. Current Cellular Network Competitors

Joint Venture	License Region	Licensed Competitor	Primary Shareholders[27]	Standard	Status
Russia-					
MCC	Moscow, Moscow oblast	Vimpelcom Sonic Duo Mobile Telesystems	Public, Telenor Sonera Public, AFK Sistema, MGTS, Deutsche Telecom	GSM 900/1800, DAMPS GSM 900 GSM 900/1800	O O U O
Delta Telecom	St. Petersburg, Leningrad oblast	Northwest GSM FORA Telecom XXI	Telecominvest, PTN Millicom Russian individuals	GSM 900/1800 AMPS GSM 1800	O O U
Uraltel	Sverdlovsk oblast	Yekaterinburg Company Uralwestcom Rosico Uralskiy GSM	Private individual investors Elsewhere herein AFK Sistema Other Ural's region cellular operators, MTT Invest*	AMPS NMT GSM 1800 GSM1800	O O U U
Uralwestcom	Same	Yekaterinburg Company Uraltel Rosico Uralskiy GSM	Private individual investors Elsewhere herein AFK Sistema Other Ural's region cellular operators, MTT Invest*	AMPS GSM 900 GSM 1800 GSM 1800	O O U U
Don Telecom	Rostov-on-Don	Rostov Cellular Com. Rostov Sotoviy Tel. Rosico Vimpelcom	Millicom MTT Invest AFK Sistema Public, Telenor	AMPS NMT GSM 1800 GSM 1800	O O U U
NCC	Nizhny Novgorod oblast	Personal Com. Of Russia Sotel-NN MTT Invest Vimpelcom	Millicom Electrosvyaz Rostelecom, MGTS, others Public, Telenor	AMPS NMT GSM 1800 GSM 1800	O O U U
Yeniseytelecom	Krasnoyarsky krai	Sibchallenge Rosico Vimpelcom	Local private investors AFK Sistema Public, Telenor	AMPS GSM 1800 GSM 1800	O U U
Baykalwestcom	Irkutsk oblast	Northern Crown MTT Invest Golden Telecom	Millicom Rostelecom, MGTS, others Public, Global Telesystems	AMPS GSM 1800 GSM 1800	O U U
AKOS	Primorsky Krai	Prim Telephone MTT Invest Golden Telecom	Electrosvyaz, Samsung, Golden Telecom Rostelecom, MGTS, others Public, Global Telesystems	NMT GSM 1800 GSM 1800	O U C
Sibintertelecom	Chita oblast	Sotel-Chita MTT Invest Golden Telecom	MTT Invest Rostelecom, MGTS, others Public, Global TeleSystems	NMT GSM 1800 GSM 1800	O U U

[27] References include both direct and indirect stockholders.

Central Asia-					
Coscom	Republic of Uzbekistan	Unitel	Daewoo Group	GSM 900	O
		Buztel	Bakrie Group	GSM 900	O[28]
		Uzbek Malaysia	Makhalliy Telecom (PTT), Superior Communications	GSM 900	O[26]
		Uzdunrobita	Makhalliy Telecom (PTT), ICG	DAMPS	O
		Rubicon Wireless	Radio and TV Asso., Amis Protrade, LLE Rubicon	DAMPS	O[29]
Somoncom	Republic of Tajikistan	TajikTel	Tajik Telecom (PTT)	AMPS	O[30]

O Operational U Unconstructed C Under construction

*See "Pending Acquisitions."

Russia- Generally, only one system has been deployed to date for each of the three primary cellular standards (GSM 900, AMPS/DAMPS, and NMT) in each licensed territory, except for Moscow where two GSM 900 operators are currently competing and a third license has been issued. Other GSM 1800 licenses have been issued as discussed in "Cellular Licensing," but only a few GSM 1800 license holders have begun construction or operations to date. Additional licenses may be issued in the future as discussed in "Cellular Licensing." We believe that the GSM standard has several advantages over the AMPS/DAMPS and NMT standards as more fully discussed in "Cellular Networks." However, AMPS/DAMPS and NMT systems typically have head starts over GSM systems. Our Russian GSM joint ventures intend to emphasize the advantages of the GSM standard to compete with other cellular providers in the region, or head starts compared to other GSM providers, and to compete using a strong local presence and good customer service. The NMT analog technology is becoming dated and its market share has decreased, and we expect NMT market share to decrease further in the future. We intend to continue to evolve our NMT systems to GSM using a series of strategies as discussed in "Cellular Network Facilities." In the meantime, our NMT systems intend to compete on the basis of price and customer service to offer a value-oriented service to targeted users. AMPS systems have many of the same analog technology limitations, although DAMPS has been developed as a digital migration strategy.

Our joint ventures have various market positions ranging from market share leader in several of our GSM markets, to smaller shares in NMT, AMPS and some GSM systems. Our coverage also varies, but it is generally better or comparable, or is expected to be comparable to our competitors with planned expansions. Our GSM service is generally priced at a premium to NMT and AMPS competitors. Our NMT and AMPS services are generally priced at a discount to GSM competitors.

Licenses have recently been issued for regional GSM 1800 licenses. GSM 1800 system deployments have been initiated in the Moscow, St. Petersburg and a few regional areas. The pace of further build-out of GSM 1800 systems in additional regions is unclear. Development of competitive mobile GSM 1800 systems will likely be slowed by (a) higher infrastructure costs compared to other standards, (b) the head start by GSM 900 systems, and (c) current economic conditions. We believe that the significantly higher costs associated with stand-alone GSM 1800 infrastructure, and the head start by GSM 900 operators, represent barriers for the development of competitive mobile GSM 1800 systems in the near term in many parts of the region.

In the Sverdlovsk region, Uraltel recently agreed to transfer its 33% interest in Uralskiy GSM, a GSM 1800 license holder, to MTT Invest in return for MTT's cooperation in arranging for the sale of shares of Uraltel by several smaller shareholders (including MTT Invest) to the Company and to Sistema Telecom as more fully discussed in "Pending Acquisitions." Uralskiy GSM obtained a regional GSM 1800 license in 1998; however, economic conditions prevented the system from being built out. This overall transaction has not been finalized and is subject to the execution of definitive agreements, approval of Russian anti-monopoly authorities, and the waiver of certain shareholder rights.

[28] Coverage is provided primarily only in Tashkent, Uzbekistan's capital city.
[29] Only a limited network has been constructed; the system covers a portion of Tashkent, Uzbekistan's capital city.
[30] Coverage is provided only in Dushanbe, Tajikistan's capital city.

Uzbekistan- Uzdunrobita has operated an analog cellular system in Uzbekistan since 1991. Originally constructed as an NMT system, it was rebuilt as an AMPS system in 1994. It currently serves Tashkent, Samarkand and a series of other cities, and has the largest number of cities covered in Uzbekistan. It reports approximately 29,000 subscribers. Rubicon Wireless began limited operations in Tashkent earlier in 1997. Coscom expects to exploit the advantages of GSM compared to AMPS/DAMPS to compete with Uzdunrobita and Rubicon Wireless. As Coscom expands its network, Uzdunrobita's coverage advantage will decrease and Coscom will compete more effectively on the basis of coverage. Coscom's service has been positioned and priced as a premium compared to Uzdunrobita based upon GSM technology and GSM roaming.

In October 1996, the UMOC authorized issuance of four GSM licenses and an additional AMPS license. Coscom was the first commercial GSM provider, introducing service in July 1997. Uzmacom and Buztel initiated commercial operations in Tashkent in August 1997; Daewoo Central Paging initiated commercial operations in Tashkent in October 1997. Coscom's strategy is to exploit its greater domestic coverage area, international roaming capability, and its local presence and Uzbek relationships created through its joint venture ownership structure. Coscom is currently the only GSM provider in Uzbekistan providing international roaming. Buztel and Daewoo Central Paging do not currently have any disclosed Uzbek ownership. We believe that the recent Asian financial turmoil has inhibited the ability of Coscom's GSM competitors to implement system expansion. Coscom's service is positioned as a premium service compared to the other GSM providers based upon multi-city coverage and roaming capability. Uzbek Malaysia has the smallest GSM market share of the four GSM providers. Unitel reports more users than Coscom, but we believe that Coscom has substantially more heavy users. Coscom's services are priced at a premium to its GSM competitors. The UMOC has actively encouraged mergers among competing license holders, and has announced possible sanctions for the other three GSM operators as more fully discussed in "Cellular Licensing."

Regional Environments

General

Russia- The Russian Federation ("Russia") is the largest state to emerge from the dissolution of the Union of Soviet Socialist Republics ("Soviet Union") in 1991. Russia has a population of approximately 147 million and consists of a federation of republics, territories and regions, cities and autonomous areas. Since the early nineties, Russia has been undergoing a major, albeit uneven, process of political and economic transformation. The demise of Russia's centrally planned economy in the early 1990s resulted in an economic crisis evidenced by a decline in living standards and gross domestic product, hyperinflation and a rapid devaluation of the ruble. A series of policies aimed at economic stabilization were implemented after 1991, but following a period of relative stability in late 1993 and early 1994, the ruble suffered a period of high volatility from September 1994 to early 1995. Between 1995 and 1998, certain Russian economic indicators showed gradual improvement, but chronic economic problems such as failure to collect taxes and budget deficits were exacerbated by the financial and economic crisis in Asia in 1997. Finally, in August 1998 these economic problems came to a head as the Russian government defaulted on domestic and foreign debt and allowed the ruble to devalue. The resultant crisis led to, among other results, the virtual collapse of the Russian banking system, a dramatic decline in consumer spending, and a massive shift of international capital out of Russian markets. Although the lingering effects of the 1998 crisis still remain a drag on the Russian economy, some positive trends may have emerged. First, many sectors of the Russian economy involving exports or import substitution did not suffer greatly from the crisis, and some actually benefited. Second, several high-growth industries, including telecommunications and brewing, have continued to attract foreign investors throughout the post-crisis period. Third, Russia has generally weathered the crisis politically and economically much better than most observers predicted, and the recent election of President Putin may provide Russia with much needed political leadership. Despite these favorable trends, Russia still faces severe ongoing economic and political problems, as discussed in "Risks and Other Important Factors."

Uzbekistan- Uzbekistan is located south of Russia and is one of the five former Soviet nations located in the region commonly referred to as "Central Asia." With 23.5 million inhabitants, Uzbekistan is the third most populous of the former Soviet republics and is the fifth largest in land area. The land area of 172,700 square miles is slightly larger than the state of California. It is a predominantly desert nation interspersed with fertile areas created primarily through irrigation. The western and central regions are flat to rolling desert landscapes with minimal rainfall. These areas contain 85% of the land area, but only 15% of the population. Conversely, the region stretching from the Fergana Valley, through Tashkent province, to Samarkand province is relatively densely populated and has 85% of the total population. This region contains Tashkent city, the nation's capital and largest city with 2.5 million inhabitants (4 million in the entire metropolitan area), and Samarkand, the second largest city with 600,000 inhabitants. Overall, the Samarkand-Tashkent-Fergana Valley region has a total population of 19 million.

The native Uzbekistan population is largely Muslim. Unlike Iran, Iraq and certain other Muslim nations, Uzbekistan's Muslim population has not followed an extreme, fundamentalist approach to beliefs. The constitution provides for freedom of religion and separation of church and state. Many western lifestyle features are commonly found. The country has a complex mix of Muslim and Russian cultures. The population is comprised of approximately 72% native Uzbeks, 8% Russians and other Europeans, 5% Tajiks, 4% Kazakhs, and other regional ethnic groups.

Uzbekistan was declared an independent republic in 1991. Since independence, it has gradually moved towards open democracy and an open market economy. The rate of change has not been as rapid as in Russia and some other CIS nations, but significant progress has been made. The economy has generally been more stable than those of other CIS nations because of the slower transition from a command economy. Gross domestic product has declined less in the last few years as compared to Russia and most other CIS nations. Agriculture is the dominant industry, representing about 40% of gross national product ("GNP") and 30% of total employment. Uzbekistan is the world's second largest exporter of cotton (after the United States) and accounts for 20% of the world's cotton exports. It produces significant amounts of silk, fruits and vegetables. Uzbekistan is also a primary producer of machinery and heavy equipment for the Central Asian region. Manufacturing, and mining and energy, account for 30% and 15% of GNP, respectively. The nation is also rich in natural resources. It has large reserves of natural gas and coal, and has the fourth largest gold reserves in the world. Uzbekistan ranks fourth among CIS nations in hydrocarbon reserves, and among the top ten natural gas producers in the world. It currently controls approximately 8% of the world's annual uranium production. It produces significant amounts of copper and has substantial reserves of other metals.

Tajikistan- Tajikistan is located in Central Asia, sharing borders with China, Kyrgyzstan, Uzbekistan and Afghanistan. Covering 55,235 square miles, the country is slightly smaller than Wisconsin. The population is approximately 6 million, of which 2 million live in Leninabad oblast. Tajiks account for 65% of the population, while Uzbeks constitute the second largest group at 25%. The Uzbek minority maintains strong ties across the border to Uzbekistan. Mountains with severe altitudes cover approximately 85% of the country. The northern province, known as Leninabad oblast, is the country's industrial and agricultural center. Spreading into the fertile Fergana Valley, Leninabad contains the country's only significant lowlands. The massive Tien Shan mountain range effectively isolates Leninabad from the rest of the country. Khujand is the capital of Leninabad. Leninabad oblast is predominantly Uzbek.

The Republic of Tajikistan emerged as an independent nation in 1991 following the break-up of the Soviet Union. Tajikistan's first coalition government was broken apart by factional forces, and civil war ensued. By 1997, UN mediation and Russian military involvement caused a settlement that resulted in a new coalition government and a distribution of ministerial posts among factional groups. Various rogue factions continue to operate in the countryside, particularly in the South. In November 1998, a rebel force briefly occupied a key government building in Khujand before being driven out by government forces. Since November, incorporation of opposition officials into civilian and military posts has progressed peacefully.

Although civil unrest delayed Tajikistan's ability to institute economic reforms, the new political environment has fostered advancement toward a free market system. While the population is predominantly Muslim, the constitution mandates a secular state. The government receives significant support from the World Bank, IMF and other donor organizations and countries. The government has maintained a level of fiscal and monetary discipline that has provided a generally stable exchange rate and manageable inflation. Agriculture dominates the economy of Tajikistan, and cotton is the most important crop. Industry is dominated by a large aluminum plant near Dushanbe and a number of hydropower plants. Cotton, aluminum and electricity are the primary export commodities. Tajikistan possesses a wide variety of mineral resources, but the difficult terrain hampers exploitation.

Telecommunications Industries

The regions' telecommunications sectors are in transition from the out-dated Soviet public telephone network. While significant progress in network expansion and privatization has been made, many network elements remain ineffective and lack capacity. Public communications were not a priority for investments during the Soviet era, and trade restrictions limited access to advanced Western technology. As a result, much of the regions' telecommunications equipment is obsolete. For example, many of the telephone exchanges are electromechanical and telephones still use pulse dialing. Telephone service is generally of poor quality in many areas, and network capacity is limited. In Russia, there are roughly 26 million local telephone lines, or about 18 lines per 100 inhabitants, according to the RMOC. Penetration is higher in the larger cities and lower in less populated areas. In Uzbekistan, there are approximately 1.8 million telephone lines, or less than 8 lines per 100 inhabitants. Tajikistan reports approximately 5 lines per 100 inhabitants. This compares to an average of 43 per 100 in Western Europe and much higher ratios in the U.S. Substantial waiting lists exist for installation of new telephone lines and installation delays are significant.

Russia- Local landline telephone service in Russia is primarily provided through 89 regional telephone companies. Long distance networks are principally provided by one carrier, Rostelecom, although foreign joint ventures have been formed in recent years to provide additional long distance and digital overlay network services. Ownership of Rostelecom and the regional telephone companies was originally assigned to the RMOC in 1991 to begin a privatization process. The companies were subject to privatization but only pursuant to a decision of the Russian government in each case and with the state retaining a certain percentage of the stock of the privatized entity for three years. Currently, virtually all of the former state telecommunications enterprises have been privatized and, subject to certain restrictions, shares of newly formed joint stock companies have been sold to the public. In 1994, Svyazinvest was formed for the purpose of fostering greater efficiency and economies of scale within the industry. As a wholly-owned government entity, Svyazinvest was granted a controlling stake in most of the 89 regional telephone companies. A series of efforts were initiated in 1995 to privatize Svyazinvest. In April 1997, the Russian Government approved transfer of its 51% stake in Rostelecom, and certain other telecommunications companies, to Svyazinvest. At the same time, the Government authorized the sale of a 49% stake of Svyazinvest, of which 25% plus one share was sold by auction to a consortium of largely foreign investors later in 1997. The remaining portion of the 49% was scheduled to be sold in an investment tender in 1998; however, the tender was subsequently terminated. Various proposals have been announced in recent months to merge certain of the regional telephone companies into larger regional concerns, to merge Rostelecom and Svyazinvest, and to privatize additional shares in Svyazinvest.

The cellular industry in Russia began with the issuance of licenses in 1991 for Moscow and St. Petersburg. Additional licenses have been awarded through tender processes on a regional basis as more fully discussed in "Spectrum Licensing" and "Competition." Generally, the first systems constructed were based upon the NMT and AMPS standards because of conflicting uses for GSM frequency ranges. Most cellular systems have been developed to date as joint ventures among a series of participants, or by the respective regions' local and regional telecom enterprises. Several companies hold interests in a series of these joint ventures. The larger such holders of cellular interests are listed below.

Table 16. Large Russian Cellular Interest Holders

Company	*Description*	*Primary Russian Cellular Interests*	*Primary Standard*
Vimpel-Communications (NYSE symbol "VIP")[31]	Publicly traded company which began as the AMPS operator in Moscow; Telenor acquired 25% of voting shares in 1999; increased to 32% in 2000	• AMPS/DAMPS operator in Moscow region • GSM 900/1800 operator in Moscow • GSM 1800 license holder for Central and Black Earth region, Volga region, North Caucasus region, Siberia region	AMPS/DAMPS, GSM 900 GSM 1800
Mobile Telesystems, Inc. (NYSE symbol "MBT")	Publicly traded company which began as the initial GSM operator in Moscow; 42% controlled by AFK Sistema	• GSM 900 operator in Moscow and surrounding regions • GSM 1800 operator in Moscow • Holds GSM 900 licenses for 34 oblasts of Russia, most located in western part of country • Holds GSM 1800 licenses in 17 oblasts of Russia	GSM 900, GSM 1800
AFK Sistema[33]	Private Russian conglomerate with broad interests in telecommunications (including MGTS), shipping, construction, hotels, real estate, airlines and other; reportedly maintains close ties with Moscow government	• Primary joint venture partner in Moscow GSM operator (together with MGTS), systems in surrounding areas and the Black Earth region • GSM 1800 license holder for Central and Black Earth region, Urals region[32]	GSM 900, GSM1800
Telecominvest	Joint venture of the Russian northwest region telecom providers and Telenor, Telecom Finland and Telia International	• NMT and GSM 900 operator in St. Petersburg region, and other northwest regions • GSM 1800 operator in northwest region • Recently reported to have ties with MTT Invest below	NMT, GSM 900, GSM 1800
Rostelecom (NYSE "ROS") [33]	Publicly traded Russian company which serves as Russia's primary long distance network provider	• Minority interests in several joint operators	Various
MTT Invest	Russian Joint Venture of MGTS (Moscow city telephone company), Rostelecom, and others	• Primary operator/joint venture participant in large numbers of NMT systems, • GSM 1800 license holder for Far East region, Siberia region, North Caucasus region	NMT
Millicom (Nasdaq "MICCF")	Publicly held Luxembourg wireless communications holding company	• Primary foreign partner in several AMPS/DAMPS joint ventures	AMPS/DAMPS
Golden Telecom (Nasdaq "GLDN")	Publicly traded telecom company serving Russia and Eastern Europe	• Primary foreign partner in Arkhandelsk, Murmansk, Novgorod, Altai oblasts and group of southern oblasts • GSM1800 Far East region	AMPS/DAMPS GSM 1800
Telenor	State-owned Norwegian telecom operator	• Vimpelcom (32%), NorthWest-GSM, Extel (Laliningrad), Stavtelesot (Stavropol)	GSM 900, GSM 1800
Sonera (NASD symbol "SNRA")	Publicly traded Finnish telecom operator (State controlled)	• NorthWest-GSM • Sonic Duo	GSM 900
Telia	Publicly traded Swedish telecom operator (State controlled)	• NorthWest-GSM • Telecominvest	Various

Moscow and St. Petersburg have the greatest cellular penetrations in Russia (8% and 4%, respectively) to date. Originally, penetration was greatest for AMPS/DAMPS and NMT, but GSM penetration has gained against these older standards as GSM service has been more broadly introduced. Specific competition for the operating joint ventures is further discussed in "Competition" and "Spectrum Licensing."

[31] Includes its affiliate KB Impuls.
[32] Certain of AFK Sistema's GSM 1800 licenses were not constructed in accordance with license deadlines. The RMOC has not provided further disclosure of the status of such licenses.
[33] AFK Sistema is in process of purchasing certain cellular interests from Rostelecom.

Uzbekistan- Makhalliy Telecom and Halqaro Telecom, government controlled enterprises, are the primary providers of local exchange service (through a series of regional enterprises) and long distance service, respectively. The government has initiated various processes in past years to privatize the local telephone operations and long distance services through the creation of joint ventures. Affiliates of Daewoo and Bakrie (see "Cellular Competition") had previously announced such joint ventures for several regions of the country. STET had announced participation in a long distance venture. However, the joint ventures were never developed. In 1998, the government announced that a tender process would be implemented to privatize various local exchange and long distance operations. A new privatization plan is currently being developed by the Government based upon advice from representatives of the World Bank, and Makhalliy Telecom and Halqaro Telecom have recently been merged in preparation for an international tender. Further details on the tender are not available, but the Uzbek government is also considering the inclusion of various government controlled cellular and telecommunications assets in the tender, and possible revision of current GSM licenses for operators that have not developed national operations. The switching facilities of Makhalliy Telecom and Halgaro Telecom are in the process of being upgraded with new modern digital lines and exchanges already installed in several regional centers. The Uzbekistan section of the Transasia-Europe (TAE) fiber-optic line stretches from the Fergana Valley to Termez and Nukus. Further extension of the fiber optic line to the northwest is also planned.

Standard monthly charges for residential local service include a base fee of approximately $15 and additional charges of approximately $.005 per minute for usage above defined thresholds. Rates for business lines are higher. A new line generally costs approximately $300. Intra-country long distance charges vary from $.105 to $.22 per minute. Charges for intra-CIS and other international calls are significantly greater and vary by destination.

Cellular service was introduced in Uzbekistan in 1991. Subsequently, a series of nation-wide GSM licenses and an additional AMPS/DAMPS license have been issued. The cellular industry in Uzbekistan is further described in "Cellular Competition" and "Regulation."

Tajikistan- Until 1996, the Tajikistan Ministry of Communications managed telecommunications, radio and television and the postal system as a consolidated enterprise. A subsequent organizational divestiture established three separate state corporations responsible for telecommunications, radio and television, and posts, respectively. Tajik Telecom is the state-owned corporation that operates the public network. It is composed of the following principal operating units.

- Four regional operators--in Dushanbe, Khujand, Khulob, and Khorog--which manage local communications;
- A domestic and international long distance exchange located in Dushanbe; and
- The Technical Center of Trunk Traffic which manages the physical transmission facilities between the regions and the Dushanbe trunk facilities.

Telecommunication services are limited in most parts of the country to basic telephony and telex. Approximately 300,000 lines were in operation in 1991, a penetration rate of about 5%. Damage caused by five years of civil unrest, and a subsequent lack of capital investment, significantly degraded the network from this previous level. Local and regional switches are either crossbar (67%) or much older step-by-step (33%). Transmission facilities are primarily analog cable. Analog microwave totaling 750 kilometers is installed between the Dushanbe hub and various cities including Khujand (350 km). Automatic long distance direct dialing is not possible and call completion rates are low. Multilateral institutions have financed recent upgrades to the digital EWSD international switch in Dushanbe. Subsequent priorities include a digital overlay network (DON) to carry long distance traffic and local traffic for enterprises and government agencies willing and able to pay premium tariffs. Sporadic efforts to attract a strategic foreign investor for Tajik Telecom have been unsuccessful to date.

Cellular service was introduced in Tajikistan in 1996. Somoncom was issued a GSM license in 1998. The cellular industry in Tajikistan is further described in "Cellular Competition" and "Regulation."

Sales and Marketing

Target Market Segments- Our experience indicates that many subscribers to our systems use cellular phones as substitutes for hard wire networks in addition to traditional mobile telephone applications. Average usage has been high, and affluent users have not been relatively price sensitive. We have set initial service prices at high levels compared to more developed systems in other countries, but similar to other systems in the CIS. While this strategy limits the initial target market segment to a limited number of affluent users, it further enables systems to generate profitability and service debt at relatively low subscriber levels. Over time, prices may be reduced to levels similar to other cellular systems throughout the world. We expect decreases in pricing to expand market segments to which the service appeals. Current targeted users include major local and regional companies, businessmen, wealthy individuals, government organizations, foreign businessmen, diplomats, transportation providers and other professionals.

Advertising and Marketing- We advertise cellular service through various print and broadcast media including, among others, radio, television, newspapers and billboards. Advertising emphasizes customer education regarding cellular service and the particular features associated with the GSM standard. In our relatively mature markets, advertising is used to draw attention to current promotions and new value added services. Several of our joint ventures use internet sites to provide company information, tariff, promotional and roaming information. Each joint venture currently uses its own branding, although our GSM systems use the GSM standard as a quality of service brand.

Sales and Distribution- We use both direct sales methods and networks of distributors, respectively. Distributors receive a flat commission for new customer activations, subject to certain churn limitation requirements. The amount of commission per activation varies according to sales volume. Most distributors also supply a variety of handsets. The level of sales through distributors varies significantly by market from small shares to dominant shares.

We maintain direct sales staffs and provide sales and other customer support services through a network of customer service centers. Each joint venture currently has at least one such facility for each city covered, and multiple offices in larger cities. The centers respond to customer service and billing questions, service problems and payment processing needs. Customer service representatives can also be reached by calling from the subscriber's handset.

Employees

Each joint venture has developed a local management team in consultation with us and the other shareholders. We provide support as necessary to transfer expertise and to provide oversight. Our personnel have provided regular on-site support and presence. As part of the RTDC acquisition, we expect to acquire an experienced Moscow-based management group that largely complements our existing team and provides a full-time Moscow presence.

The following table summarizes our employee groups.

Table 17. Employees (as of March 31, 2000)

	Executive management	Engineering, operations	Sales and marketing	Finance and administrative	Total
Current MCT Corp.-					
Parent	5	3	1	5	14
Coscom	11	72	70	83	236
Uraltel	8	8	31	36	83
Sibintertelecom	4	4	2	4	14
Somoncom	2	4	2	10	18

RTDC-					
Parent and 100%-owned subsidiaries	2	6[34]	-	26	34
MCC	18	188	43	68	317
Delta Telecom	11	128	24	60	223
Uralwestcom	3	38	15	33	89
Don Telecom	3	45	10	16	74
NCC	7	26	15	20	68
Yeniseytelecom	6	32	7	22	67
Baykalwestcom	3	54	9	55	121
AKOS	4	18	11	47	80
Westelcom	3	8	-	12	23

[34] Includes MediaOne employees secunded to management positions in joint ventures.

Below shows Donald DePriest is an officer and director of MCT Corp. and that he controls it. Arrows added to highlight relevant info.

MANAGEMENT

Executive Officers, Directors and Other Key Employees

Our management team includes an experienced group with backgrounds in the cellular industry and in the CIS region. Our management has been active in the CIS since 1991. Directors, executive officers and key employees as of the date hereof are listed in the table below. Certain key members of the RTDC management team that we expect to retain either directly or through RTDMC are also shown below.

This does not say "non-executive" chairman as MCLM is now stating to the FCC.

Name	Age	Position
Directors-		
Donald R. DePriest*	61	Chairman of the Board
Lucius E. Burch, III	58	Director
Frank L. Harwell	58	Director
Peter G. Schiff	48	Director
Robert J, Schultz*	69	Director
Richard F. Seney*	46	Director
Management-		
Maria A. Cox	35	Controller
William J. Crocker	48	Director of Operations
Aric R. Holsinger	36	Vice President and Chief Financial Officer
Mary E. Klett	39	Director of Marketing and Public Relations
Thomas M. Reiter	35	Director of Mergers & Acquisitions
Garth C. Self	40	Vice President of Strategic Development
Gerald S. Walker	61	Director of Operations
Kenneth E. Whittington	62	Vice President and Chief Technical Officer
RTDC Management-		
Alexander Canovas	42	Deputy General Director, Yeniseytelecom***
Marijan Crnjak	57	Vice President, Operations and Venture Dev.***
Dmitry Kononov	35	Deputy General Director, Delta Telecom***
Sergey Medvedkov		Vice President, Corporate Development**

* Member of the Executive Committee
** Current position with RTDMC
*** Current employees of MediaOne secunded to RTDC Holdings

Donald R. DePriest. Mr. DePriest has served as Chairman of the Board since inception, and in similar capacities with our predecessors. Mr. DePriest has extensive experience as an entrepreneur and as an investor in the telecommunications industry. He founded Charisma Communications Corporation (through its predecessors and affiliates, "Charisma") in 1982, serving as Chairman of the Board and President through the sale of its operations to McCaw Communications 1986 and 1987. Charisma developed and operated eleven cellular systems in the southeastern United States.

Mr. DePriest formed MCT Investors, L.P. ("MCTLP") in 1987 to develop telecommunications and health care ventures, serving as President of the General Partner since inception. He has served as a director of several MCT portfolio companies, including his responsibility as Chairman of the Board of American Telecasting, Inc. ("ATEL") which was sold to Sprint in 1999. MCTR, our predecessor, was spun out as a separate operating company by MCTLP in 1995.

Mr. DePriest founded Boundary Healthcare Products Corporation ("Boundary") in 1987 to implement a leveraged buy-out of the Boundary Division of the Kendall Company, serving as Chairman of the Board through its sale to Maxxim Medical, Inc. (NYSE symbol MAM) in 1992. He has served as a director of MAM since the sale of Boundary. Mr. DePriest has been a multi-market owner of mid-size and smaller radio stations in southeast U.S. cities. He is the principal shareholder and Chairman of the Board of American Nonwovens Corporation and its affiliates, manufacturers of nonwoven textile products.

Lucius E. Burch, III. Mr. Burch has served as director since March 2000, and served as a member of the Advisory Committee of our predecessor since June 1999. Mr. Burch has served as Chairman of Massey Burch Investment Group, Inc., a venture capital company in Nashville, Tennessee, since October 1989. He served as its President from 1981 through October 1989, and as its Vice President from 1968 until 1981. He serves on the Board of Directors of QMS, Inc., a producer of intelligent graphic systems and laser printers (NYSE symbol AQM); Physician Resource Group, Inc., a publicly held physician practice management company; Titan Holding, Inc., a publicly held insurance holding company; and Prison Realty Corp. (NYSE symbol PZN). Massey Burch Investment Group was also a major shareholder and was represented on the Board of Directors of Charisma Communications Corporation.

Frank L. Harwell. Mr. Harwell has served as director since March 2000, and served as a member of the Advisory Committee of our predecessor since June 1999. Mr. Harwell has spent his career as a banker and banking consultant. He has consulted with senior management of large U.S. banking institutions regarding capital structures and issuances, mergers and acquisitions and investment banking relationships. He served in various executive management capacities with First Union and Chase Manhattan Bank, including Director of Investor Relations.

Peter G. Schiff. Mr. Schiff has served as a director since March 2000. He is President of Northwood Ventures. Prior to founding Northwood Ventures in 1983, he worked in the venture capital division of E.M. Warburg, Pincus & Co., and previously, had been an officer in the corporate division of Chemical Bank (now the Chase Manhattan Bank). Mr. Schiff serves as a director of many of Northwood's public companies. He is also a trustee of Lake Forest College, Brooks School and the New York Racing Association, and is member of the Board of Advisers of the Wildlife Conservation Society. Mr. Schiff is a graduate of Lake Forest College and received an MBA from the University of Chicago's Graduate School of Business.

Robert J. Schultz. Mr. Schultz has served as director since March 2000, and served as a member of the Advisory Committee of our predecessor since June 1999. Mr. Schultz held senior management positions with General Motors Corporation (GM) and its electronics and aviation affiliate, GM Hughes Electronics (GM Hughes), until his retirement in 1993. He served as Vice Chairman of GM and as Chairman and Chief Executive Officer of GM Hughes from 1990 to 1993. From 1984 to 1989, he held various senior corporate positions at GM, and from 1981 to 1984 he served as General Manager of General Motors' Delco Electronics Division. He is currently a member of the Board of Trustees of California Institute of Technology, the Board of Directors of OEA, Inc., an aerospace and automotive industry supplier, and the Board of Directors of Delco Remy International, a publicly held producer of OEM electronics for the automotive industry.

Richard F. Seney. Mr. Seney has served in his capacity since March 2000, and served in similar capacities with our predecessors since 1992. His operating experience in the cellular industry began with Charisma Communications in 1985. He served as Executive Vice President and Chief Financial Officer through the sale of its operations in 1986 and 1987. He founded MCT together with Mr. DePriest in 1987, serving as Vice President and General Manager of its General Partner. His experience with MCT included an array of high-growth companies in the telecommunications sector. He has served as Vice Chairman of ATEL's board of directors and as a director of other MCT portfolio companies. Mr. Seney served in the Emerging Companies practice of Arthur Andersen & Co. (Washington, D.C. office) from 1976 through 1985. He graduated from the University of Virginia in 1976.

Maria A. Cox. Ms. Cox has served as our controller since inception, and served in a similar capacity with our predecessor from June 1999 through our formation. Previously, she served as Assistant Controller for Cort Furniture Rental Corporation with emphasis in financial and SEC reporting. From 1994 through 1998 she served as Assistant Controller for Salant Corporation. Prior to 1994 she was the Audit Manager for Club Car, Inc . She began her career with Price Waterhouse in Midland, Texas.

William J. Crocker. Mr. Crocker has served in his capacity since inception, and served in a similar capacity with our predecessor from May 1998 through our formation. From 1995 to 1998 he was based in Moscow and served as Strategic Accounts Manager and Senior Business Development Manager in the Cellular Infrastructure Group of Motorola, Inc. From 1992 to 1995 he served in Moscow as the Commercial Officer of Concord Services, Inc. representing a conglomerate of firms involved in trading nuclear fuel products, rare-earth and specialty metals, and other industrial products. From 1973 to 1992, Mr. Crocker held a variety of federal government and private sector positions centered on trading and general business in the former Soviet Union. Mr. Crocker earned two degrees from the University of Michigan, and received his M.A. in Russian Area Studies from Georgetown University in 1979.

Aric R. Holsinger. Mr. Holsinger has served in his capacity since inception, and served in a similar capacity with our predecessor from July 1996 through our formation. Previously, he served as Vice President of Finance/Chief Financial Officer for The Baltimore Orioles, Inc. After graduating from the University of Virginia, he served in the emerging companies practice of Arthur Andersen & Co. (Washington, D.C. office) from 1985 through 1990, specializing in business system consulting.

Mary E. Klett. Ms. Klett has served in her capacity since inception, and served in a similar capacity with our predecessor from April 1997 through our formation. She joined our predecessor in July 1996 after obtaining a Masters of International Business Studies degree from the University of South Carolina. Prior to 1994 she was Project Manager for marketing international exhibitions, initially for trade shows in Germany, then for aerospace and defense industries in Asia, the Middle East and Latin America.

Thomas M. Reiter. Mr. Reiter has served in his capacity since January 2000 and has been active in consulting and investment projects in the former Soviet Union and Eastern Europe since 1992. Previously, Mr. Reiter worked at the fund management company for the Millenium Fund, a $300 million private fund focussed on the former Soviet Union. Before his work with the Millenium Fund, Mr. Reiter spent two and a half years working as an M&A attorney at the Moscow office of Latham & Watkins, a major US law firm, and eighteen months with Bain & Co. as a management consultant. Mr. Reiter received a J.D. from the University of Michigan Law School in 1994, left active duty in the US Army in 1991, and graduated from Georgetown University in 1987.

Garth C. Self. Mr. Self has served in his capacity since March 2000. He has been active in telecommunications investment and management in the former Soviet Union for the past eight years. He holds interests in a trade journal for the Russian telecommunications industry and smaller private investments in the telecommunications industry and other areas. Over the past three years Mr. Self has also provided consulting services in the areas of business development and strategy for Global TeleSystems Group, Inc. ("GTS") in Russia and the CIS, and a subsidiary of the AIG insurance companies concerning oversight of Russian telecommunications investments. Previously, Mr. Self was with New Century Holdings, a major investor in Russian industry. At New Century he was responsible for developing and implementing a strategy for its telecommunications holdings in Russia.

Prior to joining New Century Holdings in October 1995, Mr. Self was the Vice President of Business Development for GTS, an operator of telecommunications companies in emerging markets, including Russia. From early 1992 through September 1994, he served as the Chief Financial Officer of GTS. From 1987 until joining GTS, he was an investment banker with Houghton & Company, specializing in financing emerging growth telecommunications companies. Prior to joining Houghton & Company, Mr. Self was an officer of Chemical Bank in the Trust and Investment and Investment Banking divisions. He holds an MBA in finance from the Columbia University Graduate School of Business and is a graduate of Brown University.

Gerald S. Walker. Mr. Walker has served in his capacity since inception, and served in similar capacities with our predecessor from its inception through our formation. Prior to his role with our predecessor, Mr. Walker served as a manager for international projects with MCT Investors, L.P. from 1991. He was a career Army officer from 1963 through 1989, serving in various overseas capacities with the Defense Intelligence Agency from 1973 to 1989. He retired as a Colonel, joining an affiliate of MCT in 1989. Mr. Walker is a graduate of the Industrial College of the Armed Forces, and holds a Masters degree in International Relations from the University of Alabama.

Kenneth E. Whittington. Mr. Whittington has served in his capacity since our formation, and served in a similar capacity with our predecessor from its formation. He was a member of the AT&T engineering team that developed cellular technology and deployed the first cellular system in the United States (Chicago). His career with AT&T spanned 1959 to 1994, and included engineering and management responsibilities with a wide range of microwave and other radio-based products. His last ten years were spent in AT&T's cellular equipment division. Mr. Whittington earned a B.S. in Engineering from Southern Illinois University and in 1975 obtained an M.B.A. from Loyola University of Chicago with a concentration in finance.

Employees of RTDC Holdings and its affiliates are described below. We expect MCT Corp. to enter into employment agreements with certain of these individuals, and to employ the remainder through RTDMC. While we have had preliminary discussions directly or indirectly with each individual, there is no assurance that an employment relationship will be maintained.

Alexander Canovas. Mr. Canovas has served in this position in the city of Krasnoyarsk since March 1997. Previously, he was Logistics and Administrative Manager for Hughes Technical Services from 1994 to 1997 in Moscow, working in Russia since 1990. He started his career in California, working in various capacities as engineer, programmer and director for several business enterprises. He has studied business at both West Coast University and California State University.

Marijan Crnjak. Mr. Crnjak has served in his present position since April 1998. He is also chairman of the board in four of the RTDC Holdings joint ventures and is a member of the board of Westelcom. From 1983 until 1998 Mr. Crnjak held several positions at RTDC Holdings and joint ventures, including Vice President, Business Development and Deputy General Director of Westelcom. Previously Mr. Crnjak was President and CEO of Nikola Tesla in Croatia, having held progressively more senior positions in the company after beginning his career as Constructor of Telecommunication Equipment in 1966. Mr. Crnjak graduated with Masters of Telecommunication in 1975 from the University of Zagreb. He received his MBA from the University of Delft in the Netherlands in 1974.

Dmitry Kononov. Mr. Kononov has held this position since 1993. He also is a member of the boards at two related ventures. Previous to joining RTDC, Mr. Kononov began his career providing litigation support and small business consulting services through GHPS & Co, a law office in Colorado. He is a Certified Public Accountant, graduating from the University of Colorado in Denver.

Sergei Medvedkov. Mr. Medvedkov has served in this position since March, 1994. Along with his activities in strategic and market research, he has represented RTDC on the boards of directors of five cellular telecom ventures, including MCC and Delta Telecom. For several years he has been also responsible for operational oversight of four RTDC ventures. Mr. Medvedkov came to his current position from the Central Bank of Russia where he served as Chief of the Expert Group advising the Chairman of the Central Bank (1991-1992), and then as head of the Research and Information Department. His previous career was with the Russian Academy of Sciences, where he conducted research in international business and provided consultancy to the Federal Government and corporate clients. Mr. Medvedkov holds two national scientific degrees: doctor of economics (1987) and professor (1992). He has written numerous publications on multinational business strategies.

Board Structure

We currently have six directors. The number of directors may be changed from time to time by the Board of Directors. Directors are elected for terms of one year, and until their successors are elected and qualify.

The Board of Directors of which Donald DePriest was Chairman during relevant years.

Donald DePriest was on the Executive Committee of MCT Corp. that conducts all activities of MCT Corp.

Committees

Executive Committee- Our Executive Committee is comprised of Messrs. DePriest, Schultz and Seney. The Executive Committee is empowered to conduct all activities that may be conducted by the board of directors, subject only to limitations imposed by applicable corporation law.

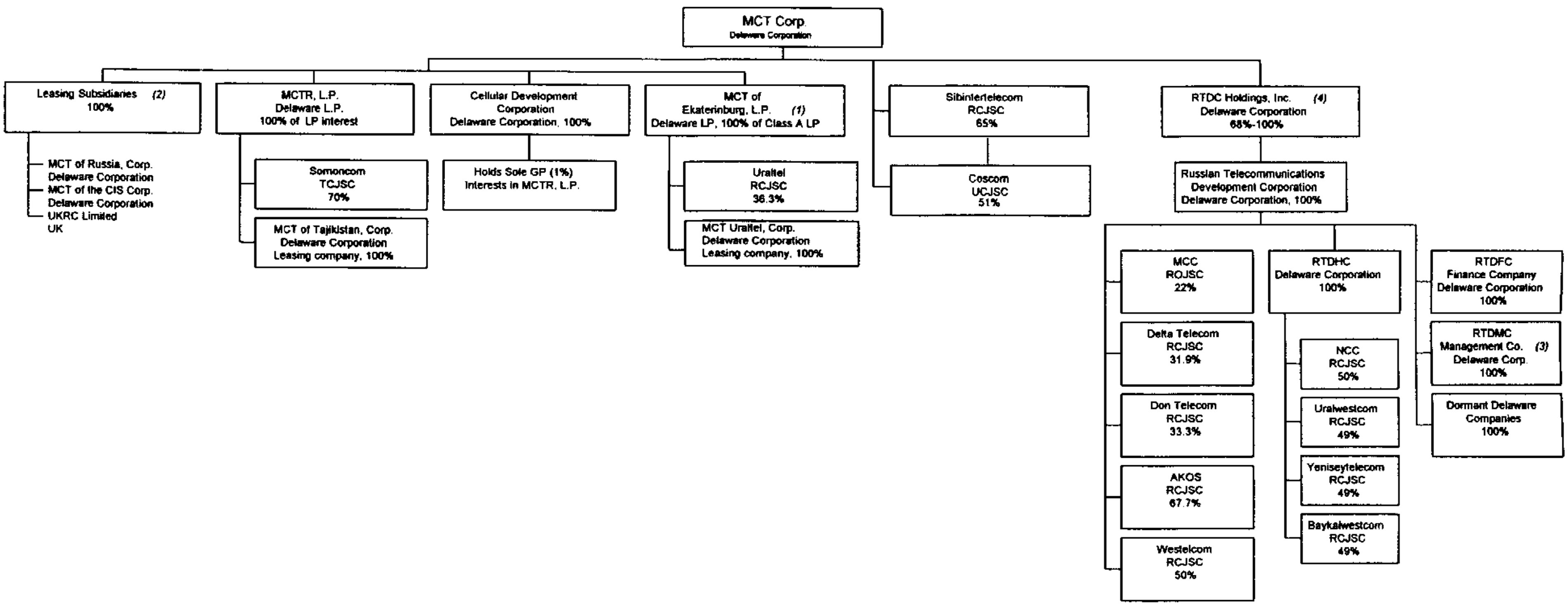
Stock Option Plan

A total of 779,332 shares of Common Stock are reserved for issuance to key employees of the Company and its subsidiaries under the MCT Corp. 2000 Incentive Option Plan (the "Stock Option Plan"). When shares of Common Stock are issued by the Company in the future, other than shares issued under stock option or other employee benefit plans, the shares reserved for issuance under the Stock Option Plan will be automatically increased by an amount equal to 10% of the newly issued shares of Common Stock. As of the date hereof, no options have been granted. Participants may receive either incentive stock options or non-qualified stock options in such amounts and for such prices, but not less than the fair market value of the Common Stock on the date the option is granted, as may be established by a committee of the Board of Directors of the Company consisting of two or more non-employee directors of the Company (the "Committee"). While the terms of the options may vary, the options are granted for a period not to exceed ten years. It is intended that the incentive stock option portion of the Stock Option Plan will qualify as an incentive stock option plan under applicable provisions of the Internal Revenue Code.

OUR COMPANY AND ITS SUBSIDIARIES

MCT Corp. is a Delaware corporation formed in February 2000 as a corporate reorganization of its predecessor. The Company's predecessor, MCT of Russia, L.P., is a Delaware limited partnership formed in 1995 as a spin-off from MCT Investors, L.P. The assets and liabilities of MCT of Russia, L.P. were assigned to the Company effective February 29, 2000. Our structure and our subsidiaries including the effect of pending acquisitions are presented in the following chart.

Pro Forma Corporate Structure



[1] MCT of Ekaterinburg, L.P., a Delaware limited partnership ("MCTK"), was formed in 1995 to pursue the Uraltel project. The partnership interests of MCTK consist of a general partnership interest (the "MCTK General Partner Interest"), Class A limited partnership interests (the "MCTK Class A Units") and Class B limited partnership interests (the "MCTK Class B Units"). Medcom Development Corporation holds all the MCTK General Partner Interest (1%). All outstanding MCTK Class A Units are held by the Company. MCTK may offer MCTK Class B Units (generally equal to a 5% interest in MCTK) to a third party under an arrangement designed to compensate the third party for certain finder services performed in prior years for the Uraltel project. This arrangement may include a commitment by MCTK to provide the third party with a further equity interest in MCTK, although we do not believe such further issuances are likely.

[2] We lease cellular systems to foreign joint ventures through our U.S. subsidiaries including MCT of Russia, Corp. ("MCTR Corp."), MCT of the CIS, Corp. ("MCTC Corp."), MCT of Tajikistan Corp. ("MCTT Corp.", a wholly-owned subsidiary of MCTR, L.P.) and MCT Uraltel, Corp. ("MCTK Corp.", a wholly-owned subsidiary of MCTK). MCTR Corp., MCTK Corp., and MCTC Corp. have entered into a series of system equipment purchase and finance agreements with equipment vendors, and a series of leases to supply the purchased systems to the joint ventures. UKRC Ltd., a U.K. corporation, is a wholly-owned subsidiary of MCTC Corp. MCTC Corp. leases equipment to UKRC Ltd., which, in turn, has leased the same equipment to Coscom.

[3] RTDMC has historically employed most of the Moscow-based employees of RTDC and has served as the representation office in Moscow.

[4] See "Capital Structure" for a further discussion of various shareholder agreements.

CAPITAL STRUCTURE

MCT Corp.

The authorized capital stock of the Company consists of 30,000,000 shares, of which 20,000,000 shares are Common Stock, par value $0.01 per share, and 10,000,000 shares are Preferred Stock, par value $0.01 per share. As of the date hereof, there were 7,793,321 shares of Common Stock outstanding. There are no outstanding options, warrants, or other rights to acquire shares of the Company.

The issued and outstanding shares of Common Stock are validly issued, fully paid and nonassessable. Subject to the rights of the holders of Preferred Stock, if any, the holders of outstanding shares of Common Stock are entitled to receive dividends out of the assets legally available therefor at such times and in such amounts as the Board of Directors may from time to time determine. The shares of Common Stock are neither redeemable nor convertible, and the holders thereof have no preemptive or subscription rights to purchase any securities of the Company. Upon liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to receive, pro rata, the assets of the Company that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of Preferred Stock then outstanding. Each outstanding share of Common Stock is entitled to vote on all matters submitted to a vote of the stockholders. There is no cumulative voting in the election of directors.

The Company's Amended and Restated Certificate of Incorporation authorizes the Board of Directors to issue Preferred Stock in classes or series and to establish designations, preferences, qualifications, and limitations of any class or series with respect to the rate and nature of dividends, the price and terms and conditions on which shares may be redeemed, the terms and conditions for conversion or exchange into any other class or series of the stock, voting rights, and other terms. The Company may issue, without approval of the holders of Common Stock, Preferred Stock which has voting, dividend or liquidation rights superior to the Common Stock and which may adversely affect the rights of holders of Common Stock.

RTDC Holdings

We have contracted to purchase approximately 95.1% of RTDC Holdings. RTDC Holdings' outstanding stock consists of 13,610,000 and 1,140,000 shares of voting and non-voting common stock, respectively. Under the agreement, we will acquire 94.5% of the voting shares and all of the non-voting shares of RTDC Holdings.

MCT Corp. will be subject to a stockholders' agreement with respect to RTDC Holdings. The agreement is with the remaining minority shareholder, the IFC, and grants the IFC certain information rights, rights to representation on the Board of Directors and registration rights, and to receive minutes of meetings of the RTDC board of directors. In addition, the IFC is also entitled to receive annual and quarterly financial statements of RTDC Holdings and to receive any other information relating to the affairs of RTDC Holdings that it may reasonably request. The IFC has the right to participate pro rata in any sale of RTDC shares by the majority stockholder; the IFC also has the preemptive right to purchase new shares and other securities that may be issued by RTDC Holdings in the future.

The stockholder agreement grants to the IFC the right to register and sell its shares in connection with any public offering of RTDC Holdings' common stock, subject to limitations that may be imposed by the underwriters. In addition, the IFC must be given the opportunity to include their shares in any sale of all the majority stockholder's interest in RTDC Holdings on the same terms and conditions as would apply to the majority stockholder.

LITIGATION

In September 1999, Ericsson Radio Systems threatened to sue Baykalwestcom for the equivalent of $2.2 million for non-payment of amounts due under deferred equipment purchase terms. A verbal agreement has been reached between Ericsson and Baykalwestcom to reschedule the payments, and Ericsson is currently reviewing a written proposal by Baykalwestcom. We believe that a rescheduling is likely because of the other relationships with Ericsson through MCC and Delta Telecom.

A competitor has sued Baykalwestcom for unfair advertising, and no amount of damages has been stated. This matter is pending review by the court, but settlement payment, if any, is expected to be minimal.

On February 28, 2000, Uralwestcom received a demand from the district tax inspector to pay certain VAT taxes and penalties for the equivalent of approximately $468,000. In fact, Uralwestcom had already attempted to pay these taxes through DialogBank, but DialogBank became insolvent before making the tax payment and the payment was never made to the tax authorities. Although Russian legislation provides that companies are not liable for paying taxes a second time in such situations, the tax inspector directed a garnishment order against one of Uralwestcom's bank accounts equal to such amount. In a recent meeting with the tax inspector, Uralwestcom argued that it has provided all required documentation to the appropriate entities and should not be held responsible for the actions of DialogBank. On March 3, 2000, the tax police recalled the garnishment order. Following discussions with the tax inspector and the tax police, Uralwestcom has decided to file a claim with an arbitration court against DialogBank, and believes that it will succeed based on recent court precedent.

In addition, our business is occasionally a party to legal actions arising in the ordinary course, the ultimate resolution of which cannot be ascertained at this time, but which in our opinion will not have a material adverse effect upon us.

INCOME TAXES

Prospective investors are urged to consult with their own tax advisors with respect to the tax consequences which may arise from the purchase of our equity in their individual situations and under future changes in tax law and regulations.

OFFERING AND SALE OF COMMON STOCK

We are offering the private placement of shares of common stock (the "Common Stock") of MCT (the "Offering") to institutional and other qualified private investors at a purchase price of $15.40 per share (the "Offering Price") in one or more closings. This Offering is not subject to the sale of a minimum number of shares of Common Stock, and we reserve the right to close the Offering at any time, irrespective of how many shares of Common Stock have been sold. We reserve the right to (i) accept subscriptions for the purchase of Common Stock on a "rolling basis", upon receipt of executed subscription agreements, together with payment therefor; and (ii) increase the number of shares of Common Stock sold pursuant to the Offering. Each investor will be required to sign a shareholders' agreement and a subscription agreement, in the forms to be provided, prior to the Company's accepting a subscription. Subscription agreements may be accepted only by the Company, which has the right, in its sole discretion, to refuse to accept any subscription, in whole or in part, for shares of Common Stock for any or no reason.

Below shows that Donald DePriest is controlling interest and majority interest in MCT Corp. Arrows added by Petitioners to help highlight relevant info.

PRINCIPAL OWNERSHIP

MCT Corp. was formed effective February 29, 2000 through a reorganization of MCT of Russia, L.P. (the "Partnership") in which the assets and liabilities of the Partnership were assigned to MCT Corp. in exchange for common stock. The Partnership currently holds 89.8% of our outstanding stock, and is controlled by Mr. DePriest as described below. Mr. DePriest, directors, officers, key employees, and their affiliates control a total 93.3% of our outstanding stock. No other shareholder beneficially owns more than 5%.

A majority of the Partnership's beneficial ownership is held by the Board and management group. Remaining owners include approximately 60 individuals and financial institutions. The Partnership currently intends to distribute its shares of MCT Corp. to its partners at subsequent dates. The sole general partner of the Partnership, MedCom Development Corporation, is owned by Mr. DePriest. Ownership of Partnership interests by (i) each person who beneficially owned in excess of five percent of Class A or Class C Partnership interests, and (ii) all board members, officers and key employees of the Company and the Partnership's General Partner as a group is as follows.

	Number of Units	% of Class
General Partnership Interest[35]		
MedCom Development Corporation, Wholly-owned by Mr. DePriest	N/A	100%
Class A Units:		
Donald R. DePriest[36]	21,984	75.2%
MCT Investors, L.P.[37]	17,644	60.4%
Management and Advisory Group[38]	22,334	76.5%
Class B Units[38]		
Management and Advisory Group[39]	122.5	100%
Class C Units[40]		
Donald R. DePriest[41]	6,820	100%

ADDITIONAL INFORMATION

We will answer inquiries from potential investors concerning our business and the sale of any securities offered hereby. We will also afford potential investors the opportunity to obtain additional information that they may reasonably consider necessary with respect to the Company and its business.

[35] The General Partner holds a 1% interest in the Partnership.
[36] Includes 17,644 Class A Units held by MCT Investors, L.P., the sole general partner of which is wholly-owned by Mr. DePriest.
[37] Mr. DePriest and Mr. Seney together hold a 63% economic interest in MCT Investors, L.P. Mr. DePriest serves as Chairman of the Board and President, and Mr. Seney serves as Vice President and General Manager, of MedCom Development Corporation (see "Management.")
[38] Class B Unit Holders are entitled to earnings and profits of up to 15% of the Partnership, subject to certain limitations and other conditions
[39] Includes 4.8 Class B Units that have not yet been issued, but are issuable upon satisfaction of future vesting provisions of employee and advisor incentive compensation agreements.
[40] Class C Holders are entitled to earnings and profits equal to a defined return based upon levels of certain guaranteed indebtedness, and subject to certain limits upon allocations in any given year.
[41] Includes 5,320 Class C Units held by BD Partnership, L.P., of which Mr. DePriest is the sole general partner.

Once again, Mr. DePriest was the sole partner and controlling interest of BD Partnership LP, but MCLM did not list them as an affiliate.

INDEX TO AVAILABLE HISTORICAL FINANCIAL STATEMENTS (EXHIBITS)

Parent and U.S. Holding Company Level-

MCT Corp. and Consolidated Domestic Subsidiaries Pro Forma[42] Financial Statements as of June 30, 2000, and for the Six Months then Ended (unaudited)

MCT Corp. and Consolidated Domestic Subsidiaries Pro Forma[43] Financial Statements as of December 31, 1999 and 1998, and for the Years then Ended (unaudited)

RTDC Holdings, Inc. Selected Financial Information as of June 30, 2000, and for the Six Months then Ended (unaudited)

RTDC Holdings, Inc. Consolidated Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)

RTDC Holdings, Inc. Consolidated Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Russian Telecommunications Development Corporation Consolidated Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)

Russian Telecommunications Development Corporation Consolidated Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Joint Venture Level-

AKOS –

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998, and for the Year then Ended (audited)

Baykalwestcom-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Coscom-

Condensed Statements of Cash Receipts and Disbursements for the Periods Ended June 30, 2000, December 31, 1999 and 1998, and Selected Balance Sheet Information as of June 30, 2000, December 31, 1999 and 1998 (unaudited)

Dontelecom-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Delta Telecom-

Selected Financial Information for the Three Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

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[42] Reflects the formation and transfer of assets and liabilities to the Company from its predecessor, MCT of Russia, L.P., as if such transfer had occurred as of the beginning of the first period presented (January 1, 1999)
[43] Reflects the formation and transfer of assets and liabilities to the Company from its predecessor, MCT of Russia, L.P., as if such transfer had occurred as of the beginning of the first period presented (January 1, 1997)

Moscow Cellular Communications-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Nizhnegorodskaya Cellular Communications-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Sibintertelecom-

Condensed Statements of Cash Receipts and Disbursements for the Periods Ended June 30, 2000, December 31, 1999 and 1998, and Selected Balance Sheet Information as of June 30, 2000, December 31, 1999 and 1998 (unaudited)

Somoncom-

Condensed Statements of Cash Receipts and Disbursements for the Periods Ended June 30, 2000 and December 31, 1999, and Selected Balance Sheet Information as of June 30, 2000 and December 31, 1999 (unaudited)

Uralwestcom-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Uraltel-

Condensed Statements of Cash Receipts and Disbursements for the Periods Ended June 30, 2000, December 31, 1999 and 1998, and Selected Balance Sheet Information as of June 30, 2000, December 31, 1999 and 1998 (unaudited)

Westelcom-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998 and 1997, and for the Years then Ended (audited)

Yeniseytelecom-

Selected Financial Information for the Six Months Ended June 30, 2000 (unaudited)
Financial Statements as of December 31, 1999, and for the Year then Ended (unaudited)
Financial Statements as of December 31, 1998, and for the period from Commencement of Operations (June 18, 1997) to December 31, 1997 (audited)

GLOSSARY

AMPS/DAMPS- A cellular standard primarily deployed in North American and South America, and other selected areas of the world. AMPS is not deployed in Europe. The AMPS standard was introduced as analog technology, and was subsequently followed by DAMPS as the digital adaptation.

ARPU- Average monthly revenues per cellular subscriber.

CJSC – Closed Joint Stock Company. A JSC whose shares may be distributed only to a limited group of persons. A CJSC may not publicly offer its shares or otherwise offer them to an unlimited number of investors.

GSM- Global System Mobile. A digital standard widely deployed throughout the world. Developed by Western Europe, it offers many advantages over other, earlier analog standards.

IFC – International Finance Corporation.

JSC – Joint Stock Corporation. A commercial entity, of which the charter capital is divided into a certain number of shares evidencing the rights of shareholders with respect to the JSC. A JSC has the status of a legal person.

MediaOne International- MediaOne International Holdings Inc. Owner of 67% interest in RTDC Holdings Inc.

NMT- Nordic Mobile Telephone. Analog cellular system developed by Scandinavian countries. It was the first cellular system to initiate service in Russia and is a federally licensed standard. Some current NMT operators are testing and plan to implement the digitalization of this standard.

OJSC – Open Joint Stock Company. Shares of an open JSC are freely transferable and an open JSC may publicly offer its shares.

OPIC - Overseas Private Investment Corporation

The Partnership- MCT of Russia, L.P.

RTDC- Russian Telecommunications Development Corporation. Parent to RTDMC and other affiliated U.S. corporations.

RTDC Holdings- RTDC Holdings, Inc. Parent of RTDC.

RTDMC- Russian Telecommunications Development Management Corporation. Moscow representative office.

Russia- The Russian Federation.

Figure 1 Common CIS Cellular Standards

Standard	Digital Status	Geographic Presence	Feature Considerations
GSM (900 mhz)	Digital from inception	• Most widely deployed standard in the world today • Pan European digital standard • National digital standard for most CIS countries • Deployment in most other countries	• Full advanced digital features • Advanced fraud protection • Extensive roaming appeal because of compatibility with European and other CIS countries • Smart card technology for subscriber convenience • Good signal security • Broad deployment and economies of scale
GSM (1800 mhz)	Digital from inception	• Similar to 900, but licensed in more recent years to provide additional GSM bandwidth	• Less extensively deployed than GSM 900 • Higher frequencies generally require more cells and more infrastructure; more costly and therefore desirable only in more densely populated areas, such as Moscow, St. Petersburg and other major cities.
GSM 400	Digital from Inception	• Adaptation of the GSM standard to take advantage of NMT frequencies being vacated	• Not commercially deployed to date; trials have been conducted, but commercial availability of equipment not expected until coming months • Equipment will likely be dual band GSM 400/1800 • Inbound roaming will require users to have tri-band handsets (400, 900, 1800) • Likely to be more expensive initially than other GSM standards
AMPS, D-AMPS (800 mhz)	Originally analog (AMPS); digital overlay subsequently developed (D-AMPS)	• North America • South America • Russia • Selective deployment in other countries	• Developed originally as the primary US cellular standard • Not deployed in Europe; limits effective roaming potential with other systems • Performance limited with analog standard • Fraudulent use problems • Signal security weaknesses • Inter-network features less developed than GSM
NMT (450 mhz)	Analog	• Europe • Russia, other selected CIS countries • Selected deployment elsewhere	• Developed as the original European cellular standard • Performance limited by analog standard • Largely being replaced by GSM systems today • Least expensive to deploy initially, but handsets are expensive because of low current production volume
CDMA (800 mhz, 1800 mhz)	Digital from inception	• North America • Portions of Asia • Limited license issuances in Russia, and specified use is principally fixed-base service	• Relatively new digital standard used primarily to replace AMPS systems with digital Performance • Most efficient use of spectrum • Advantages of complete digital offering • No effective roaming within Europe or GSM dominant regions
Altai (330 mhz)	Analog	• CIS countries	• Developed as Russian mobile system many years ago • Single-cell (no frequency re-use), outdated technology