

SWIDLER BERLIN LLP

RECEIVED

2006 JAN 30 AM 9 32

TRA DOCKET ROOM

The Washington Harbour
3000 K Street N.W. Suite 300
Washington D.C. 20007-5116
Phone 202 424 7500
Fax 202 424 7647
www.swidlaw.com

BY OVERNIGHT MAIL

January 27, 2006

Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re Docket 06-00013, Joint Petition of Cleartel Communications, Inc , NOW Communications, Inc , and IDS Telecom, Corp for Approval of a Financing Transaction

Dear Mr. Jones

Cleartel Communications, Inc , NOW Communications, Inc , and IDS Telecom, Corp ("Petitioners"), through undersigned counsel, hereby provide their responses to the Tennessee Regulatory Authority's January 19, 2006, Data Request No. 1

- 1 Have the Petitioners filed similar petitions in other states and what is the status of any such petition?

Yes, the Petitioners notified Connecticut, the District of Columbia, Georgia, Indiana, Louisiana, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, Tennessee, and West Virginia of the financing transactions. Approval of the financing is still pending in Georgia, Indiana, Louisiana, Maryland, New Jersey, New York, Pennsylvania, and West Virginia.

- 2 Have the Petitioners applied for approval for financing from any Federal agency? Have they notified any Federal Agency? If so, what is the status of any such petition, application or notification?

No, Petitioners have not applied for approval or notified any Federal agency and do not believe notice or approval is required from any Federal agency for the proposed financing.

- 3 How many customers does each particular Petitioner currently have in Tennessee?

January 27, 2006

Page 2

Cleartel Communications, Inc has no customers in Tennessee NOW Communications, Inc has approximately 400 customers in Tennessee, and IDS Telecom, Corp has approximately 800 customers in Tennessee

- 4 Confirm that Petitioners will continue to operate and/or provide service under its current name and CCN issued by the Authority, and its business licenses as filed with the Tennessee Secretary of State's Office

Petitioners will continue to operate and/or provide service under their current names and CCNs issued by the Authority and will continue to operate under their business licenses as filed with the Tennessee Secretary of State's Office

- 5 Verify and provide copies of all current business licenses of each particular Petitioner filed with the Tennessee Secretary of State's Office

Attached as Exhibit 1 are copies of the IDS Telecom, Corp 's Tennessee authority to transact business and the NOW Communications, Inc 's recent request for reinstatement Petitioners will supplement this response as soon as practicable to demonstrate that NOW Communications, Inc 's authority to transact business in Tennessee is current Cleartel Communications, Inc does not have authority to transact business in Tennessee and does not operate in the state

- 6 Per the Request for Approval of Financing Transaction in Section IV of the Joint Petition filed with the Authority on January 17, 2006, Petitioners seek both the approval to incur debt obligations of up to \$10 million, and approval of a grant of a security interest in Petitioners' assets as collateral for such debt Provide documentation of specific Tennessee assets that would be used and/or pledged as security for the proposed financing transaction(s)

Petitioners provide under seal as Exhibit 2 the confidential agreement with PNC Bank Section 1 defines the assets included as collateral

- 7 Per the Request for Approval of Financing Transaction in Section IV of the Joint Petition filed with the Authority on January 17, 2006, the Petitioners have entered into a Revolving Credit and Security Agreement ("Agreement") with PNC Bank for a revolving loan in an amount of up to \$10 million, with a maturity date of December 30, 2008 Provide documentation showing the applicable interest rate(s) that will be used for the proposed financing

Petitioners provide under seal as Exhibit 2 the confidential agreement with PNC Bank Section 1 defines the revolving interest rates

January 27, 2006

Page 3

- 8 Provide the most recently independently audited balance sheet and operating statement of revenues for Cleartel Communications, Inc

Petitioners provide under seal as Exhibit 3 Cleartel Communications, Inc 's most recent balance sheet and operating statement of revenues

An original and thirteen (13) copies of the responses to Data Request No 1 are enclosed Please date stamp the extra copy of this filing and return it in the self-addressed, postage paid envelope provided Should you have any questions regarding this Petition, please do not hesitate to contact us at (202) 424-7500

Respectfully submitted,



Catherine Wang
Danielle C Burt

Counsel for Petitioners

cc Carlos Black (TRA)
Colleen Edwards (TRA)
Ron Jones (TRA)

EXHIBIT 1

Tennessee Authority to Transact Business

o

6

ISSUANCE DATE 01/31/2005
REQUEST NUMBER 05031112A

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor William R Snodgrass Tower
Nashville Tennessee 37243

CHARTER/QUALIFICATION DATE 01/28/2005
STATUS ACTIVE
CORPORATE EXPIRATION DATE PERPETUAL
CONTROL NUMBER 0486235
JURISDICTION DELAWARE

TO
CFS
8161 HIGHWAY 100
#172
NASHVILLE, TN 37221

REQUESTED BY
CFS
8161 HIGHWAY 100
#172
NASHVILLE, TN 37221

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"IDS TELCOM CORP "

WAS INCORPORATED OR QUALIFIED TO DO BUSINESS IN THE STATE OF TENNESSEE ON THE
ABOVE DATE, AND THAT THE ATTACHED DOCUMENT(S) WAS/WERE FILED IN OFFICE ON THE
DATE(S) AS BELOW INDICATED

REFERENCE NUMBER	DATE FILED	FILING TYPE	FILING ACTION
5343-2891	01/28/2005	QUAL-PROFIT	NAM DUR STK PRN OFC AGT-INC MAL FYC
5343-2895	01/28/2005	ASSUMED-ADD	

FOR REQUEST FOR COPIES

ON DATE 01/31/05

FEES

FROM
CFS
8161 HIGHWAY 100
#172
NASHVILLE, TN 37221-0000

RECEIVED \$200 00 \$0 00
TOTAL PAYMENT RECEIVED \$200 00

RECEIPT NUMBER 00003640058
ACCOUNT NUMBER 00101230



Riley C Darnell

RILEY C DARNELL
SECRETARY OF STATE

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR
CERTIFICATE OF AUTHORITY
(FOR PROFIT)

For Office Use Only

FILED

2005 JAN 28 PM 1 12

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee and for that purpose sets forth

1 The name of the corporation is IDS Telcom Corp
*If different the name under which the certificate of authority is to be obtained is IDS Telcom Corp of Delaware

[NOTES The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act *If obtaining a certificate of authority under a different corporate name an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional \$20.00 fee]

2 The state or country under whose law it is incorporated is Delaware

3 The date of its incorporation is January 4 2005 (must be month day and year) and the period of duration if other than perpetual is _____

4 The complete street address (including zip code) of its principal office is
2855 South Congress Avenue Delray Beach Florida 33445
Street City State/Country Zip Code

5 The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is
2908 Poston Avenue Nashville TN 37203
Street City State/Country Zip Code
Registered Agent Corporation Service Company

6 The names and complete business addresses (including zip code) of its current officers are (Attach separate sheet if necessary)
See attached Rider

7 The names and complete business addresses (including zip code) of its current board of directors are (Attach separate sheet if necessary)
See attached Rider

8 If the corporation commenced doing business in Tennessee prior to the approval of this application the date of commencement (month day and year) n/a

9 The corporation is a corporation for profit

10 If the document is not to be effective upon filing by the Secretary of State the delayed effective date/time is _____ (date) _____ (time)

[NOTE A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State]

[NOTE This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state]

January 19 2005
Signature Date

ASSISTANT SECRETARY
Signer's Capacity

IDS Telcom Corp
Name of Corporation

Scott Kellogg
Signature

SCOTT KELLOGG
Name (typed or printed)

: 3 4 2 1 5 2 2

IDS TELCOM CORP. OFFICER AND DIRECTOR INFORMATION RIDER

OFFICERS

<u>Officer Name</u>	<u>Office</u>	<u>Address</u>
Kenneth Bartz	Chief Executive Officer & President	2855 South Congress Avenue Delray Beach, FL 33445
Jim Doherty	Chief Operating Officer	2855 South Congress Avenue Delray Beach, FL 33445
Don Zyck	Vice President-Finance	2855 South Congress Avenue Delray Beach, FL 33445
Terre Hannay	Vice President-Fiscal Operations	2855 South Congress Avenue Delray Beach, FL 33445
Michelle Baker	Treasurer	2855 South Congress Avenue Delray Beach, FL 33445
Michael Burman	Secretary	2855 South Congress Avenue Delray Beach, FL 33445
Scott Kellogg	Assistant Secretary	2855 South Congress Avenue Delray Beach, FL 33445

DIRECTOR

Kenneth Bartz	2855 South Congress Avenue Delray Beach, FL 33445
---------------	--

Delaware

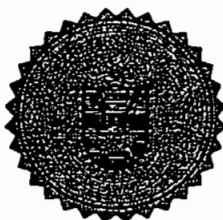
PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "IDS TELCOM CORP " IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FOURTH DAY OF JANUARY, A D 2005

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "IDS TELCOM CORP " WAS INCORPORATED ON THE FOURTH DAY OF JANUARY, A D 2005

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE



3907301 8300

050057626

Harriet Smith Windsor

Harriet Smith Windsor Secretary of State

AUTHENTICATION 3636634

DATE 01-24-05

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR
REGISTRATION OF
ASSUMED CORPORATE
NAME

2005 JAN 28 PM 1 12
FILED
SECRETARY OF STATE

For Office Use Only

Pursuant to the provisions of Section 48-14-101(d) of the Tennessee Business Corporation Act or Section 48-54-101(d) of the Tennessee Nonprofit Corporation Act the undersigned corporation hereby submits this application

1 The true name of the corporation is IDS Telcom Corp

2 The state or country of incorporation is Delaware

3 The corporation intends to transact business in Tennessee under an assumed corporate name

4 The assumed corporate name the corporation proposes to use is

IDS Telcom Corp of Delaware

[NOTE The assumed corporate name must meet the requirements of Section 48-14-101 of the Tennessee Business Corporation Act or Section 48-54-101 of the Tennessee Nonprofit Corporation Act]

January 19 2005

Signature Date

IDS Telcom Corp

Name of Corporation

ASSISTANT SECRETARY

Signer's Capacity

[Signature]

Signature

PROT KELLOGG

Name (typed or printed)

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R Snodgrass Tower
Nashville, Tennessee 37243

DATE 01/31/05
REQUEST NUMBER 5343-2895
TELEPHONE CONTACT (615) 741-2286
FILE DATE/TIME 01/28/05 1312
EFFECTIVE DATE/TIME
CONTROL NUMBER 0486235

TO
CSC
1201 HAYS STREET
TALLAHASSEE, FL 32301

RE
IDS TELCOM CORP OF DELAWARE
APPLICATION FOR REGISTRATION OF ASSUMED CORPORATE
NAME

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED ASSUMED NAME
REGISTRATION FOR A FIVE YEAR PERIOD BEGINNING WITH AN EFFECTIVE DATE AS
INDICATED ABOVE

THE CORPORATION MAY RENEW THE RIGHT TO USE THIS NAME WITHIN TWO
(2) MONTHS PRECEDING THE EXPIRATION OF SUCH RIGHT, FOR A PERIOD OF FIVE (5)
YEARS, BY FILING AN APPLICATION WITH THE SECRETARY OF STATE

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR
FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE

FOR APPLICATION FOR REGISTRATION OF ASSUMED CORPORATE ON DATE 01/31/05
NAME

FROM
CSC (1201 HAYS STREET)
1201 HAYS STREET

TALLAHASSEE, FL 32301-0000

RECEIVED FEES \$20 00 \$0 00
TOTAL PAYMENT RECEIVED \$20 00

RECEIPT NUMBER 00003639689
ACCOUNT NUMBER 00254020



Riley C Darnell

RILEY C DARNELL
SECRETARY OF STATE

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR
REGISTRATION OF
ASSUMED CORPORATE
NAME

For Office Use Only

JUN 28 PM 1 12
SECRETARY OF STATE

Pursuant to the provisions of Section 48-14-101(d) of the Tennessee Business Corporation Act or Section 48-54-101(d) of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this application

1 The true name of the corporation is IDS Telcom Corp

2 The state or country of incorporation is Delaware

3 The corporation intends to transact business in Tennessee under an assumed corporate name

4 The assumed corporate name the corporation proposes to use is
IDS Telcom Corp of Delaware

[NOTE The assumed corporate name must meet the requirements of Section 48-14 101 of the Tennessee Business Corporation Act or Section 48-54-101 of the Tennessee Nonprofit Corporation Act]

January 19 2005
Signature Date

ASSISTANT SECRETARY
Signer's Capacity

IDS Telcom Corp
Name of Corporation

Signature

PICOT KELLOGG
Name (typed or printed)



Tennessee Department of Revenue
500 Deaderick Street
Nashville, TN 37242

January 24, 2006

Re Now Communications, Inc. (formerly known as Now Acquisition Corporation)
FEIN 20-0303617
Request for Reinstatement

To Whom It May Concern,

It has come to my attention that the Tennessee Department of Revenue revoked Now Communication, Inc.'s franchise tax license on October 5, 2005 due to the company's failure to file a 2003 Franchise/Excise Tax Return. A completed 2003 return is attached.

The company registered with the Tennessee secretary of state on June 18, 2003. The company did not begin doing business in Tennessee until March 31, 2004. An initial Franchise/Excise Tax return was never filed for 2003 due to an oversight. The 2004 return was filed timely.

Please reinstate Now Communications, Inc. in the state of Tennessee. All outstanding returns have been filed.

If you have any questions, please call Allison Dunlop at (561) 454-5066 or fax her at (561) 454-5078. Thank you for your assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don Zyck", written over a horizontal line.

Don Zyck
Chief Financial Officer Vice President
Cleartel Communications, Inc./Now Communications, Inc.



TENNESSEE DEPARTMENT OF REVENUE FRANCHISE, EXCISE TAX RETURN

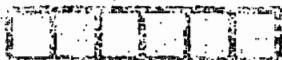
FAE
170

Taxable Year Beginning <u>6/10/03</u> Ending <u>12/31/03</u>		Account No. 	FEIN or SSN <u>20-0303617</u>
Due Date <u>4/15/2004</u>		If this is an AMENDED RETURN, please check the box at right. ☐	
CHECK APPROPRIATE BLOCK(S) a ☐ Tennessee domestic corporation b ☐ Foreign corporation c ☐ S Corporation d ☐ Insurance Company e ☐ LLC f ☐ PLLC g ☐ Single Member LLC/individual h ☐ Single Member LLC/corporation i ☐ Single Member LLC/general partnership		j ☐ Single Member LLC/Division of parent (see instructions) k ☐ LLP l ☐ LLP m ☐ RLLP n ☐ PRLLP o ☐ Business Trust p ☐ Not For Profit q ☐ Other	
		If the taxpayer is inactive in Tennessee, please check the box at right. ☐	
		If this is a FINAL RETURN for termination or withdrawal, please check box at right. ☐	
		If the payment for this return was sent via EFT, please check the box at right. ☐	
		If the taxpayer is a member of a consolidated group, please check the box at right. ☐	
		If the taxpayer is a member of a partnership operating in Tennessee, please check the box at right. ☐	
Enter the principal business activity code (NAICS) listed in federal IRC instructions that best describes the principal business activity in Tennessee: <u>517100</u>			
Date Tennessee Operations Began <u>03/31/04</u>		If you use a paid preparer and do not want forms mailed to you next year, check box at right. ☐	

Now Communications, Inc (dba Now Acquisition Corp)
2055 S Congress Avenue
Delray Beach, FL 33445-7320

SCHEDULE A - COMPUTATION OF FRANCHISE TAX		DOLLARS	CENTS
1	Total net worth from Schedule F Line 6	(1)	0 00
2	Total real & tangible personal property from Schedule G Line 14	(2)	0 00
3	Franchise tax (25¢ per \$100.00 or major fraction thereof on the greater of Lines 1 or 2; minimum \$100.00)	(3)	100 00
SCHEDULE B - COMPUTATION OF EXCISE TAX			
4	Income subject to excise tax from Schedule J Line 30	(4)	0 00
5	Excise tax (6% of Line 4)	(5)	0 00
6	Add: Recapture of excise tax credit from Schedule T Part 2	(6)	
7	Net excise tax due (Line 5 plus Line 6)	(7)	0 00
SCHEDULE C - COMPUTATION OF TOTAL TAX DUE OR OVERPAYMENT			
8	Total Franchise and Excise taxes - Add lines 3 and 7	(8)	100 00
9	Deduct: Total credit from Schedule D Line 7 (cannot exceed Line 8)	(9)	
10	Subtotal: Line 8 less Line 9 (if Line 9 exceeds Line 8, enter 0 here)	(10)	100 00
11	Deduct: Total payments from Schedule E Line 7	(11)	
12	Penalty (5% for each 30-day period of delinquency not to exceed 25%; minimum penalty is \$15)	(12)	25 00
13	Interest (8.75% per annum on taxes unpaid by the due date)	(13)	25 00
14	Penalty on estimated franchise, excise tax payments	(14)	
15	Interest on estimated franchise, excise tax payments	(15)	
16	Total amount due (overpayment) - Add lines 10, 12, 13, 14 and 15 less Line 11	(16)	148 00
If overpayment reported on Line 16, complete A and/or B: A ☐ Credit to next year's tax \$ _____ B ☐ Refund \$ _____			
POWER OF ATTORNEY Check YES if this taxpayer's signature certifies that this tax preparer has the authority to execute this form on behalf of the taxpayer and is authorized to receive and inspect confidential tax information and to perform any and all acts relating to respective tax matters. ☐ YES		Under penalties of perjury I declare that I have examined this return, and to the best of my knowledge and belief it is true, correct, and complete. Taxpayer's Signature: _____ Date: <u>1/24/06</u> Tax Preparer's Signature: _____ Preparer's SSN: _____ Date: _____ Telephone: _____ Preparer's Address: _____ City: _____ State: _____ ZIP: _____	

FOR OFFICE
USE ONLY



Remit amount in item 16, payable to
TENNESSEE DEPARTMENT OF REVENUE
Andrew Jackson State Office Building
500 Deaderick Street, Nashville, TN 37242

Schedule D - SCHEDULE OF CREDITS

1	Gross Premiums tax credit (cannot exceed Schedule C, Line 8)	(1)		
2	Insurance Company reduction (percentage of Schedule C, Line 8 less Schedule D, Line 1)	(2)		
3	Tennessee Income Tax (cannot exceed Schedule B, Line 5)	(3)		
4	Day Care Credit from Schedule W, Line 18/LIHTC from Schedule Y, Line 3	(4)		
5	Industrial Machinery Credit from Schedule T, Line 11	(5)		
6	Jobs Tax Credit from Schedule X, Line 27	(6)		
7	Total Credit - Add lines 1 through 6 (Enter here and on Schedule C, Line 9)	(7)		0.00

Schedule E - SCHEDULE OF PAYMENTS

1	Overpayment from previous year if available	(1)		
2	First quarterly estimated payment	(2)		
3	Second quarterly estimated payment	(3)		
4	Third quarterly estimated payment	(4)		
5	Fourth quarterly estimated payment	(5)		
6	Extension payment	(6)		
7	Total payments - Add lines 1 through 6 (Enter here and on Schedule C, Line 11)	(7)		0.00

COMPUTATION OF FRANCHISE TAX**Schedule F - NET WORTH**

1	Net Worth (total assets less total liabilities, deduct Treasury Stock)	(1)		0.00
2	Indebtedness to or guaranteed by parent or affiliated corporation	(2)		
3	Deduct Interest in another taxpayer doing business in Tennessee (Attach schedule)	(3)		
4	Total lines 1 and 2 less Line 3	(4)		0.00
5	Ratio (Schedules N, O, P, R, or S if applicable or 100%)	(5)		100%
6	Total - Line 4 multiplied by Line 5 (Enter here and on Schedule A, Line 1)	(6)		0.00

Schedule G - DETERMINATION OF REAL AND TANGIBLE PROPERTY

BOOK VALUE OF PROPERTY OWNED - Cost less accumulated depreciation				In Tennessee
1	Land	(1)		
2	Buildings, leaseholds, and improvements	(2)		
3	Machinery, equipment, furniture, and fixtures	(3)		
4	Automobiles and trucks	(4)		
5	Prepaid supplies and other tangible personal property (Attach schedule)	(5)		
6	Share of partnership real and tangible property provided that the partnership does not file a return (Attach schedule)	(6)		
7	Inventories and work in progress	(7)		
7a	Deduct exempt inventory in excess of \$30 million (§67-4-2108(a)(6))	(7a)		
8	Deduct value of certified pollution control equipment (Include copy of certificate (§67-5-604))	(8)		
9	SUBTOTALS - Add lines 1 through 7 less Line 7a and Line 8	(9)		0.00
Rental Value of Property Used but not Owned:				(C)
Net Annual Rental Paid for:		(A)	(B)	
		In Tennessee		
10	Real property		x8	(10)
11	Machinery & equipment used in manufacturing & processing		x3	(11)
12	Furniture, office machinery and equipment		x2	(12)
13	Delivery or mobile equipment		x1	(13)
14	TENNESSEE TOTAL - Add lines 9-13 (Enter total here and on Schedule A, Line 2)			(14) 0.00

TAXABLE YEAR 6/10/03 - 12/31/03	TAXPAYER NAME Now Communications, Inc (New Acquisition Corp)	ACCOUNT NO./FEIN/SSN 20-0303617
------------------------------------	---	------------------------------------

Schedule H - Gross Receipts

1 Total receipts from whatever source derived before any deductions but not including actual sales returns and allowances (1)	0.00
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Schedule I - FEDERAL INCOME REVISIONS

Have you had federal income revisions that have not been previously reported?

If you answered yes, complete schedule below. Where columns 3 and 4 are not the same, a schedule of reconciliation must be submitted.

Year	1 Original Net Income on Federal Return	2 Net Income Corrected	3 Increase (Decrease) in Net Income	4 Increase (Decrease) Affecting Excise Tax

COMPUTATION OF EXCISE TAX

NOTE: The starting point for determining "net earnings" subject to the excise tax is contained in schedules J-1 through J-3. A taxpayer enters on Line 1, Schedule J its federal income (loss) from only one of schedules J-1 through J-3. Adjustments to Line 1, the starting point of the excise tax, are made on lines 2 to 24 on Schedule J.

Schedule J-1 - COMPUTATION OF NET EARNINGS FOR ENTITIES TREATED AS PARTNERSHIPS

1 Ordinary Income or Loss from Federal Form 1065, Line 22 (1)	
2 Additions	
3 Additional income items specifically allocated to partners, including guaranteed payments to partners (Fed 1065 - Sch K) (2)	
4 Total - Add lines 1 and 2 (3)	
5 Deductions	
6 Additional expense items specifically allocated to partners (Fed 1065 - Sch K) (4)	
7 Amount subject to self-employment taxes distributable or paid to each partner or member net of medical insurance payments previously deducted to determine Ordinary Income (Loss) on Form 1065 (cannot increase any net loss) (5)	
8 Amount of contribution not previously deducted, to qualified pension or benefit plans of any partner or member, including all IRC 401 plans (cannot increase any net loss) (6)	
9 Total deductions - Add lines 4 through 6 (7)	
10 Total - Line 3 less Line 7 (Enter here and on Schedule J, Line 1) (8)	

Schedule J-2 - COMPUTATION OF NET EARNINGS FOR A SINGLE MEMBER LLC FILING AS AN INDIVIDUAL

1 Additions	
2 Business Income from Form 1040 Schedule C (1)	
3 Business Income from Form 1040 Schedule D (2)	
4 Business Income from Form 1040 Schedule E (3)	
5 Business Income from Form 1040 Schedule F (4)	
6 Business Income from Form 4797 (5)	
7 Other Form _____ Schedule _____ (6)	
8 Total - Add lines 1 through 6 (7)	
9 Deductions	
10 Amount subject to self-employment taxes distributable or paid to the single member (cannot increase any net loss) (8)	
11 Total - Line 7 less Line 8 (Enter here and on Schedule J, Line 1) (9)	

Schedule J-3 - COMPUTATION OF NET EARNINGS FOR ENTITIES TREATED AS CORPORATIONS AND "OTHER" ENTITIES

Enter the amount of income (loss) from the applicable federal return to Schedule J, Line 1.

1 Federal Form 1120 - Line 28 (Taxable income or loss before net operating loss deduction and special deductions) (1)	0.00
2 Federal Form 1120S - Line 21 (Ordinary income or loss from trade or business activities) (2)	
3 Federal Form 990-E, Line 30 (unrelated business taxable income) (3)	
4 Other Form _____, Schedule _____ (4)	

Schedule J - COMPUTATION OF NET EARNINGS SUBJECT TO EXCISE TAX

1	Federal income or loss (Enter amount from Schedule J-1, J-2, or J-3)	(1)	0 00
ADDITIONS			
2	Income items to extent includable in federal income were it not for "S" status election (Fed 1120S - Schedule K)	(2)	
3	Any net loss or expense received from a "pass-through" entity subject to and paying the excise tax, or any net loss or expense distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(3)	
4	Any gain on the sale of an asset sold within twelve months after distribution by a taxpayer treated as a partnership, S corporation or business trust to a member, partner, shareholder or certificate holder	(4)	
5	Tennessee excise tax expense (to the extent reported for federal purposes)	(5)	
6	Gross premiums tax deducted in determining federal income and used as an excise tax credit	(6)	
7	Interest income on obligations of states and their political subdivisions, less allowable amortization	(7)	
8	Depletion not based on actual recovery of cost	(8)	
9	Contribution carryover from prior period(s)	(9)	
10	Capital gains offset by capital loss carryover or carryback	(10)	
11	Excess fair market value over book value of property donated	(11)	
12	Any expense or depreciation deducted for federal tax purposes solely as a result of "safe harbor" lease elections	(12)	
13	Total additions - Add lines 2 through 12	(13)	0 00
DEDUCTIONS			
14	Expense items to extent includable in federal expenses were it not for "S" status election (Fed 1120S - Schedule K)	(14)	
15	Any net gain or income received from a "pass-through" entity subject to and paying the excise tax, or any net gain or income distributed to a REIT subject to and paying the excise tax (include schedule of entities and FEINs)	(15)	
16	Any loss on the sale of an asset sold within twelve months after distribution by a taxpayer treated as a partnership, S corporation or business trust to a member, partner, shareholder or certificate holder	(16)	
17	Dividends received from corporations, at least 80% owned (attach schedule)	(17)	
18	Contributions in excess of amount allowed by federal government	(18)	
19	Portion of current year's capital loss not included in federal taxable income	(19)	
20	Any expense other than income taxes, not deducted in determining federal taxable income for which a credit against the federal income tax is allowable	(20)	
21	Any income included for federal tax purposes solely as a result of "safe harbor" lease election(s)	(21)	
22	Any depreciation or other expense which could have been deducted for federal tax purposes had it not been for "safe harbor" lease election(s)	(22)	
23	Nonbusiness earnings - Schedule M, Line 8	(23)	
24	TOTAL deductions - Add lines 14 through 23	(24)	0 00
COMPUTATION OF TAXABLE INCOME			
25	Total Business Income (Loss) - Add lines 1 and 13, less Line 24 (If loss, complete Schedule K)	(25)	0 00
26	Apportionment Ratio (Schedules N, O, P, R, or S if applicable or 100%)	(26)	100 %
27	Apportioned business income (Loss) (Line 25 multiplied by Line 26)	(27)	0 00
28	Add Nonbusiness earnings directly allocated to Tennessee (From Schedule M, Line 9)	(28)	
29	Deduct Loss carryover from prior years (From Schedule U)	(29)	()
30	Subject to excise tax (6%) (Line 27 plus Line 28, less Line 29) (enter here and on Schedule B, Line 4)	(30)	0 00

Schedule K - DETERMINATION OF LOSS CARRYOVER AVAILABLE - See Rule 1320-6-1-.21 of Departmental Rules and Regulations

1	Net loss from Schedule J, Line 25	(1)	
ADD			
2	Amounts reported on Schedule J, Lines 17 and 23	(2)	
3	Amounts reported on Schedule J-1, Lines 5 and 6, and Schedule J-2, Line 8	(3)	
4	Reduced loss - Add lines 1 through 3 (if net amount is positive, enter "0")	(4)	
5	Excise Tax ratio (Schedules N, O, P, R, or S if applicable or 100%)	(5)	%
6	Current year loss carryover available (Line 4 multiplied by Line 5)	(6)	



TENNESSEE DEPARTMENT OF REVENUE
ALLOCATION AND APPORTIONMENT SCHEDULES

SCHEDULES M THROUGH S
(FORM FAE 170)

TAXABLE YEAR	TAXPAYER NAME	ACCOUNT NO./FEIN/SSN
6/18/03 - 12/31/03	New Communications, Inc. (fka New Acquisition Corp)	20-0303617

IMPORTANT IF YOU USE THIS FORM ATTACH IT TO YOUR FRANCHISE, EXCISE TAX RETURN

Allocation and apportionment schedules may be used only by taxpayers doing business outside the state of Tennessee within the meaning of Sections 67-4-2010 and 67-4-2110 Tennessee Code Annotated. The burden is upon the taxpayer to show that the corporation has the right to apportion.

SCHEDULE M - Schedule of Nonbusiness Earnings

Note - If all earnings are business earnings as defined below, do not complete this schedule. Any nonbusiness earnings, less related expenses are subject to direct allocation and should be reported in this schedule.

Definitions "Business Earnings" means (1) earnings arising from transactions and activity in the regular course of the taxpayer's trade or business or (2) earnings from tangible and intangible property if the acquisition, use, management, or disposition of the property constitutes an integral part of the taxpayer's regular trade or business operations. In essence, earnings which arise from the conduct of the trade or trades or business operations of a taxpayer are business earnings, and the taxpayer must show by clear and cogent evidence that particular earnings are classifiable as nonbusiness earnings. A taxpayer may have more than one regular trade or business in determining whether income is business earnings.

"Nonbusiness Earnings" means all earnings other than business earnings.

Description (If further description is necessary see below)	Gross Amounts	*Less Related Expenses	Net Amounts	Net Amounts Allocated Directly to Tenn
1				
2				
3				
4				
5				
6				
7				
8. Total nonbusiness earnings (Transfer to Schedule J, Line 23)				XXXXX
9. Nonbusiness earnings allocated directly (Transfer to Schedule J, Line 28)			XXXXX	

If necessary, describe source of nonbusiness earnings and explain why such earnings do not constitute business earnings as defined above. Enumerate these items to correspond with items listed above.

*As a general rule, the allowable deductions for expenses of a taxpayer are related to both business and nonbusiness earnings. Such items as administrative costs, taxes, insurance, repairs, maintenance, and depreciation are to be considered. In the absence of evidence to the contrary, it is assumed that the expenses related to nonbusiness rental earnings will be an amount equal to 50 percent of such earnings and that expenses related to other nonbusiness earnings will be an amount equal to 5 percent of such earnings. (See regulation 1320-6-1 23(3)).

6/10/03 - 12/31/03

20-0303617

APPORTIONMENT SCHEDULES FOR TAXPAYERS DOING BUSINESS OUTSIDE THE STATE OF TENNESSEE

Franchise and excise tax ratios are obtained by using the arithmetical average of the following ratios. Any factor with a zero denominator must be eliminated.

SCHEDULE N - APPORTIONMENT - STANDARD (Manufacturers, retailers, wholesalers, etc)

Property	In Tennessee		Total Everywhere	
NOTE USE ORIGINAL COST OF ASSETS	a Beginning of Taxable year	b End of Taxable year	a Beginning of Taxable year	b End of Taxable year
1 Land, buildings, leaseholds and improvements				
2 Machinery, equipment, furniture, and fixtures				
3 Automobiles and trucks				
4 Investments and work in progress				
5 Prepaid supplies and other property				
6 Share of partnership property (if partnership is not taxable)				
7 Excise tax total (Lines 1 through 6)	a	b	a	b
8 Less exempt inventory (see §67-4-211(b)(1))	()	()	()	()
9 Franchise tax total (Line 7 minus Line 8)	a	b	a	b
10 Excise tax average value (Add Line 7(a) & (b) divide by 2)				
11 Franchise tax average value (Add Line 9(a) & (b) divide by 2)				
12 Add. Rented property (rent paid X 8)				

NOTE Double Weighted Sales Factor

	a In Tennessee	b Total Everywhere	4 Franchise Ratio (Col a - Col b) ÷ 1	c Excise Ratio (Col a - Col b) ÷ 1
13 Excise Tax property factor (Line 10 plus Line 12)	0	0		NONE %
14 Franchise Tax property factor (Line 11 plus Line 12)	0	0	NONE %	
15 Payroll factor	0	0	NONE %	NONE %
16 Sales factor (Business Gross Receipts)	0	0	NONE %	NONE %
Sales factor (Business Gross Receipts)	0	0	NONE %	NONE %
17 Total Ratios			NONE %	NONE %
18 Apportionment Ratio (Line 17 divided by 4) (Enter Franchise Ratio to Sch. F Line 5 Enter Excise ratio to Sch. J Line 6)			NONE %	NONE %

SCHEDULE O - APPORTIONMENT - COMMON CARRIERS (Railroads, motor carriers and pipelines)

	In Tennessee	Total Everywhere	Ratio
1 Total franchise mileage (odometer miles)			%
2 Tennessee intrastate receipts Interstate gross receipts everywhere			%
3 Total Ratios	XXXXX	XXXXX	%
4 Apportionment ratio (Line 3 divided by two) transfer ratio to Schedule F Line 4 and Schedule J Line 6)			%

SCHEDULE P - APPORTIONMENT - AIR CARRIERS

	In Tennessee	Total Everywhere	Ratio
1 Originating revenue			%
2 Air miles flown (Include in Tennessee column only air miles flown on flights either originating from or ending in Tennessee or both)			%
3 Total Ratios	XXXXX	XXXXX	%
4 Apportionment Ratio (Line 3 divided by two) transfer ratio to Schedule F Line 5 and Schedule J Line 6)			%

SCHEDULE R - APPORTIONMENT - AIR EXPRESS CARRIERS

	In Tennessee	Total Everywhere	Ratio
1 Originating revenue			%
2 Air miles flown and ground miles travelled (Include in Tennessee column only air miles flown on flights either originating from or ending in Tennessee or both. Include only ground miles travelled with respect to actual common carriage of parcels or property for hire)			%
3 Total Ratios	XXXXX	XXXXX	%
4 Apportionment Ratio (Line 3 divided by two) transfer ratio to Schedule F Line 5 and Schedule J Line 6)			%

SCHEDULE S - APPORTIONMENT - INSURANCE COMPANIES

	In Tennessee	Total Everywhere	Ratio
1 Direct Premiums (Divide direct premiums in Tennessee by direct premiums everywhere) transfer ratio to Schedule F Line 5 and Schedule J Line 6)			%

EXHIBIT 2

Revolving Credit and Security Agreement

Filed Under Seal

EXHIBIT 3

Cleartel Communications, Inc Financial Statements

Filed Under Seal