

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

Leon L. Nowalsky
Benjamin W. Bronston
Edward P. Gothard

3500 North Causeway Boulevard
Suite 1442

Metairie, Louisiana 70002

Telephone: (504) 832-1984

Facsimile: (504) 831-0892

Writer's Direct Dial Number: (504) 293-8203

Writer's E-Mail Address: egothard@nbglaw.com

Monica Borne Haab
Philip R. Adams, Jr.

Of Counsel

Bruce C. Betzer

May 3, 2006

VIA OVERNIGHT DELIVERY

Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

DOCKET NO.

06-00132

Re: Application of W2Com International, LLC and
Reduced Rate Long Distance, LLC
For Approval of an Asset Purchase Agreement

Dear Sir or Madam:

On behalf of W2Com International, LLC and Reduced Rate Long Distance, LLC, enclosed please find an original and thirteen (13) copies of the referenced Joint Application. Also enclosed is the requisite \$25.00 filing fee.

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

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

Sincerely,



Edward P. Gothard

EPG/pcf
Enclosure

PAID
\$30.00

**BEFORE THE REGULATORY AUTHORITY
STATE OF TENNESSEE**

**APPLICATION BY
REDUCED RATE LONG DISTANCE, LLC
AND
W2COM INTERNATIONAL, LLC
FOR APPROVAL OF AN ASSET
PURCHASE AGREEMENT**

CASE NO. _____

JOINT APPLICATION

W2Com International, LLC ("W2Com") and Reduced Rate Long Distance, LLC ("RRLD") (together "Applicants"), pursuant to the applicable Statutes of this State, including Tennessee Code Ann. §§ 65-4-104 and 65-4-112, and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby jointly request Commission approval of a transaction whereby, pursuant to an Asset Purchase Agreement (the "Agreement"),¹ RRLD will acquire substantially all of the assets of W2Com, including but not limited to W2Com's customer accounts in this State (the "Acquisition").

Applicants emphasize that the Acquisition will not change the rates, terms or conditions under which W2Com's customers will receive long distance service. The Acquisition will be seamless and transparent to W2Com's customers. W2Com will continue to provide long distance service to its customers until such time as the Commission approves the Agreement, the Acquisition and this Application. In compliance

¹ A copy of the Agreement is attached hereto as Exhibit "A." The Agreement provides that First Choice Technology, Inc. ("FCT") will acquire all of the assets of W2Com simultaneously with the execution of the Agreement. FCT assigned its rights and obligations under the Agreement to RRLD pursuant to an Assignment. A copy of the Assignment is attached hereto as Exhibit "B".

with applicable law, customers of W2Com will be informed of the Acquisition in advance.² Accordingly, approval of the Acquisition will not in any way be detrimental to the public interests of this State.

In support of this Application, Applicants submit the following:

I. THE PARTIES

1. RRLD is a Nevada limited liability company with principal offices located at 1800 Pembroke Drive, Suite 300, Orlando, Florida, 32810. RRLD is a certified long distance telecommunications reseller in this State.³

2. W2Com is an Ohio limited liability company with principal offices located at 22 Einstein Street, Science Park, Nes Ziona, Israel. W2Com is a certified long distance telecommunications reseller in this State.⁴ There are approximately seventy seven (77) W2Com customers in Tennessee at the present time.

II. DESIGNATED CONTACTS

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

Edward P. Gothard, Esq.
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Fax: (504) 831-0892
egothard@nbglaw.com

² The proposed form of the customer notice is provided in Exhibit "C" attached hereto.

³ RRLD provides resold long distance telecommunications services in this State pursuant to authority granted pursuant to Docket No. 01-00391, dated August 7, 2001.

⁴ W2Com provides resold long distance telecommunications services in this State pursuant to authority granted pursuant to Docket No. 00-00017, dated February 29, 2000.

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

Daniel Yelin
W2Com International, LLC
22 Einstein Street
Science Park, Nes Ziona, Israel
Telephone: (972) 8 640 7711
Fax: (972) 8 940 8118
Email: dyelin@arelcom.com

III. REQUEST FOR APPROVAL OF THE ACQUISITION⁵

5. The Acquisition contemplates the following:

- a. RRLD will receive ownership, right, title and interest in and to substantially all of W2Com's assets, including its customer accounts, as defined in the Agreement.
- b. W2Com will receive the purchase price set forth in the Agreement.

6. RRLD is well-qualified to consummate the transactions which are the subject of this Application.⁶ The technical, managerial and financial personnel of W2Com will assist RRLD with the transition and integration of the acquired Assets after consummation of the transaction. Information on RRLD's management team is attached hereto as Exhibit "E".

7. Because RRLD will acquire substantially all of the assets of W2Com and W2Com will thereafter cease operations in this State, W2Com will no longer require

⁵ Applicants have filed similar applications and/or notices in several states. Those states in which notices have been filed and which do not require approval are: AK, CN, FL, GA, ID, IL, IN, KS, KY, MA, ME, MI, MO, MT, NV, NH, NJ, NC, ND, OH, OR, SD, TX, WA, WI, and WV. Those states in which applications have been filed and are either approved or are pending approval are: AL, CA, MN, MI, NE, NM, NY, OK, PA, RI, VT and WY. Additionally the following filings have been made or will shortly be made with the FCC: Transfer of Domestic authority with the Wireline Competition Bureau; Transfer of the 214 with the International Bureau; and Slamming Certification Letter with the Competition and Policy Division.

⁶ Current financial information for RRLD is attached hereto as Exhibit "D." **This financial information is submitted confidentially, in a separate sealed envelope.**

authority to provide service in this State. Applicants therefore respectfully request that, through this proceeding, the Commission: (a) grant any authority necessary to permit W2Com to discontinue service upon approval of this Application and consummation of the Acquisition; (b) permit W2Com to relinquish its certification in this State, simultaneously with the effective date of the Acquisition; and (c) cancel W2Com's filed tariffs on the effective date of the Commission's order.

IV. PUBLIC INTEREST CONSIDERATIONS

8. Crucial to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers currently served by W2Com. The Acquisition will serve the public interest in that current W2Com customers will continue to have uninterrupted service.

9. The Acquisition will not have any impact on W2Com's customers in terms of the services that they receive. In particular, the Acquisition will not cause any change to the rates, terms and conditions of service that W2Com's customers receive. RRLD will incorporate such rates, terms and conditions into its tariffs by separate filing. All of the current W2Com customers in Tennessee who do not choose to change to another carrier will be transferred to Reduced Rate.

10. The Acquisition will also serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of RRLD to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this State at competitive rates.

V. EXPEDITED REVIEW

11. Applicants request expedited review and disposition of the instant Application in order to enable RRLD to receive the efficiencies and economies of the Acquisition as soon as possible.

VI. NO TRANSFER OF CERTIFICATES

12. Applicants do not request transfer of W2Com's Certificates of Public Convenience and Necessity, or other operating authority, to RRLD. Rather, W2Com requests that its Certificates be considered surrendered upon approval of the instant transaction.

13. Reduced rate will continue to operate, after the transaction, under its present CCN issued by the Authority and business license as filed with the Tennessee Secretary of State's Office.

VII. CONCLUSION

14. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission: (a) approve this Application; (b) approve the Agreement; (c) authorize W2Com and RRLD to consummate the Acquisition as soon as possible; and (d) grant the other relief specifically requested herein.

DATED this 3 day of May, 2006.

Respectfully submitted,



Edward P. Gothard, Esquire
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company.
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Fax: (504) 831-0892
Counsel for Applicants

VERIFICATION


I, Robert Sorrentino, am the President of Reduced Rate Long Distance, LLC, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Robert Sorrentino
Title: President

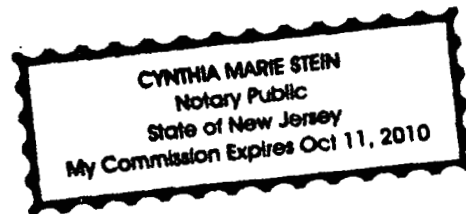
STATE OF New Jersey

COUNTY OF Burlington

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 19th day of December 19, 2005.


Notary Public

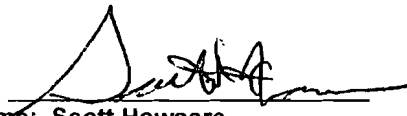
My commission expires



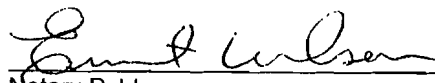
STATE OF Florida
COUNTY OF Orange

VERIFICATION

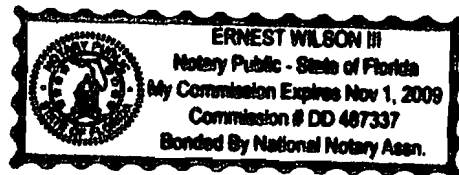
I, Scott Howsare, am the President of First Choice Technology, Inc and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Scott Howsare
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 20th day of December, 2005.


Notary Public

My commission expires 11/1/2009



STATE OF LOUISIANA

COUNTY OF JEFFERSON

VERIFICATION

I, Daniel Yelin, am the Chief Financial Officer of W2Com International, LLC, and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: _____

Name: Daniel Yelin

Title: Chief Financial Officer

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 24 day of March, 2006.

Edward P. Gothard
Notary Public

My commission expires

EDWARD P. GOTHARD
Notary Public, State of Louisiana
My Commission is issued for life.
Notary Number: 2934

EXHIBIT "A"

DEFINITIVE PURCHASE AGREEMENT

DEFINITIVE PURCHASE AGREEMENT

DATED AS OF NOVEMBER 30, 2005

BY AND AMONG

W2COM INTERNATIONAL, LLC

AND

FIRST CHOICE TECHNOLOGY, INC.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement"), dated November 30, 2005, is by and between First Choice Technology, Inc., a Florida corporation with its principal offices located at 601 North Orlando Avenue, Suite 211, Maitland, FL 32751 ("Purchaser"), and W2Com International LLC, an Ohio limited liability company with its principal offices located at ~~3500 Park Center Drive, Dayton, Ohio 45414~~ ("Seller"), together the "Parties."

22 Einstein street, Scienca Park, Nes Ziona, IS 460

A. Seller is engaged in the resale of switched and dedicated long distance services (the "Business").

B. The Parties hereto wish to provide for the terms and conditions upon which Purchaser will acquire substantially all of the assets of Seller.

C. The Parties hereto wish to make certain representations, warranties, covenants and agreements in connection with the purchase by Purchaser of substantially all of the assets of Seller.

NOW, THEREFORE, in consideration of the representations, warranties, covenants, agreements and conditions herein contained, the Parties hereto agree as follows:

ARTICLE 1

PURCHASE OF ASSETS

1.1 Assets to be Purchased. At the Closing (as defined below), Seller shall, sell, transfer, assign, convey and deliver to Purchaser, and Purchaser shall purchase from Seller, all of Seller's right, title and interest in and to the following assets previously used by Seller exclusively in the operation of the Business (hereinafter referred to collectively as the "Assets"), but not including the Excluded Assets (as defined below), free and clear of any Lien (as defined below):

(a) Customer Base. The customers that receive switched or dedicated long distance services from Seller on a resale basis (the "Purchased Customers"), Seller's customer lists, Seller's lists of previous customers, Seller's lists of the customers receiving network services or videoconferencing services from Seller's parent company, and all books, records, files, data, computer data records, billing files and similar items related to any of the above.

(b) Intellectual Property. All trademarks (whether registered or not), trademark applications, service mark registrations and service mark applications, trade

dy

names, trade dress, logos, Internet domain names, Internet domain name applications and other intellectual property and proprietary rights, previously used, or currently held for use, by Seller exclusively in the operation of the Business other than off-the shelf products, (the "Intellectual Property"), including but not limited to all electronic media containing such Intellectual Property, all as more fully described and set forth in Schedule 1.1(b).

(c) Customer Contracts. All of Seller's rights under any agreements, application forms, term contracts, letters of agency and all other contractual instruments related to the Seller's customer accounts, (collectively, the "Customer Contracts"), including but not limited to Seller's right to assert claims and take other rightful actions in respect of breaches, defaults and other violations of such Customer Contracts arising after the Closing and not including claims arising prior to the Closing.

(d) Toll-free Numbers and PIN Numbers. Any toll-free telephone numbers or personal identification numbers (PINs) used in the Business.

(e) Assumed Contracts. All of Seller's right, title and interest in and to the Customer Contracts, all of which are to be assumed by Purchaser (the "Assumed Contracts"). Customer Contracts existing on the date hereof are listed on Schedule 1.1(e).

1.2 Reserved.

1.3 Excluded Assets. The Assets to be purchased hereunder shall not include any other assets of Seller, whether or not previously used in the operation of the Business, collectively referred to as "Excluded Assets"), and include without limitation the following:

- (a) The consideration delivered to Seller pursuant to this Agreement for the Assets and Seller's rights under this Agreement;
- (b) Seller's cash and cash equivalents;
- (c) Seller's prepaid expenses and deferred tax assets;
- (d) Seller's minute books and corporate, accounting and tax records (except that Purchaser shall be entitled to reasonable access to any tax or regulatory records for purposes of Purchaser's ongoing regulatory compliance obligations with respect to the Assets);
- (e) All right, title and interest in and to the name "Arel" and all derivative names thereof; and
- (f) All other assets of Seller's parent company used in connection with said company's other businesses.

The Excluded Assets, including those described in subsections 1.2(a) through (f) shall remain for all purposes the properties and assets of Seller.

1.4 Liabilities to Be Assumed. At the Closing, Purchaser shall assume, and agree to pay, perform and discharge when due, only the obligations of Seller arising under the Assumed Contracts (the "Assumed Liabilities"); provided, however, that in no event shall Purchaser assume any liability under the Assumed Contracts arising out of any breach or default thereunder by Seller prior to the Closing Date (including, without limitation, any event occurring prior to the Closing Date, that, with the passage of time or the giving of notice, or both, would become a breach or default) under any Assumed Contract. Except with respect to the Assumed Liabilities, it is expressly understood and agreed by the Parties hereto that Purchaser shall not assume, and nothing contained in this Agreement shall be construed as an assumption by Purchaser of, any liabilities, obligations, debts, payables or other claims of any nature against Seller of any kind whatsoever, whether fixed or contingent, whether accrued or unaccrued and whether known or unknown (all such liabilities other than the Assumed Liabilities, including without limitation any debt of Seller whether owing to Seller or any third party, are referred to herein as the "Excluded Liabilities"). Seller shall be responsible for all of the liabilities, obligations, debts, payables or other claims against Seller not expressly assumed by Purchaser as Assumed Liabilities.

1.5 Purchase Price. The total consideration to be paid by Purchaser to Seller for the Assets (the "Purchase Price") will be an amount equal to the sum of the following:

(a) At the Closing, Purchaser will pay Seller, by wire transfer of immediately available funds, (the "Closing Payment") to a bank account designated by Seller.

(b) Purchaser will also wire a second payment of of immediately available funds on or before February 28, 2006 (the "Second Payment").

1.6 Allocation of Purchase Price. The Parties acknowledge and agree that the payments above shall be allocated in accordance with applicable U.S. Federal and other income tax laws, which allocation shall be subject to Seller's approval, which approval shall not be unreasonably withheld. The Parties to this Agreement shall file all applicable tax returns and reports (including IRS Form 8594) in accordance with and based upon such allocation, and shall not take any position in any tax return or report, or any tax proceeding or audit, that is inconsistent with such allocation.

1.7 The Closing. Unless this Agreement has been terminated and the transactions contemplated have been abandoned pursuant to Article 7 hereof, a closing (the "Closing") will be held (as to those Assets for which consents from applicable telecommunications regulatory authorities have been obtained) at 11:59 PM Eastern Time on December 31, 2005 (the "Closing Date"); provided, however, that if any of the conditions provided for in Article 6 hereof have not been satisfied or waived by such date, then the Party to this Agreement which is unable to satisfy such condition or conditions, despite the reasonable commercial efforts of such Party, will be entitled to postpone the Closing by notice to the other Party until such condition or conditions will have been satisfied (which such notifying Party will seek to cause to happen at the earliest practicable date) or waived, but in no event will the Closing occur later than ten (10) days following the Closing Date (the "Termination Date"), unless agreed to otherwise by the Parties hereto. The Closing will be held at such time and place as the Parties may agree, at which time and place the documents and instruments necessary or appropriate to effect the transactions contemplated herein will be exchanged by the Parties. By agreement of the Parties the Closing

may be affected by facsimile to be followed up with transmittal of original signed counterparts of this Agreement and all related documents and instruments. Purchaser and Seller agree to use reasonable best efforts to effect the Closing on or before the Closing Date.

1.8 Deliveries at the Closing.

(a) Deliveries by Purchaser. At the Closing, Purchaser shall deliver or cause to be delivered to Seller the following:

- (i) the Closing Payment;
- (ii) an executed Assignment and Assumption Agreement with respect to the Assumed Contract between the Seller and Smartprice.com in the form attached hereto and incorporated herein as Exhibit 1.7(a)(ii) (the "Assignment and Assumption Agreement");
- (iii) a closing certificate of Purchaser, in form and substance reasonably satisfactory to Seller and its counsel, dated as of the date of the Closing, to evidence compliance with the conditions set forth in Section 6.2 hereof and such other matters as may be reasonably requested by Seller;
- (iv) certified copies of resolutions of the board of directors of Purchaser authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby; and
- (v) any other documents, instruments and writings required to be delivered and signed by Purchaser at or prior to the Closing in connection with the transactions contemplated hereby, including but not limited to the agreements between the parties attached hereto and incorporated herein as Exhibits 1.7(a)(v)(1), (2) and (3), respectively (the "Management Agreement", "Transition Services Agreement" and "NonCompetition Agreement", respectively).

(b) Deliveries by Seller. At the Closing, Seller shall deliver or cause to be delivered to Purchaser the following:

- (i) such bills of sale, endorsements, assignments, deeds and other good and sufficient instruments of conveyance and transfer, in form and substance reasonably satisfactory to Purchaser and its counsel, as will be required to vest in Purchaser good title to the Assets, including without limitation:
 - (A) general bills of sale executed by Seller vesting in Purchaser good title to all of the Assets;
 - (B) specific bills of sale, endorsements and assignments transferring to Purchaser any intellectual property rights included in the Assets; and

(C) a Master Letter of Agency in the form attached hereto and incorporated herein as Exhibit 1.7(b)(i)(C).

(ii) the Assignment and Assumption Agreement;

(iii) all Consents required to be obtained and delivered by Seller as set forth in Schedule 1.7(b)(iii) (such Consents not to include the consents of applicable telecommunications regulatory authorities, the obtainment of which is the responsibility of Purchaser at Purchaser's expense);

(iv) closing certificate of Seller, in form and substance reasonably satisfactory to Purchaser and its counsel, dated as of the Closing Date, to evidence compliance with the conditions set forth in Section 6.3 and such other matters as may be reasonably requested by Purchaser;

(v) copies of the resolutions of the board of directors of Seller's parent company authorizing the execution, delivery and performance of this Agreement and the transactions contemplated hereby; and

(vi) any other documents, instruments and writings required to be delivered by Seller pursuant to this Agreement at or prior to the Closing in connection with the transactions contemplated hereby, including but not limited to the Management Agreement, Transition Services Agreement and NonCompetition Agreement.

Simultaneously with such delivery, Seller will take all actions reasonably necessary to put Purchaser in actual possession and operating control of the Assets.

1.9 Post-Closing Adjustments. (a) If, by January 31, 2006, collections from Purchased Customers relating to the October 2005 usage period (the "Measurement Period") are less than 95% of the Net Revenue related to the Measurement Period, then the Second Payment shall be reduced by the amount of the shortfall. For example (and by way of illustration only), if the Net Revenue for the October 2005 usage period equals \$100,000, and only \$94,000 is collected through and including January 31, 2006, then the Second Payment shall be reduced by \$1,000. Seller shall be required to make available to Purchaser all receivables balances and all collection activity from November 1, 2005 through and including the date that the Seller's Lockbox (the "Lockbox") is turned over to Purchaser in accordance with Section 2.2 hereof. (b) For any Purchased Customers that Purchaser is unable, despite using commercially reasonable efforts, to transition to Purchaser's underlying carrier agreements on or before February 15, 2006 due to carrier payment issues or disputes between Seller and its carriers outstanding as of the date hereof, the Second Payment shall be reduced by a dollar for dollar amount equal to the corresponding Net Revenue unable to be transitioned. (c) For any Purchased Customers that Purchaser is unable, despite using commercially reasonable efforts, to transition to Purchaser's underlying carrier agreements on or before February 15, 2006 due to the nature of the services provided to such Purchased Customers by Seller as of the date hereof (for example, and by way of illustration only, ISDN customers), the Second Payment shall be reduced by a dollar for dollar amount equal to the corresponding Net Revenue unable to be transitioned. For purposes of this

paragraph, "Net Revenue" shall mean revenue net of any discounts and minus all credits, chargebacks, non-recurring charges, pass-through charges, finance charges, late payment fees, taxes, regulatory assessments, USF, PICC, federal, state and local taxes/surcharges, LNP, SLC, 911 charges, TRS and other similar or related amounts billed to Purchased Customers.

ARTICLE 2

TRANSITION OF OPERATIONS AND PAYMENT CONSIDERATIONS

Purchaser and Seller shall diligently work together to transition the long distance accounts of Seller's customer base to Purchaser's carrier accounts, as well as all billing, collections, and customer support functions. At Closing, Purchaser shall receive control of all operations of Seller pursuant to the provisions of this Article 2 and the Management Agreement but not of the Excluded Assets.

2.1 Records. Seller shall provide all relevant customer records, including accounts receivable statements, customer payments, payment adjustments, customer notices, invoices, contact information, and all other customer data.

2.2 Accounts Receivable Seller will bill the Purchased Customers for the November usage period on or about December 1, 2005 using the services of Seller's billing vendor (DCA). The receivables, and any corresponding payables, related to these revenues shall belong to, and, subject to the Management Agreement, be the responsibility of, Seller and will be reflected in Seller's accounting records. Seller shall turn over control of the Lockbox to Purchaser as of 12:01 AM Eastern Time on December 1, 2005. From that time through and including March 31, 2006, as payments are received into the Lockbox, including any credit card payments made or wire transfers received, which relate to services provided by Seller to the Purchased Customers prior to December 1, 2005 ("Pre-December Services"), Purchaser will remit to Seller, without delay, all such payments received based upon applying such payments to the oldest balances on each Purchased Customer account first less and except any fees associated with maintenance of the Lockbox or credit card fees directly related to the Seller's receivables for Pre-December Services. These remittances shall be made weekly and Purchaser shall provide a report to Seller weekly showing these payments as well as the adjustments for Lockbox fees and credit card fees, and Seller shall have the right to audit these reports, at Seller's sole cost and expense.

2.3 Outstanding Balances. Purchaser is aware of disputed balances on several of the accounts of Seller with its underlying carriers which are outstanding on the date hereof. These outstanding balances remain a liability of Seller and Seller acknowledges and agrees that Purchaser does not accept or assume any responsibility or liability for same. Purchaser will use commercially best efforts to get Seller accounts transitioned at the Closing.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser that each of the representations and warranties contained in this Article 3 are true and correct, and will be true and correct as of the Closing Date, except as noted in the schedules attached hereto ("Schedules"). Seller represents

and warrants that the Schedules are true and accurate in all material respects. Nothing in the Schedules will be deemed adequate to disclose an exception to a representation or warranty made herein, unless the Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail.

3.1 Corporate Organization. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Ohio, with corporate power and authority to own, operate and lease the properties and assets previously used in the operation of the Business.

3.2 Authorization and Enforceability. Seller has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein. Seller has taken all corporate action required by law, the articles of organization and operating agreement of Seller, or otherwise, to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and no other corporate action is necessary to authorize the execution, delivery and performance of this Agreement by Seller and to consummate the transactions contemplated herein in accordance with applicable Laws (as defined below). This Agreement has been duly authorized, executed and delivered by Seller. Assuming the due authorization, execution and delivery hereof by Purchaser, this Agreement is the valid and binding legal obligation of Seller, enforceable against Seller in accordance with its terms.

3.3 Non-Contravention. Except as set forth in the Schedules, neither the execution, delivery and performance of this Agreement nor the consummation of the transactions contemplated herein will: (a) violate or be in conflict with any provision of the articles of incorporation or bylaws of Seller; or (b) be in conflict with, or constitute a default, however defined (or an event which, with the giving of due notice or lapse of time, or both, would constitute such a default), under, or cause or permit the acceleration of the maturity of, or give rise to any right of termination, cancellation, imposition of fees or penalties under, any debt, note, bond, lease, mortgage, indenture, license, obligation, contract, commitment, franchise, permit, instrument or other agreement or obligation to which Seller is a party or by which Seller or any of its properties or assets is or may be bound or result in the creation or imposition of any mortgage, pledge, lien, security interest, encumbrance, restriction, adverse claim or charge of any kind (collectively, a "Lien") upon any of the Assets; or (c) violate any statute, treaty, law, judgment, writ, injunction, decision, decree, order, regulation, ordinance or other similar authoritative matters (sometimes hereinafter separately referred to as a "Law" and sometimes collectively as "Laws") of any foreign, federal, state or local governmental or quasi-governmental, administrative, regulatory or judicial court, department, commission, agency, board, bureau, instrumentality or other authority (hereinafter sometimes separately referred to as an "Authority" and sometimes collectively as "Authorities").

3.4 Consents and Approvals. Except as set forth in Schedule 3.4, no consent, approval, order or authorization of or from, any individual or entity, including without limitation any Authority, is required in connection with the execution, delivery or performance of this Agreement by Seller or the consummation by Seller of the transactions contemplated herein (hereinafter sometimes separately referred to as a "Consent" and sometimes collectively as "Consents").

3.5 Assets. Except as set forth in Schedule 3.5, Seller has good and marketable title to all of the Assets, free and clear of any Lien.

3.6 Intellectual Property Rights.

(a) Other than off-the shelf products, Schedule 1.1(b) lists, among other things, all Intellectual Property Rights that are registered with U.S. Patent and Trademark Office or a corresponding foreign governmental or public authority and that are owned by, licensed to or otherwise controlled by Seller and were previously used by Seller in, developed for use in, or were necessary to the conduct of Seller.

(b) Except as set forth in Schedule 3.6(b), Seller owns, free and clear of any Lien, and possesses all right, title and interest, or holds a valid license, in and to all Intellectual Property Rights. The Intellectual Property Rights owned or licensed by Seller constitute all the intellectual property that was necessary to the previous operation of the Business. Except as set forth in the Schedules, there are no royalties, fees, honoraria or other payments payable by Seller to any person or entity by reason of the ownership, development, modification, use, license, sublicense, sale, distribution or other disposition of the Intellectual Property Rights.

(c) To the knowledge of Seller, the previous operation by Seller of Seller did not infringe, misappropriate or conflict with any intellectual property right of any other person or entity. Seller has not received any notice of any infringement, misappropriation or violation by Seller of any intellectual property right of any third party. Seller has not received any notice of any claim by any third party contesting the validity of any Intellectual Property Rights and is unaware of any such claim that has been threatened. To the knowledge of Seller, no third party is infringing any Intellectual Property Rights.

3.7 Litigation. Except as set forth in the Schedules, Seller has not received notice that there is any legal, administrative, arbitration or other proceeding, suit, claim or action of any nature or investigation, review or audit of any kind (including without limitation a proceeding, suit, claim or action, or an investigation, review or audit, involving any environmental Law or matter), judgment, decree, decision, injunction, writ or order pending, noticed, scheduled nor, to the knowledge of Seller, is any such pending, threatened or contemplated by or against Seller to the extent involving Seller or the Assets, whether at law or in equity, before or by any person or entity or Authority, or which questions or challenges the validity of this Agreement or any action taken or to be taken by the Parties hereto pursuant to this Agreement or in connection with the transactions contemplated herein.

3.8 Assumed Contracts. True and complete copies of all of the written Assumed Contracts are attached, in globo, as Exhibit 3.8. Except as set forth in Schedule 3.8, all of the Assumed Contracts, are valid and enforceable by and against Seller, and, subject to receipt consents from applicable telecommunications regulatory authorities, will be enforceable by Purchaser immediately after the Closing, in accordance with their respective terms. As of the date hereof, Seller is not in breach, violation or default, however defined, in the performance of

any of its obligations thereunder, and no facts or circumstances exist which, whether with the giving of due notice, lapse of time, or both, would constitute such a breach, violation or default thereunder or thereof. To the knowledge of Seller, no other Parties thereto are in breach, violation or default, however defined, thereunder or thereof.

3.9 Permits and Other Operating Rights. As of the date hereof, Seller has valid certifications to operate as a telecommunications provider in over 40 U.S. States. Purchaser will notify each State that it has acquired the customer base and, if necessary, the applicable regulatory certification from Seller (or, where possible, request withdrawal of Seller's regulatory certification) and will accept all responsibilities related to the regulatory and taxing obligations arising from services provided to the Purchased Customers from and after December 1, 2005.

3.10 Taxes. As of the date hereof, Seller has collected and paid over to the taxing Authorities of each jurisdiction to which it is subject all taxes of any kind including without limitation income, capital gains, gross receipts, ad valorem, franchise, payroll, employment, excise, profits, withholding, unemployment, real or personal property, sales, use, transfer, estimated or other taxes, customs' duties, fees, charges, levies, imports and other assessments or similar charges in the nature of a tax, including but not limited to all applicable state and federal universal service fund obligations, and all interest, penalties or additions thereto and any liability for taxes of any other person or entity, that are due and payable for periods ending prior to the date hereof, or made adequate provision for the payment thereof, and for which Purchaser could have transferee liability or in respect of which any of the Assets could be subjected to a Lien therefor.

3.11 Environmental Matters. In connection only with the operations of Seller, to the knowledge of Seller, as of the date hereof, Seller has obtained all permits, licenses and other authorizations, if any, which are required under any Laws relating to pollution or protection of the environment or the manufacture, processing, distribution, use, treatment, storage, release, transport or handling of hazardous substances, oils, pollutants or contaminants of any kind or protection of any endangered or threatened species of fish, wildlife or plants ("Environmental Laws") for the ownership, use and operation of each property owned, used or operated in connection with the operation of the Business at any time, all such permits, licenses and authorizations are in effect, no appeal nor any other action is pending to revoke any such permit, license or authorization, and Seller is in full compliance with all terms and conditions of all such permits, licenses and authorizations. In connection only with the operations of Seller, to the knowledge of Seller, as of the date hereof Seller and the property used in connection with the operation of the Business which are part of the Assets are in compliance with all Environmental Laws including, without limitation, all applicable restrictions, conditions, standards, limitations, prohibitions, requirements, obligations, schedules and timetables contained in the Environmental Laws or contained in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder.

3.12 Compliance with Law. As far as it knows, as of the date hereof, Seller has not previously failed and is not currently failing to comply with any applicable Laws relating to the operation of the Business. As of the date hereof, there are no proceedings and no proceedings

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are pending or, to the knowledge of Seller, threatened, nor has Seller received any written notice with respect to Seller regarding any violation by Seller of any Law.

3.13 Brokers. Neither Seller nor any of its directors, officers, shareholders, agents or employees have employed any broker, finder, or financial advisor or incurred any liability for any brokerage fee or commission, finder's fee or financial advisory fee, in connection with the transactions contemplated hereby, nor is there any basis known to Seller for any such fee or commission to be claimed by any such person.

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ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller that each of the representations and warranties contained in this Article 4 is true and correct as of the date hereof and will be true and correct as of the Closing:

4.1 **Organization.** Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

4.2 **Authorization and Enforceability.** Purchaser has full corporate power and authority to enter into this Agreement and to carry out the transactions contemplated herein. This Agreement has been duly authorized, executed and delivered by Purchaser and no other company action is necessary for the consummation by Purchaser of the transactions contemplated herein. Assuming the due authorization, execution and delivery hereof by Seller, this Agreement is the valid and binding legal obligation of Purchaser enforceable against it in accordance with its terms.

4.3 **Non-Contravention.** Neither the execution, delivery and performance of this Agreement nor the consummation of the transactions contemplated herein will: (a) violate or be in conflict with any provision of the articles of organization, limited liability company agreement or similar operating agreement of Purchaser; or (b) be in conflict with, or constitute a default, however defined (or an event which, with the giving of due notice or lapse of time, or both, would constitute such a default), under, or cause or permit the acceleration of the maturity of, or give rise to any right of termination, cancellation, imposition of fees or penalties under, any debt, note, bond, lease, mortgage, indenture, license, obligation, contract, commitment, franchise, permit, instrument or other agreement or obligation to which Purchaser is a party, which conflict or default would have an adverse effect on the ability of Purchaser to consummate the transactions contemplated by this Agreement; or (c) violate any Law of any Authority, which violation would have an adverse effect on the ability of Purchaser to consummate the transactions contemplated by this Agreement.

4.4 **Consents and Approvals.** Except for the consent of all applicable telecommunications regulatory authorities, no Consent of any person, including any Authority, is required in connection with the execution, delivery or performance of this Agreement by Purchaser or the consummation by Purchaser of the transactions contemplated herein.

4.5 **Brokers.** Neither Purchaser nor any of its managers, directors, officers, members, agents or employees have employed any broker, finder, or financial advisor or incurred any liability for any brokerage fee or commission, finder's fee or financial advisory fee, in connection with the transactions contemplated hereby, nor is there any basis known to Purchaser for any such fee or commission to be claimed by any such person.

4.6 **Financial Ability to Perform.** Purchaser has sufficient funds to pay all amounts required to be paid hereunder at the Closing and to make the Second Payment and to take such other actions as may be required by it to consummate the transactions contemplated hereby.

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ARTICLE 5

COVENANTS AND OTHER AGREEMENTS

5.1 No Solicitation of Alternate Transaction. Seller shall not, and shall ensure that its agents and other representatives, shall not, enter into, or continue any negotiations or discussions with, any third party in respect of any other proposed transaction involving the sale of the Assets or any part thereof. In addition, Seller and its agents and other representatives shall not solicit or entertain offers from, negotiate with or encourage or facilitate any inquires by third Parties to purchase the Assets. Notwithstanding the foregoing, Purchaser acknowledges and agrees that Seller has previously actively marketed the sale of the Assets and that Seller's receipt of and response to a proposal or inquiry by a third party whom was contacted by Seller prior to the date hereof shall not constitute a breach of this Section 4.1 if such response does no more than indicate that Seller has entered into a definitive agreement to sell the Assets and has agreed not to negotiate with any other third Parties with respect to a transaction involving the sale of the Assets at this time.

5.2 Full Access to Purchaser. Throughout the period prior to the Closing, and only during the normal business hours of Seller, Seller will afford to Purchaser and its managers, directors, officers, employees, counsel, accountants, investment advisors and other authorized representatives and agents, access to the facilities, properties, books and records of Seller relating to Seller in order that Purchaser may have full opportunity to make such investigations regarding Seller as Purchaser will desire to make of the affairs of Seller, as long as such access does not substantially interfere with the business of Seller.

5.3 Confidentiality. Purchaser and Seller agree to comply with, and to cause their respective representatives to comply with, in all respects, all of their respective obligations under that certain Mutual Non-Disclosure Agreement between Purchaser and Seller dated June 2005 (the "Confidentiality Agreement"), and in no event will the negotiation, entering into or termination of this Agreement be deemed to waive or otherwise adversely affect the rights and obligations of the Parties under the Confidentiality Agreement, which rights and obligations will continue in full force and effect in accordance with their terms.

5.4 Public Announcements. None of the Parties hereto shall make any public announcement with respect to the transactions contemplated herein without the prior written consent of the other Parties; provided, however, that any of the Parties hereto may at any time make any announcements which are required by applicable Law or the rules of the Nasdaq Stock Market so long as the party so required to make an announcement promptly upon learning of such requirement notifies the other Parties of such requirement and discusses with the other Parties in good faith the wording of any such announcement.

5.5 Transactional Tax Undertakings. The Parties hereto shall cooperate to make any necessary filings with federal, state and local taxing authorities and to furnish any required supplemental information to any foreign, federal, state and local governmental or taxing authorities resulting from the consummation of the transactions contemplated herein. In the event that any sales, transfer or use tax, or any tax in the nature of a sales, transfer or use tax, or

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any other transactional tax is payable or assessed relative to the transactions contemplated herein, Purchaser shall pay all such taxes and shall not collect any part thereof from Seller.

5.6 Use of Seller Name. Seller agrees that following the Closing, it will immediately cease using the term "W2Com" except with respect to references that Seller previously operated under such name.

5.7 Further Assurances. Each party hereto shall, before, at and after Closing, execute and deliver such further instruments and take such other actions as the other party may reasonably require in order to carry out the intent of this Agreement.

5.8 Notification. At all times from the date hereof until the Closing, each party will promptly notify the other in writing of the occurrence of any event which it reasonably believes will or may result in a failure by such party to satisfy the conditions specified in Article 6.

ARTICLE 6 CLOSING CONDITIONS

6.1 Conditions to Obligations of Each Party. The respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or waiver if possible, at or prior to the Closing of the following conditions:

(a) No Injunction. Neither Purchaser nor Seller shall be subject to any order, decree or injunction of a court of competent jurisdiction within the United States that (i) prevents or materially delays the consummation of the transactions contemplated by this Agreement, or (ii) would impose any material limitation on the ability of Purchaser to acquire the Assets or Purchaser to effectively exercise full rights of ownership of the Assets following the transactions contemplated by this Agreement.

(b) No Proceeding or Litigation. No suit, action, investigation, inquiry or other proceeding by any Authority or other person or entity shall have been instituted or threatened which delays or questions the validity or legality of the transactions contemplated hereby.

6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or waiver, at or prior to the Closing of the following additional conditions:

(a) Representations and Warranties True. Each representation and warranty of Seller contained in this Agreement, in the Schedules and in all certificates or other documents delivered by Seller to Purchaser, shall have been true and correct in all material respects, and Purchaser shall have received a certificate to such effect signed by a duly authorized executive officer of Seller.

(b) Performance. Seller shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with by Seller on or prior to the Closing, and

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Purchaser shall have received a certificate to such effect signed by a duly authorized executive officer of Seller.

(c) Consents. Seller shall have obtained all Consents required on its part to perform its obligations under, and consummate the transactions contemplated by, this Agreement, in form and substance satisfactory to Purchaser, and Purchaser shall have received evidence satisfactory to it of the receipt of such Consents.

(d) Documentation for Conveyance of the Assets. Purchaser shall have received, in a form and substance reasonably satisfactory to Purchaser, dated as of the date of Closing, all of the bills of sale, deeds, assignments and other conveyance and transfer documentation necessary to vest title in the Assets in Purchaser.

(e) SmartPrice.com. SmartPrice.com shall have executed either a new sales agent agreement with Purchaser or "lock up" agreement prohibiting moving the Purchased Customers to another carrier for 24 months following the Closing Date.

6.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or waiver, at or prior to the Closing of the following additional conditions:

(a) Representations and Warranties True. Each representation and warranty of Purchaser contained in this Agreement and in all certificates or other documents delivered by Purchaser to Seller shall have been true and correct in all material respects, and Seller shall have received a certificate to such effect signed by a duly authorized executive officer of Purchaser.

(b) Performance. Purchaser shall have performed and complied in all material respects with all agreements, obligations, covenants and conditions required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing, and Seller shall have received a certificate to such effect signed by a duly authorized executive officer of Purchaser.

(c) Consents. Purchaser shall have obtained all Consents required on its part to perform its obligations under, and consummate the transactions contemplated by, this Agreement, in form and substance satisfactory to Seller, and Seller shall have received evidence satisfactory to it of the receipt of such Consents.

ARTICLE 7 TERMINATION AND ABANDONMENT

7.1 Termination. This Agreement may be terminated and the transactions contemplated herein may be abandoned at any time prior to the Closing only:

(a) by mutual consent of Purchaser and Seller;

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- (b) by either Purchaser or Seller if, without fault of such terminating party, the Closing shall not have occurred on or before the Termination Date, unless such date is extended upon the mutual written agreement of Purchaser and Seller;
- (c) by either Purchaser or Seller if a court of competent jurisdiction or an administrative, governmental or regulatory authority has issued a final nonappealable order, decree or ruling, or taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement;
- (d) by Seller if any of the conditions specified in Sections 6.1 and 6.3 hereof have not been fulfilled by Purchaser or waived by Seller at such time as such condition can no longer be satisfied by the Termination Date;
- (e) by Seller if there has been a material breach of any representation, warranty, covenant or agreement on the part of Purchaser set forth in this Agreement of which notice has been given to Purchaser in writing by Seller and which has not been fully cured or cannot be fully cured within the earlier of (i) 30 days of the receipt of such notice or (ii) 5 days prior to the Closing Date;
- (f) by Purchaser if any of the conditions specified in Sections 6.1 or 6.2 hereof have not been fulfilled by Seller or waived by Purchaser at such time as such condition can no longer be satisfied by the Termination Date; or
- (g) by Purchaser if there has been a material breach of any representation, warranty, covenant or agreement on the part of Seller set forth in this Agreement of which notice has been given to Seller in writing by Purchaser and which has not been fully cured or cannot be fully cured within the earlier of (i) 30 days of the receipt of such notice or (ii) 5 days prior to the Closing Date.

7.2 Procedure and Effect of Termination. In the event of termination by Purchaser or Seller pursuant to Section 6.1, written notice thereof shall immediately be given to the other party and this Agreement shall terminate, the transactions contemplated hereby shall be abandoned without further action by any of the Parties hereto. Notwithstanding the foregoing, the obligations set forth in Section 5.3 (Confidentiality), Section 5.4 (Public Announcements), and Article 9 (Miscellaneous Provisions) or this Section 7.2 shall survive termination of this Agreement, and nothing herein shall relieve any party from its obligations with respect to any breach of this Agreement occurring prior to a termination. In such event, each party shall, upon request, redeliver all documents, work papers and other material of any other party (and all copies thereof) relating to the transactions contemplated herein, whether so obtained before or after the execution hereof, to the party furnishing the same.

ARTICLE 8

SURVIVAL AND INDEMNIFICATION

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8.1 Survival of Representations, Warranties and Covenants; Investigation. All representations and warranties of the Parties contained in this Agreement shall survive the Closing Date for a period ending on the one-year anniversary date of this Agreement, except that the representations and warranties set forth in Sections 3.2, 3.5 and 4.2 shall survive forever. The covenants and agreements contained herein shall survive the Closing without limitation as to time unless the covenant or agreement specifies a term, in which case such covenant or agreement shall survive for the period specified. The respective expiration dates for the survival of the representations and warranties and the covenants shall be referred to herein as the relevant "Expiration Date."

8.2 Seller's Indemnification of Purchaser. After the Closing Date, Seller shall indemnify and hold harmless Purchaser and each of Purchaser's officers, directors and employees and Purchaser's affiliates from and against any damage, liability, taxes, loss or expense (including reasonable attorneys' fees) and against all claims in respect thereof, whether or not involving a third-party claim (a "Loss") sustained, incurred, paid or required to be paid by Purchaser or Purchaser's officers, directors, employees or affiliates which arises out of (i) any untrue representation of, or breach of warranty by, Seller in any part of this Agreement or in any of the documents or agreements required to be executed and delivered by or on behalf of Seller pursuant to this Agreement, notice of which is given to Seller prior to the relevant Expiration Date; (ii) without derogating from Purchaser's obligations under the Management Agreement, any nonfulfillment of any covenant, agreement or undertaking of Seller in any part of this Agreement or in any of the documents or agreements required to be executed and delivered by or on behalf of Seller pursuant to this Agreement; and (iii) any liabilities or obligations, or claims or causes of action against Purchaser or its affiliates to the extent arising from the previous operation of the Business during any period or periods on or prior to the date hereof.

8.3 Purchaser's Indemnification of Seller. After the Closing, Purchaser shall indemnify and hold harmless Seller and each of Seller's officers, directors and employees and Seller's affiliates from and against any Loss sustained, incurred, paid or required to be paid by Seller or Seller's affiliates which arises out of (i) any untrue representation of, or breach of warranty by, Purchaser in any part of this Agreement or in any of the documents or agreements required to be executed and delivered by or on behalf of Purchaser pursuant to this Agreement, notice of which is given to Seller prior to the relevant Expiration Date; (ii) any nonfulfillment of any covenant, agreement or undertaking of Purchaser in any part of this Agreement or in any of the documents or agreements required to be executed and delivered by or on behalf of Purchaser pursuant to this Agreement; (iii) any failure to discharge the Assumed Liabilities when the same become due; or (iv) any liabilities or obligations, or claims or causes of action against Seller or its affiliates to the extent arising from the operation of the Business during any period or periods after the date hereof and not relating to the operation of the Business prior to the date hereof.

8.4 Limitations on Indemnification Liabilities. In the event of any claim by Purchaser for indemnity from Seller for any breach of warranty by Seller other than the representations and warranties set forth in Section 3.2 or 3.5, Purchaser shall not be entitled to indemnification therefore unless Purchaser has sustained Losses in excess of Fifteen Thousand Dollars (\$15,000) in the aggregate, in which event Purchaser shall be entitled to indemnification for the full amount of all Losses suffered or incurred including such Fifteen Thousand Dollars (\$15,000) of Losses. The aggregate liability of Seller is limited to the Closing Payment. In no event will any

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indemnifying party hereunder be liable for loss of profit or consequential damages arising out of or resulting from any matter to which such person is entitled to indemnification hereunder.

8.5 Claims for Indemnification.

(a) General. The Parties intend that all indemnification claims be made as promptly as practicable by the party seeking indemnification (the "Indemnified Party"). Whenever any claim shall arise for indemnification hereunder the Indemnified Party shall promptly notify the party from whom indemnification is sought (the "Indemnifying Party") of the claim in writing and, when known, the facts constituting the basis for such claim. The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any liability that it may have to the Indemnified Party except to the extent the Indemnifying Party demonstrates that the defense of such action is prejudiced thereby.

(b) Claims by Third Parties. With respect to claims made by third parties, the Indemnifying Party shall be entitled to assume control of the defense of such action or claim with counsel reasonably satisfactory to the Indemnified Party, provided, however, that:

(i) the Indemnified Party shall be entitled to participate in the defense of such claim and to employ counsel at its own expense to assist in the handling of such claim;

(ii) no Indemnifying Party shall consent to (x) the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnified Party of a release from all liability in respect of such claim, or (y) if, pursuant to or as a result of such consent or settlement, injunctive or other equitable relief would be imposed against the Indemnified Party or such judgment or settlement could materially interfere with the business, operations or assets of the Indemnified Party; and

(iii) if the Indemnifying Party does not assume control of the defense of such claim in accordance with the foregoing provisions within five (5) business days after receipt of proper notice of the claim, the Indemnified Party shall have the right to defend such claim in such manner as it may deem appropriate at the cost and expense of the Indemnifying Party, and the Indemnifying Party will promptly reimburse the Indemnified Party therefor in accordance with this Article 7; provided that the Indemnified Party shall not be entitled to consent to the entry of any judgment or enter into any settlement of such claim that does not include as an unconditional term thereof the giving by each claimant or plaintiff to each Indemnifying Party of a release from all liability in respect of such claim without the prior written consent of the Indemnifying Party if, pursuant to or as a result of such consent or settlement, injunctive or other equitable relief would be imposed against the Indemnifying Party or such judgment or settlement could materially interfere with the business, operations or assets of the Indemnifying Party.

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8.6 Exclusive Remedies. The Parties agree that, from and after the Closing, except as provided in Section 9.1, the sole and exclusive legal remedy of each party with respect to any and all claims relating to and arising out of misrepresentation or breach of any representation, warranty, covenant or agreement made by the other party to this Agreement, or otherwise in connection with the transactions contemplated by this Agreement, will be pursuant to the provisions of this Article 8.

ARTICLE 9

MISCELLANEOUS PROVISIONS.

9.1 Specific Performance. The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties further agree that each party will be entitled to an injunction or restraining order to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other right or remedy to which such party may be entitled under this Agreement, at law or in equity.

9.2 Expenses. Except as otherwise provided in this Agreement, Purchaser and Seller shall each bear its respective costs, fees and expenses in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including without limitation fees, commissions and expenses payable to brokers, finders, investment bankers, consultants, exchange or transfer agents, attorneys, accountants and other professionals, whether or not the transactions contemplated herein are consummated.

9.3 Knowledge. As used in this Agreement or the instruments, certificates or other documents required hereunder, the term "knowledge" of an entity (or words to similar effect, such as "knowingly") means the actual knowledge and conscious awareness by any executive officer of such entity.

9.4 Amendment and Modification. Subject to applicable Law, this Agreement may be amended or modified by the Parties hereto at any time prior to the Closing with respect to any of the terms contained herein; provided, however, that all such amendments and modifications must be in writing duly executed by all of the Parties hereto.

9.5 Waiver of Compliance; Consents. Any failure of a party to comply with any obligation, covenant, agreement or condition herein may be expressly waived in writing by the party entitled hereby to such compliance, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No single or partial exercise of a right or remedy shall preclude any other or further exercise thereof or of any other right or remedy hereunder. Whenever this Agreement requires or permits the consent by or on behalf of a party, such consent shall be given in writing in the same manner as for waivers of compliance.

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9.6 No Third Party Beneficiaries. Nothing in this Agreement shall entitle any person or entity (other than a party hereto and its respective successors and assigns permitted hereby) to any claim, cause of action, remedy or right of any kind.

9.7 Notices. All notices, requests, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given and effective: (a) on the date of delivery, if delivered personally; (b) on the date of the return receipt acknowledgement, if mailed, postage prepaid, by certified or registered mail, return receipt requested; or (c) on the first business day after such transmission is made and confirmation of receipt obtained, if sent by facsimile, telecopy, telegraph, telex or other similar telegraphic communications equipment:

If to Seller:

W2COM International LLC
3500 Park Center Drive
Dayton, Ohio 45414
Attn: Daniel Yelin
E-mail: d.yelin@w2com.com
Facsimile: 942-8-940818

If to Purchaser:

First Choice Technology, Inc.
601 North Orlando Avenue
Suite 211, Maitland, FL 32751
Attn: Scott Howsare
E-mail: showsare@firstchoicetele.com
Facsimile: _____

With a copy to:

Benjamin W. Bronston, Esq.
Nowalsky, Bronston & Gothard APLLC
3500 N. Causeway Blvd.
Suite 1442
Metairie, LA 70002
E-mail: bbronston@nbglaw.com
Facsimile: 504-831-0892

or to such other person or address as Purchaser or Seller shall furnish to the other Parties hereto in writing in accordance with this Section 9.7.

9.8 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned (whether voluntarily, involuntarily, by operation of law or otherwise) by any of the Parties hereto without the prior written consent of the other Parties.

9.9 Governing Law; Jurisdiction. This Agreement and the legal relations among the Parties hereto shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio (without regard to the laws of conflict that might otherwise apply) as to

all matters, including without limitation matters of validity, construction, effect, performance and remedies. Each of the Parties hereto hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Ohio or the United States of America located in the State of Ohio for any action, suit or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby or relating to the other agreements referred to herein, and agrees not to commence any action, suit or proceeding relating thereto except in such courts.

9.10 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

9.11 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.12 Headings. The table of contents and the headings of the sections and subsections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

9.13 Entire Agreement. The exhibits and other writings incorporated in this Agreement or any such exhibit or other writing are part of this Agreement, together they embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated by this Agreement and together they are referred to as "this Agreement" or the "Agreement". There are no restrictions, promises, warranties, agreements, covenants or undertakings, other than those expressly set forth or referred to in this Agreement. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the transaction or transactions contemplated by this Agreement, whether oral, written or otherwise, between Purchaser and Seller.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

First Choice Technology, Inc.

By: _____

Name: Scott Howsare, President

W2Com International, LLC

By: _____

Its: CFO 

SCHEDULE 1.1(b)
DESCRIPTION OF INTELLECTUAL PROPERTY

United States registered trademark "W2Com"
United States registered trademark "W2Com International"
Internet web domain www. W2Com.com

* * * * *

Accepted and Agreed:

First Choice Technology, Inc.

W2Com International, LLC

By: _____
Name: Scott Howsare, President

By: _____
Its: CFO 

SCHEDULE 1.1(e)

LIST OF ASSUMED CONTRACTS

All of the Customer Contracts (except for those contracts of customers who cannot be transitioned to Pruchaser's underlying carrier agreements as provided herein).

Agreement with SmartPrice.com

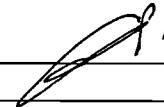
* * * * *

Accepted and Agreed:

First Choice Technology, Inc.

W2Com International, LLC

By: _____
Name: Scott Howsare, President

By: _____
Its: CFD 

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

First Choice Technology, Inc.

By: 
Name: Scott Howsare, President

W2Com International, LLC

By: _____
Its: _____

SCHEDULE 1.1(b)
DESCRIPTION OF INTELLECTUAL PROPERTY

United States registered trademark "W2Com"
United States registered trademark "W2Com International"
Internet web domain www. W2Com.com

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Accepted and Agreed:

First Choice Technology, Inc.

W2Com International, LLC

By: _____

Name: Scott Howsare, President

By: _____

Its: _____

SCHEDULE 1.1(e)

LIST OF ASSUMED CONTRACTS

All of the Customer Contracts (except for those contracts of customers who cannot be transitioned to Pruchaser's underlying carrier agreements as provided herein).

Agreement with SmartPrice.com

* * * * *

Accepted and Agreed:

First Choice Technology, Inc.

W2Com International, LLC

By: 

Name: Scott Howsare, President

By: _____

Its: _____

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EXHIBIT "B"
ASSIGNMENT

ASSIGNMENT

This Assignment (the "Assignment") is dated November 30, 2005 between First Choice Technology, Inc., a Florida corporation with its principal offices located at 601 North Orlando Avenue, Suite 211, Maitland, FL 32751 ("FCT"), and Reduced Rate Long Distance, LLC, ("Assignee").

WHEREAS, Assignor is the Purchaser, named in and pursuant to, that certain Asset Purchase Agreement dated November 30, 2005, between Assignor and W2COM International LLC and all other documents and instruments executed therewith or contemplated therein, including but not limited to the Transition Services Agreement, the Management Agreement and the Indemnification Agreement (between Purchaser and Arel ^{from} Ltd and software) (collectively, the "Purchase Agreement"); and

WHEREAS, Assignor desires to assign the Purchase Agreement, and all of its interest as Purchaser under the Purchase Agreement, to Assignee, and Assignee desires to accept such assignment and assume all of Assignor's rights and obligations thereunder.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the other promises and covenants contained herein, the parties hereby agree as follows:

1. Assignor hereby assigns the Purchase Agreement (as defined in the recitals above), and all of Assignor's right, title and interest therein and thereto, and privileges thereunder, to Assignee.
2. Assignee hereby accepts the assignment of the Purchase Agreement from Assignor.
3. Assignee hereby assumes all of Assignor's liabilities, duties and obligations under the Purchase Agreement from Assignor.
4. Assignee hereby agrees to defend, indemnify and hold harmless Assignor from and against any and all liabilities, duties and obligations arising from the Purchase Agreement.

[signatures appear on the following page]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed the day and year first above written.

ASSIGNOR:

FIRST CHOICE TECHNOLOGY, INC.

By: _____
Name: Scott Howsare, President

ASSIGNEE:

Reduced Rate Long Distance, LLC

By: Its sole member,
Dominion Business Group, Inc.

By: _____
Name: Robert Sorrentino, President

Consent

W2Com International, LLC and Arel com 2 software ltd hereby consent to the above and foregoing Assignment.

W2Com International, LLC

By: _____
Name: _____
Title: _____

Arel com 2 software ltd
By: _____
Name: Donny Telin
Title: CFO

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed the day and year first above written.

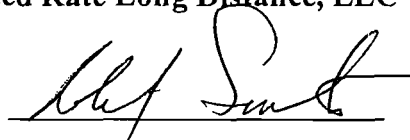
ASSIGNOR:

FIRST CHOICE TECHNOLOGY, INC.

By: _____
Name: Scott Howsare, President

ASSIGNEE:

Reduced Rate Long Distance, LLC

By: 
Name: Robert Sorrentino, President

Consent

W2Com International, LLC and Arel _____ hereby consent to the above and foregoing Assignment.

W2Com International, LLC

By: _____
Name: _____
Title: _____

Arel _____

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed the day and year first above written.

ASSIGNOR:

FIRST CHOICE TECHNOLOGY, INC.

By: 
Name: Scott Howsare, President

ASSIGNEE:

Reduced Rate Long Distance, LLC

By: _____

Name: Robert Sorrentino, President

Consent

W2Com International, LLC and Arel _____ hereby consent to the above and foregoing Assignment.

W2Com International, LLC

By: _____
Name: _____
Title: _____

Arel _____

By: _____
Name: _____
Title: _____

EXHIBIT "C"

SAMPLE CUSTOMER NOTICE

Reduced Rate Long Distance, LLC

W2Com International, LLC

May ___, 2006

Dear Customer:

Reduced Rate Long Distance, LLC ("Reduced Rate") and W2Com Telecommunications, Inc. ("W2Com") have entered into an Asset Purchase Agreement, whereby the telecommunications assets of W2Com will be acquired by Reduced Rate and Reduced Rate will become your interstate, international and intrastate telecommunications service provider for long distance services. Reduced Rate Long Distance, LLC anticipates this happening on or before

This change in ownership will not affect or in any way disrupt your current service. No charges or fees will be imposed as a result of this transaction. **Although no rate increases are anticipated at this time, pursuant to Tennessee law, for a period of at least ninety (90) days, Reduced Rate Long Distance, LLC will provide a notice to all customers, thirty (30) days in advance, if there are to be any rate increases that may affect your service.** Reduced Rate Long Distance, LLC will inform you, by separate mailing, of any post-transaction changes which may occur.

We realize you have a choice of carriers. Subject to the terms and conditions of your existing contract with W2Com, including applicable termination penalties, you have the right to choose a different carrier for your services. Please note that if you are a customer of W2Com on the date of the transfer and you have not informed W2Com that you have made arrangements to switch to a carrier other than Reduced Rate, your services will automatically be transferred and your account assigned to Reduced Rate. Also, if you have placed a "freeze" on the services to prevent the unauthorized transfer of your services to another carrier, the freeze will be lifted and your services will be transferred to Reduced Rate. You must contact your local exchange carrier to re-establish freeze protection for your Services after the transfer. Reduced Rate will be responsible for any outstanding W2Com customer complaints after the date of transfer. If you have any questions, please call one of Reduced Rate's Customer Service Representatives at

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

Yours faithfully,

Reduced Rate Long Distance, LLC

W2Com International, LLC

EXHIBIT "E"

MANAGERIAL PROFILES

RESUME OF ROBERT SORRENTINO

Mr. Sorrentino has been involved in telecommunications since 1987. He has both managed and acted as a consultant to numerous operator service and payphone providers, long distance carriers, and local exchange carriers. He has experience in many Telecom areas, including contract negotiation, network services, provisioning, back office support, billing and collections, customer support, data systems, and day to day operations. Mr. Sorrentino was the founder and President of Nationwide Telecom, Inc., a provider of 1+ service throughout the eastern and southern United States.