

GLOBALEYES TELECOMMUNICATIONS

Your Local Telephone Alternative



SEE YOUR WAY TO GREATER PROFITS

Business Introduction

History

GlobalEyes Telecommunications, an Illinois based Corporation, was founded in 1998 as a Competitive Local Exchange Carrier (CLEC). The business was started because there was a need for a new phone company in the Southern Illinois area to compete with the current telephone company, GTE (now known as Verizon). The principals in GlobalEyes Telecommunications had already founded a very successful Internet Service (GlobalEyes Communications, Inc. In May 2000, the company began offering service to Internet Service Providers (ISP). This co-located data service is now being sold to other ISP's generating nearly \$500,000 in annual revenue. In the first quarter of 2002, we will also offer voice services to multi-line businesses and other customers.

Objective

GlobalEyes Telecommunications, Inc. ("GlobalEyes" or the "Company") is seeking funding to facilitate the expansion of our network into several additional service areas, and to bring broadband wireless, wireline services, and voice choice to rural markets. Our focus on customer service drives our operation. It is on this function that we expect to eliminate the need to compete strictly on price. We can quickly identify market demands allowing us to adopt technological change quickly, to keep our serviced communities on the forefront of available options.

The May 2001 Telecom Market Index Survey, recently released by The Strategis Group, indicates that despite this period of downsizing and rapid consolidation within the telecom sector, sales have continued to grow. The survey shows that 67% of respondents would increase spending on new services and technologies. The survey shows that most companies are increasing spending in areas such as marketing, new services and technologies and customer service.

Strategic Focus

Our strategic focus is to concentrate in rural and underserved markets. We understand that it is in these markets where the most opportunities exist. They are generally free from competition, suffer from high fixed and usage-based costs, and for the most part, they lack advanced services, including broadband. Our market penetration will be on those markets where we can improve value, quality, and accessibility for consumers. Our main effort in this regard is to dramatically increase the Local Calling Area, thereby reducing usage-based costs to the consumer. In LATA 362 (Local Access Transport Area), our home market in Southern Illinois, we have successfully implemented LATA-wide calling.

In the case of our ISP customers, (in which we have grown over 450% in the past year) they now need only one Point-of-Presence to cover the entire LATA. What we offer, thus, reduces Wide Area Network and private line expenditures for these customers. Similar cost reductions will occur for our voice services. Additionally, the markets we target are those areas' lacking adequate access to broadband services such as Digital Subscriber Line (DSL), ISDN, and wireless. The Company firmly believes that demand for these services is significant in rural markets. Our experience in the ISP industry clearly shows that price points for advanced services are harder to acquire than those in more urban environments. Therefore, we feel the proposition for broadband facilities in our targets is quite lucrative with significant demand, firm prices, and limited competition. By creating a market for such services, we are creating customer loyalty.

Finally, GlobalEyes Telecommunications' team firmly believes that the only way to build our business is to focus on customer satisfaction with profitability as its only goal.

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1 Business Overview

1.1 Mission Statement

GlobalEyes Telecommunication's mission is to provide low-cost, fixed-rate voice and broadband service to rural markets currently underserved by the existing telecommunications carriers. We are committed to bridging the Digital Divide to all rural and urban areas by building advanced telecommunications where they do not currently exist. GlobalEyes Telecommunications, Inc. is further dedicated to providing quality products and service to public and private institutions, industry, and the general public in our expanding telecommunications industry. To address the special needs and interests of our customers and a safe, challenging, progressive and financially satisfying opportunity for all its principle investors, shareholders comprising employees, customers, suppliers, and the community at large.

1.2 Business Description

GlobalEyes Telecommunications, Inc. is a facilities-based competitive local exchange carrier or "CLEC". The company currently provides telephone and data services to businesses in the rural Midwest.

1.3 Summary of Products Offered

Our product offerings will consist of, but are not limited to the following:

- Multi-line telephone services for Internet Service Providers on T-1 lines (24 Channels)
- Multi-line business local telephone service delivered on T-1 and PRI access lines
- Broadband fixed wireless and wireline service
- Private line point-to-point T-1 data service
- Residential and single-line business service
- Unified Messaging including voice mail, fax mail and e-mail
- Full function voice services including caller ID, call waiting, three-way and conference calling
- Collocation of telecommunications equipment at our facilities
- Long-distance service

The primary differentiators for our local voice services are:

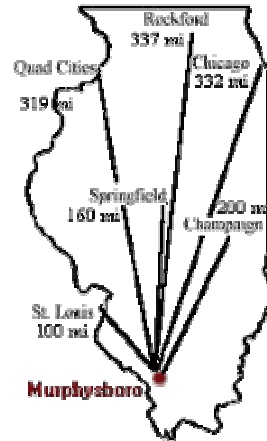
- Flat-rate, un-metered service
- LATA (area wide) wide local calling
- Predominately equivalent business & residential rates
- Number portability available (option of keeping your existing telephone numbers)
- No additional charges for touch-tone or caller ID
- Full Class 5 and additional messaging features available in all service areas
- 24 x 7 live, local customer support

2 Headquarters Location

Located in Murphysboro, Illinois, GlobalEyes is especially well suited to provide local telephone service to rural America. Our call center incorporates a Midwestern attitude, which is reflected in a high degree of customer satisfaction.

Murphysboro also offers significant advantages in developing a strong and low-cost workforce. Because of the economically depressed nature of the area and relatively high unemployment rates, we can significantly increase the size of our call center at a significantly lower cost compared to centers located in markets that are more metropolitan or on either coast. Our close proximity to a major university also provides the talent required for positions requiring expertise that is more technical.

Southern Illinois also offers a significantly lower cost-of-living (which will result in a higher standard-of-living), excellent educational resources, tremendous family atmosphere, and many local amenities. Our proximity to St. Louis, Chicago, and Paducah offer all of the other amenities a short drive away that the immediate vicinity currently doesn't support.



3 The Market Direction

3.1 Target Market

GlobalEyes Telecommunications will target rural locales that currently have little or no facilities-based competition to the large local telephone companies and where county's have a population of fewer than 500,000 residents. GlobalEyes will not compete directly for customers currently serviced by smaller rural phone companies.

GlobalEyes is currently offering local voice and broadband fixed-wireless service in the area covered by LATA 362 (Cairo, IL), and is licensed by the Illinois Commerce Commission (ICC) to offer telecommunications services throughout Illinois and will be expanding its service area to other rural areas of this state.

We are currently in the process of expanding to the St. Louis LATA, and build-out to that area should be operational within three months, and will begin expanding into each other LATA in rural Illinois in roughly 2-month intervals. Once a larger presence in Illinois is established, we will then be pursuing certification and operational facilities in Tennessee, Kentucky, Missouri, Arkansas, Iowa, Indiana, Wisconsin, and the rest of the rural Midwest.

3.2 Marketing Strategy

In addition to rural and urban marketing strategy, GlobalEyes has contacted several high-profile businesses that have expressed interest in contracting our local service offering. These organizations include: City of Carbondale, City of Murphysboro, Southern Illinois Healthcare, Community Link, Benton/West City Economic Development Corp. and several congressional offices.

By targeting these types of businesses & government organizations first, we will be able to overcome most businesses' apprehension for switching their local telephone service to us.

We have also been contacting ISP's and wholesale dial-up providers to add service to their local service offerings. We can dramatically reduce the local telephone service expenditures for ISP's organizations by allowing them to combine their modem banks into a single location from which they can service the entire service area. GlobalEyes will also make available our broadband facilities to ISP's to deliver broadband Internet service to their customer base.

We have already obtained contracts from 2 ISP's to begin offering their service through GlobalEyes and are in the process of adding several more. The additional benefit to the community is that they will have greater choice when searching for an ISP.

3.3 Market Analysis

3.3.1 Residential Telephone Market

GlobalEyes study of the ISP's customers determined that it would be cost-effective to offer local telephone service to residential customers, based upon our initial fixed costs to provide that service. We discovered that the average local telephone bill was about \$60.00. GlobalEyes service will include a larger area of coverage that will further reduce long distance costs to its subscribers.

Because of the rural nature of these areas and their general overall dissatisfaction with telephone service available we anticipate, conservatively, an average of 10% penetration into the residential telephone service market in 10 years. The rate of penetration in each LATA is based upon the assumption that 1st year growth will be relatively slow, as it will take some time for people to

become aware of our service; 2nd year growth will be the most dramatic followed by a slower and steadier growth rate in each service area.

Equipment investment required to perform this service, per geographical area is \$6,800.00 for the first 48 customers, plus \$800.00 for each additional 48 customers.

ILEC monthly per line charge vary from \$27.02 per line to \$4.77 per line, depending on location. Residential telephone customers will be charged a flat rate of \$47.00 for the service, regardless of areas. Based on the investment required, amortized over 5 years, the monthly costs to maintain each line, personnel costs and overhead absorption, breakeven will be achieved when 69 clients are obtained in the first areas, and 25 in the second areas.

3.3.2 Broadband Wireless Market

Based upon GlobalEyes' Communications' experience delivering broadband DSL and wireless services to customers, we anticipate reaching approximately 1/12 the households and business in the areas we service. As broader acceptance of this technology by the consumer's takes hold, we anticipate that this service would eventually reach 1/10 the households and business that our residential service would reach. Since our target market has an extremely low penetration of DSL and other broadband services from other carriers, this figure is likely to be much higher. DSL and broadband service will sell at the flat rate of \$60. 0. Equipment required to perform this service is placed at the customer's premises at a cost of \$800. 0 each, and breakeven will be achieved when 17 subscribers are obtained.

3.3.3 Business Digital Telephone Market

GlobalEyes will have the greatest impact delivering unmetered local service to business customers. Because this will eliminate most of the telecommunications costs for most organizations, there will be a relatively high penetration rate for this service. We will also be able to deliver broadband service across our T-1 trunks on channels that are not utilized for telephone service.

3.3.4 Business Collocation Market

The greatest beneficiary to GlobalEyes providing service in any location will be the ISP businesses and their customers. GlobalEyes has already obtained several contracts and additional commitments from ISP's ready to provide service in all of our target locations. We will immediately be able to turn up at least 20 T-1's worth of service to ISP's when service is operational in any location

Since ISP's will be able to locate their modem banks in a single location and have dial-up access numbers in each rate center in a LATA, they will save a considerable amount of money, and will be able to service customers with a local call, that would not have had local access to the Internet previously.

4 Competition and Marketing Strategy

4.1 Competition

Competition for GlobalEyes Telecommunications can be classified into 3 basic entities:

4.1.1 Incumbent Local Exchange Carriers (ILEC)

In service areas that GlobalEyes will be targeting, our primary competition will come from the ILECs. Our potential subscribers will be very familiar with their service offerings and the high cost of doing business with these companies. They include Ameritech/SBC and GTE/Verizon in Illinois. These companies are typically very large entities with poor reputations for service, quality, and innovation.

GlobalEyes greatest selling points in comparison to the ILECs are:

- GlobalEyes is a customer service oriented company.
- Our charges are more in line with what the costs of providing service are. This should result in lower bills for our customers and more flexibility in their local telephone usage.
- GlobalEyes can be quicker to market with innovative and beneficial services.
- Switching service to GlobalEyes should be transparent to the end-user

4.1.2 Reseller Competitive Local Exchange Carriers (R-CLEC)

One simple and fairly painless way to get into the competitive telephone market is to simple setup your business to resell the Incumbent telephone company's existing telephone service. The "Reseller-CLEC" basically acts as another marketing arm of the Incumbent telephone company.

Selling points when dealing with customers of Reseller CLECs are basically the same as the ILECs. This is because resellers cannot offer any services the ILECs aren't offering and they only receive a fixed percentage discount off the ILEC's charges. Resellers also don't have the advantages of the name recognition found with the ILECs.

4.1.3 Other Facilities-based CLECs

GlobalEyes mission is to provide service in areas that don't have much, if any, competition to the ILECs (see Appendix E, **Existing Facilities-based CLEC Penetration** on page 33). Therefore, there should not be a large number of facilities-based CLECs in areas that GlobalEyes is pursuing doing business in. As an example, in our home LATA, there are no other operational facilities-based CLECs to compete with.

In locales that other facilities-based CLECs are providing service, GlobalEyes can rely on its name recognition from the ISP, differentiating its service options from those CLECs that base their pricing model on the ILECs (which most do), GlobalEyes' own unique service offerings, and our high standard of customer service.

4.2 Marketing Strategies

GlobalEyes' marketing challenge exists in two basic areas:

- Selling to the potential subscriber (especially larger business clients) assuring them that we can provide the carrier-class level of service to which they are accustomed.
- Name recognition and identification with other telephone service will have to be overcome.

GlobalEyes greatest selling points in comparison to the large telephone companies are:

- GlobalEyes is a customer service oriented company.
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- GlobalEyes can be quicker to market with innovative and beneficial services.
- Switching service to GlobalEyes should be transparent to the end-user

5 Cashflow Management

Cash management is vital to the success of our business plan. It is one of Management's most important responsibilities. A business succeeds only so long as it is able to pay its bills on time i.e. managing cash in and out. Cash flow forecasting presents a picture of how much cash will be available and the amount of cash that will be needed in the future. There are three types of cash flow management controls which will be used in our accounting bookkeeping practices:

- 1) Daily Flash Report: This report tracks our cash and expenses daily one week at a time. See attachment **H.1 Daily Flash Report** on page 39.
- 2) Six Weeks Cashflow Report: This report will allow GlobalEyes Telecommunications, Inc. to forecast its cash flow and expenses out in a six week window, comparing each weeks forecasted expenses and incoming cash flow. See attachment **H.2 Weekly Cashflow Report** on page 43.
- 3) The most important cashflow management report is of course the planned profit budget monthly variance report, which compares the month's budget forecast to actual cash and expense reporting. See attachment **H.3 Monthly Budget Variance Report** on page 47.

Cash Flow alone is not the same thing as profitability. A company can be profitable and still be unable to pay its bills on time for many reasons including too much cash tied up in inventory or receivables, excessive draws, excessive investing, etc. Thus all three of these reports are a critical part of a successful company. GlobalEyes Telecommunications, will practice cashflow management rigorously.

6 Financial Overview

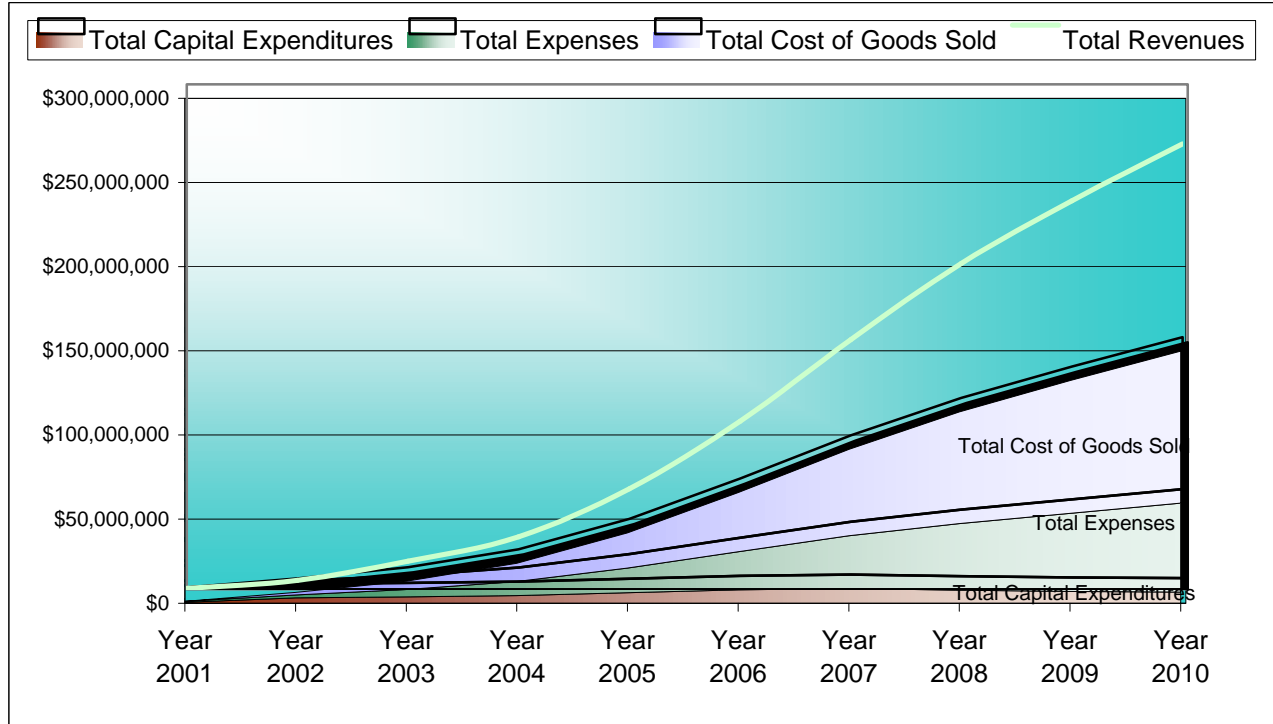
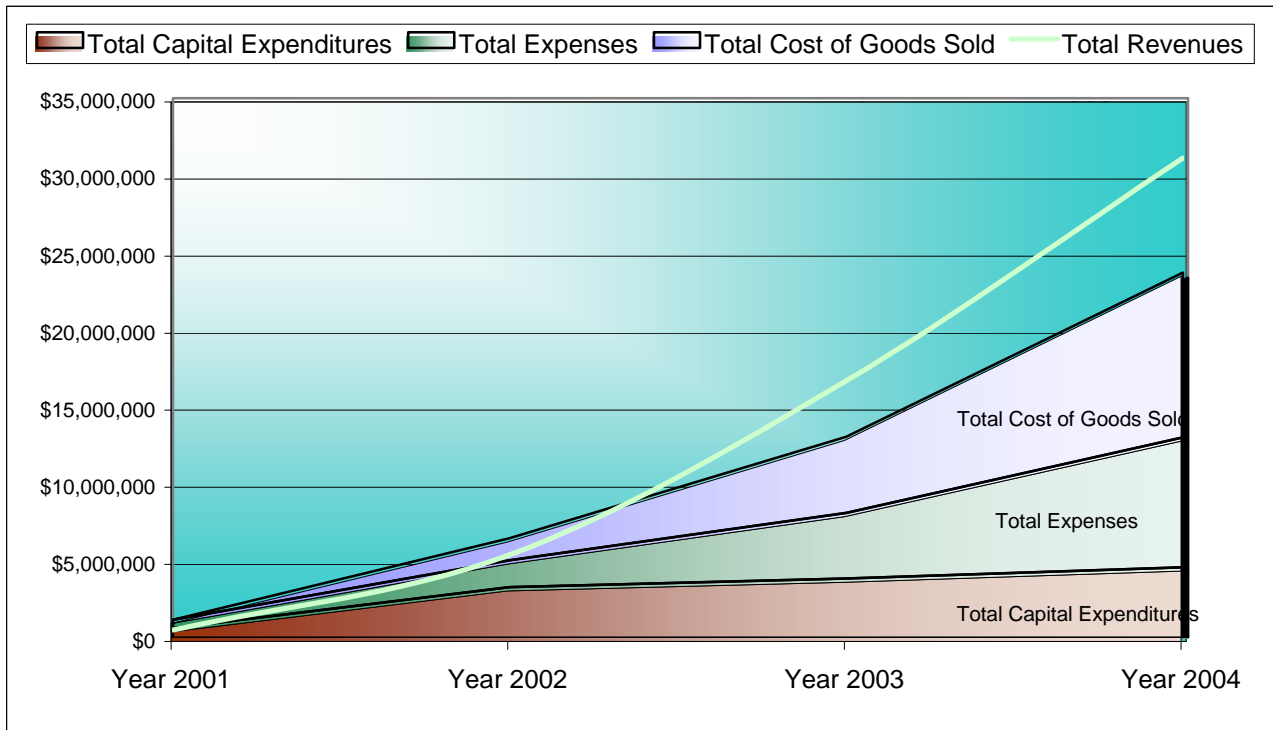
The following pages present a financial overview showing three forecasted budget years of GlobalEyes Telecommunications' yearly growth potential. Following the budget forecast presentation is a graphical presentation showing the growth and profit potential of GlobalEyes Telecommunications, Inc. over the next ten (10) years.

Based on upon our extensive experience and communications with Local Exchange Carrier and customers, Internet Service Providers (ISP) and customers, and many industries standards, these budgets can be effectively approximated.

GlobalEyes Telecommunications Pro Forma

	Year 2001 Annual Sales	Year 2002 Annual Sales	Year 2003 Annual Sales	Year 2004 Annual Sales
Revenues				
Wireless Broadband Service	\$1,440.00	\$43,505.00	\$540,680.00	\$1,074,920.00
Business Digital Telephone Service	\$0.00	\$65,110.00	\$612,610.00	\$1,327,384.00
Business Collocation Service	\$340,314.00	\$745,228.00	\$1,219,660.00	\$1,542,836.00
Residential Telephone Service (POTS)	\$3,992.00	\$186,126.00	\$2,188,106.00	\$4,047,744.00
Long Distance Service	\$268.03	\$25,475.63	\$389,490.83	\$833,496.77
Advanced Services	\$216.00	\$8,078.40	\$216,053.40	\$589,202.10
<i>Total Circuits</i>	<i>58</i>	<i>1,268</i>	<i>7,986</i>	<i>18,090</i>
Revenues	\$346,230.03	\$1,073,523.03	\$5,166,600.23	\$9,415,582.87
Cost of Goods Sold				
Unbundled Network Elements (UNE's)	\$2,180.82	\$90,180.96	\$745,361.00	\$1,927,051.00
Services Usage	\$60.00	\$2,244.00	\$42,744.00	\$115,536.00
Long Distance Service	\$2,250.50	\$18,095.80	\$232,032.50	\$532,422.50
Total Cost of Goods Sold	\$4,491.32	\$110,520.76	\$1,475,066.07	\$3,196,748.79
Gross Margin	\$341,738.71	\$963,002.27	\$3,691,534.16	\$6,218,834.08
G&A Expenses				
Wages & Salaries	\$70,760.00	\$158,498.67	\$644,278.00	\$1,477,591.00
Accounting & Legal Fees	\$27,750.00	\$27,989.00	\$48,000.00	\$72,000.00
Advertising & Marketing	\$2,000.00	\$51,425.00	\$268,720.00	\$378,900.00
Rent	\$6,750.00	\$11,400.00	\$11,400.00	\$11,400.00
Supplies	\$1,848.68	\$4,427.72	\$36,753.95	\$95,775.11
Utilities	\$8,400.00	\$10,500.00	\$16,800.00	\$26,600.00
Telecommunications	\$140,205.00	\$252,548.71	\$295,928.57	\$570,139.29
Insurance	\$3,893.52	\$6,591.90	\$23,162.04	\$50,604.48
Equipment	\$128,592.00	\$128,592.00	\$128,592.00	\$128,592.00
Maintenance	\$40,152.46	\$107,626.12	\$178,559.08	\$363,547.10
Software	\$1,050.00	\$6,300.00	\$9,125.00	\$14,100.00
Travel & Entertainment	\$500.00	\$4,000.00	\$8,000.00	\$8,000.00
Total Expenses	\$391,749.20	\$662,273.00	\$1,481,634.56	\$2,819,601.88
Capital Expenditures				
Central Office Equipment	\$941,577.02	\$609,542.50	\$381,346.50	\$3,006,998.02
Computers	\$10,700.00	\$23,400.00	\$23,100.00	\$61,200.00
LATA Expansion CapEx	\$32,500.00	\$168,000.00	\$0.00	\$780,000.00
Vehicles & Equipment	\$0.00	\$0.00	\$50,000.00	\$75,000.00
Customer Premises Equipment	\$0.00	\$74,900.00	\$267,000.00	\$239,400.00
Telecommunications	\$35,100.00	\$95,400.00	\$24,900.00	\$37,300.00
Total Capital Expenditures	\$976,677.02	\$779,842.50	\$673,246.50	\$3,283,698.02
Financing Activities				
Paid-In Capital	\$1,000,000.00	\$0.00	\$0.00	\$0.00
Loan Funds	\$0.00	\$596,624.00	\$3,000,000.00	\$0.00
Loan Repayments	\$0.00	\$58,137.32	\$329,689.02	\$640,243.16
Loan Principle Remaining	\$0.00	\$551,675.21	\$3,349,246.13	\$3,002,392.78
Loan Interest Monthly	\$0.00	\$13,188.53	\$127,259.94	\$293,389.82
Cash on Hand	\$77,560.49	\$136,933.95	\$4,343,898.04	\$3,819,189.05
Operating Cash Flow (EBITDA)	-\$1,026,687.50	-\$492,301.75	\$1,409,393.17	-\$177,855.64
Depreciation				
Equipment	\$39,549.18	\$115,141.85	\$210,898.01	\$446,147.92
Customer Premises Equipment	\$0.00	\$8,225.00	\$103,929.17	\$229,987.50
Telecommunications	\$7,818.75	\$18,581.25	\$38,908.33	\$46,468.75
Total Depreciation	\$47,367.93	\$141,948.10	\$353,735.51	\$722,604.17
Operating Income (EBIT)	-\$1,074,055.43	-\$634,249.86	\$1,055,657.65	-\$900,459.80
Change in Cash and Cash Equivalents	-\$1,074,055.43	-\$647,438.39	\$928,397.72	-\$1,193,849.62
Fixed Assets	\$941,111.26	\$1,579,005.66	\$1,898,516.64	\$4,459,610.50
Net Worth	\$1,018,671.76	\$1,164,264.40	\$2,893,168.55	\$5,276,406.77

Revenue & Profit growth through Year 2004 and Year 2010



Based upon capital investment of \$3,000,000, LATA growth rate of 1 new LATA every 4 months.

APPENDIX

This appendix is presented to allow those individuals wishing additional and/or more detailed information on the points presented in this business plan as well as GlobalEyes Telecommunications' goals and objectives in more detail.

A Glossary of Terms

Broadband: High-speed Internet access. Broadband service is typically defined as speeds greater than 200Kb/Sec.

Digital Divide: Term coined to describe the discrepancy of available broadband and Internet services to rural and economically depressed areas.

DSL (Digital Subscriber Line): A type of broadband service which utilizes the existing telephone copper infrastructure to deliver its service to the subscriber.

CLEC (Competitive Local Exchange Carrier): A competitor to the Incumbent local telephone companies that has been granted permission by the state regulatory commission to offer local telephone service.

ILEC (Incumbent Local Exchange Carrier): Refers to the Bell and independent telephone companies that sell local telephone service (e.g. Verizon, Ameritech/SBC, etc.).

ISP (Internet Service Provider): Company which sells to its customers access to the Internet and the World Wide Web typically across a dial-up telephone connection.

LATA (Local Access Transport Area): Areas set up in which telephone companies are allowed to offer local service. It is this pre-defined area that determines what service area is covered by each of our central offices.

Local Calling Area: The area which the local telephone company and the Public Utilities Commission have defined as local calls. Typically, local calling areas are setup as a single rate center.

POP (Point-of-Presence): Collection of equipment at a specified location from which a service provider can sell its service.

POTS (Plain Old Telephone Service): Traditional telephone service delivered to the customer across a pair of copper wires from the telephone company's central office to the end user.

UNE (Unbundled Network Element): The individual component of the Incumbent telephone companies network that they are required to sell to a CLEC as a separate unit.

C Market Demographics

Rural Households: The number of households in each LATA excluding counties with populations greater than 500,000.

Population: Totals are from the official US Census bureau's 2000 census and were used to calculate the number of households in each LATA. On average, in Illinois, there are roughly 2.65 residents per household. The Census bureau's estimates for population growth in Illinois over the next 10 years is 0.4%/year.

Penetration: Percentage and number of residential households GlobalEyes expects to have as local telephone service customers in each LATA after the specified number of years offering service in that LATA. The specified penetration rate for each LATA is higher for LATAs that are closer to GlobalEyes' corporate headquarters, which are generally more rural in nature, and which have a lower density of rural incumbent telephone providers.

LATA Name	Year 1 Penetration		Year 2 Penetration		Year 3 Penetration		Year 4 Penetration		Year 10 Penetration	
Cairo Il	2.00%	2,445	5.00%	6,135	8.00%	9,855	10.00%	12,368	20.00%	25,320
St Louis Mo	1.00%	2,995	2.50%	7,515	4.00%	12,072	5.00%	15,150	10.00%	31,015
Springfield Il	1.50%	1,878	3.75%	4,714	6.00%	7,572	7.50%	9,502	15.00%	19,452
Peoria Il	1.50%	2,630	3.75%	6,602	6.00%	10,604	7.50%	13,308	15.00%	27,243
Forrest Il	1.50%	1,764	3.75%	4,426	6.00%	7,110	7.50%	8,922	15.00%	18,265
Champaign Il	1.25%	1,488	3.13%	3,740	5.00%	5,998	6.25%	7,527	12.50%	15,410
Rockford Il	1.25%	1,854	3.13%	4,661	5.00%	7,475	6.25%	9,381	12.50%	19,205
Nashville Tn	1.25%	6,723	3.13%	16,900	5.00%	27,103	6.25%	34,013	12.50%	69,632
Knoxville Tn	1.25%	4,170	3.13%	10,483	5.00%	16,812	6.25%	21,098	12.50%	43,191
Bristol-Johnsn Cy Tn	1.25%	3,135	3.13%	7,881	5.00%	12,639	6.25%	15,862	12.50%	32,472
Winchester Ky	1.25%	7,334	3.13%	18,437	5.00%	29,569	6.25%	37,108	12.50%	75,968
Owensboro Ky	1.25%	3,849	3.13%	9,676	5.00%	15,517	6.25%	19,473	12.50%	39,866
Louisville Ky	1.25%	2,919	3.13%	7,337	5.00%	11,767	6.25%	14,767	12.50%	30,231
St Louis Mo	0.75%	5,750	1.88%	14,470	3.00%	23,182	3.75%	29,092	7.50%	59,559
Chattanooga Tn	1.25%	3,116	3.13%	7,833	5.00%	12,561	6.25%	15,764	12.50%	32,272
Kansas City Mo	0.75%	2,631	1.88%	6,620	3.00%	10,606	3.75%	13,310	7.50%	27,247
Little Rock Ar	0.75%	5,201	1.88%	13,088	3.00%	20,968	3.75%	26,314	7.50%	53,870
Memphis Tn	1.25%	2,853	3.13%	7,172	5.00%	11,502	6.25%	14,434	12.50%	29,549
Springfield Mo	0.75%	2,267	1.88%	5,705	3.00%	9,139	3.75%	11,469	7.50%	23,480
Des Moines Ia	1.00%	4,063	2.50%	10,198	4.00%	16,381	5.00%	20,557	10.00%	42,085
Cedar Rapids Ia	1.00%	2,598	2.50%	6,521	4.00%	10,475	5.00%	13,146	10.00%	26,912
Davenport Ia	1.00%	2,150	2.50%	5,396	4.00%	8,667	5.00%	10,877	10.00%	22,267
Indianapolis In	1.25%	8,542	3.13%	21,475	5.00%	34,441	6.25%	43,221	12.50%	88,483
South Bend In	1.25%	4,102	3.13%	10,313	5.00%	16,539	6.25%	20,756	12.50%	42,491
Chicago Il	1.25%	3,202	3.13%	8,048	5.00%	12,908	6.25%	16,198	12.50%	33,161
Southeast Wi	0.75%	3,952	1.88%	9,945	3.00%	15,932	3.75%	19,993	7.50%	40,931
Southwest Wi	0.75%	3,512	1.88%	8,838	3.00%	14,159	3.75%	17,768	7.50%	36,375
Northeast Wi	0.75%	3,443	1.88%	8,663	3.00%	13,879	3.75%	17,417	7.50%	35,657
Columbus Oh	1.25%	2,910	3.13%	7,315	5.00%	11,731	6.25%	14,722	12.50%	30,139
Chicago Il	0.50%	1,900	1.25%	4,769	2.00%	7,661	2.50%	9,614	5.00%	19,681
Bloomington In	1.25%	1,793	3.13%	4,506	5.00%	7,226	6.25%	9,068	12.50%	18,564
Cincinnati Oh	1.25%	1,756	3.13%	4,414	5.00%	7,079	6.25%	8,884	12.50%	18,186
Fort Smith Ar	0.75%	1,710	1.88%	4,303	3.00%	6,894	3.75%	8,651	7.50%	17,710
Northwest Wi	0.75%	1,650	1.88%	4,153	3.00%	6,653	3.75%	8,349	7.50%	17,091
Richmond In	1.25%	1,504	3.13%	3,781	5.00%	6,064	6.25%	7,610	12.50%	15,578
Evansville In	1.25%	1,288	3.13%	3,236	5.00%	5,190	6.25%	6,512	12.50%	13,332
Sioux City Ia	1.00%	1,257	2.50%	3,155	4.00%	5,068	5.00%	6,360	10.00%	13,021
Omaha Ne	1.00%	1,020	2.50%	2,560	4.00%	4,112	5.00%	5,160	10.00%	10,562
Quincy Il	1.50%	969	3.75%	2,431	6.00%	3,905	7.50%	4,901	15.00%	10,032
Sterling Il	1.25%	859	3.13%	2,158	5.00%	3,461	6.25%	4,343	12.50%	8,891
Davenport Ia	1.00%	824	2.50%	2,067	4.00%	3,321	5.00%	4,167	10.00%	8,530
Olney Il	1.50%	784	3.75%	1,966	6.00%	3,158	7.50%	3,962	15.00%	8,111
Mattoon Il	1.00%	711	2.50%	1,785	4.00%	2,867	5.00%	3,597	10.00%	7,364
Pine Bluff Ar	0.75%	687	1.88%	1,728	3.00%	2,768	3.75%	3,473	7.50%	7,110
Macomb Il	1.25%	644	3.13%	1,618	5.00%	2,594	6.25%	3,255	12.50%	6,663
Louisville Ky	1.25%	639	3.13%	1,605	5.00%	2,574	6.25%	3,230	12.50%	6,613
Westphalia Mo	0.75%	504	1.88%	1,267	3.00%	2,030	3.75%	2,548	7.50%	5,215
Terre Haute In	1.25%	446	3.13%	1,122	5.00%	1,799	6.25%	2,257	12.50%	4,620
Cincinnati Oh	1.25%	220	3.13%	553	5.00%	886	6.25%	1,112	12.50%	2,276
Terre Haute In	1.50%	209	3.75%	524	6.00%	842	7.50%	1,056	15.00%	2,162
Champaign Il	1.25%	80	3.13%	200	5.00%	321	6.25%	403	12.50%	824
Upper Peninsula Mi	0.75%	15	1.88%	37	3.00%	59	3.75%	74	7.50%	150
Total	1.04%	124,945	2.60%	314,045	4.16%	503,695	5.20%	632,103	10.39%	1,294,034
State	Year 1 Penetration		Year 2 Penetration		Year 3 Penetration		Year 4 Penetration		Year 10 Penetration	
Illinois	1.16%	21,954	2.90%	55,111	4.64%	88,495	5.80%	111,053	11.60%	227,344
Arkansas	0.75%	7,598	1.88%	19,119	3.00%	30,630	3.75%	38,438	7.50%	78,690
Indiana	1.25%	24,726	3.13%	62,154	5.00%	99,679	6.25%	125,089	12.50%	256,081
Iowa	1.00%	11,088	2.50%	27,830	4.00%	44,703	5.00%	56,100	10.00%	114,847
Kentucky	1.25%	15,858	3.13%	39,864	5.00%	63,932	6.25%	80,232	12.50%	164,251
Missouri	0.75%	11,152	1.88%	28,062	3.00%	44,957	3.75%	56,419	7.50%	115,501
Tennessee	1.25%	19,997	3.13%	50,269	5.00%	80,617	6.25%	101,171	12.50%	207,116
Wisconsin	0.75%	12,572	1.88%	31,636	3.00%	50,682	3.75%	63,601	7.50%	130,204
Total	1.04%	124,945	2.60%	314,045	4.16%	503,695	5.20%	632,103	10.39%	1,294,034

D State-by-State Expansion Plans

A number of factors are considered as GlobalEyes plans its expansion into additional states. The predominant principle guiding our choices is the need in these new territories for competent competitive choice for local telephone service. This principle is defined by the lack of operational facilities-based CLECs offering local dial-tone and the inability of the ILECs to offer the services that customers desire.

Additional factors that come into play as we plan our expansion include:

- Rural Customers/LATA – The more customers that can be serviced by a single GlobalEyes central office, the more revenue/customer that can be retained. GlobalEyes has made the assumption that larger communities will already have some degree of competition available. Consequently, our projections for customer growth in each LATA exclude counties with populations greater than 500,000. This does not mean GlobalEyes will not sell service in these areas, but penetration rates into these markets will probably be significantly lower than the more rural LATAs.
- Small Independent ILECs – Because small ILECs are not required to interconnect with CLECs and traditionally, small ILECs provide service to their customer that they consider adequate, GlobalEyes will not compete directly for local dial-tone with these carriers. This will not preclude us from offering broadband service to their customers if they are unable to provide it themselves. Consequently, LATAs that have a large number of small ILECs are less attractive to GlobalEyes.
- Proximity to Existing GlobalEyes Service Areas – Name recognition for areas close to existing GlobalEyes service areas will be greatly enhanced. This will be accomplished through regional press coverage and advertising venues that penetrate these new markets that were intended for existing markets. Because potential customers in new service areas will already be familiar with GlobalEyes service and may actually anticipate our coming into their area, apprehension for signing up for our service will be greatly diminished.
- Proximity to State Government Offices – Although not directly responsible for increased revenues or profits, it is nonetheless important to stay within the state governments' sight. With the fairly rapid change in the regulatory environment regarding telecommunications companies and the stonewalling tactics of the ILECs, it will become increasingly important to demonstrate to state legislators our ability to provide a necessary service to our customers and demonstrate the lengths that the ILECs will go through attempting to keep us from providing that service.

Given these criteria, GlobalEyes intends to expand into additional states in the following order:

- 1) Tennessee
- 2) Kentucky
- 3) Missouri
- 4) Arkansas
- 5) Iowa
- 6) Indiana
- 7) Wisconsin

Within each state, GlobalEyes will initially target LATAs which contain the largest rural population and those close to or which contain the state capitol.

D.1 Illinois

Although the state of Illinois is generally known to be a suburb of Chicago, almost the entire state is rural. The vast expanse of corn and soybean fields throughout northern & central Illinois and the Shawnee National Forest in the Southern part of the state make for a fairly sparse population throughout most of the rest of the state. Consequently, despite a very large number of competitive carriers in the metropolitan Chicago area, there is very little to no competition for the ILECs throughout the rest of the state.

One of the significant disadvantages of operating in Illinois is the extremely large number of LATAs in the state. Consequently, in order to provide service throughout the state, we will be required to build out our network throughout 15 LATAs compared to the 3 LATAs in Arkansas. This also reduces the number of potential subscribers per central office, which drives up the cost/subscriber.

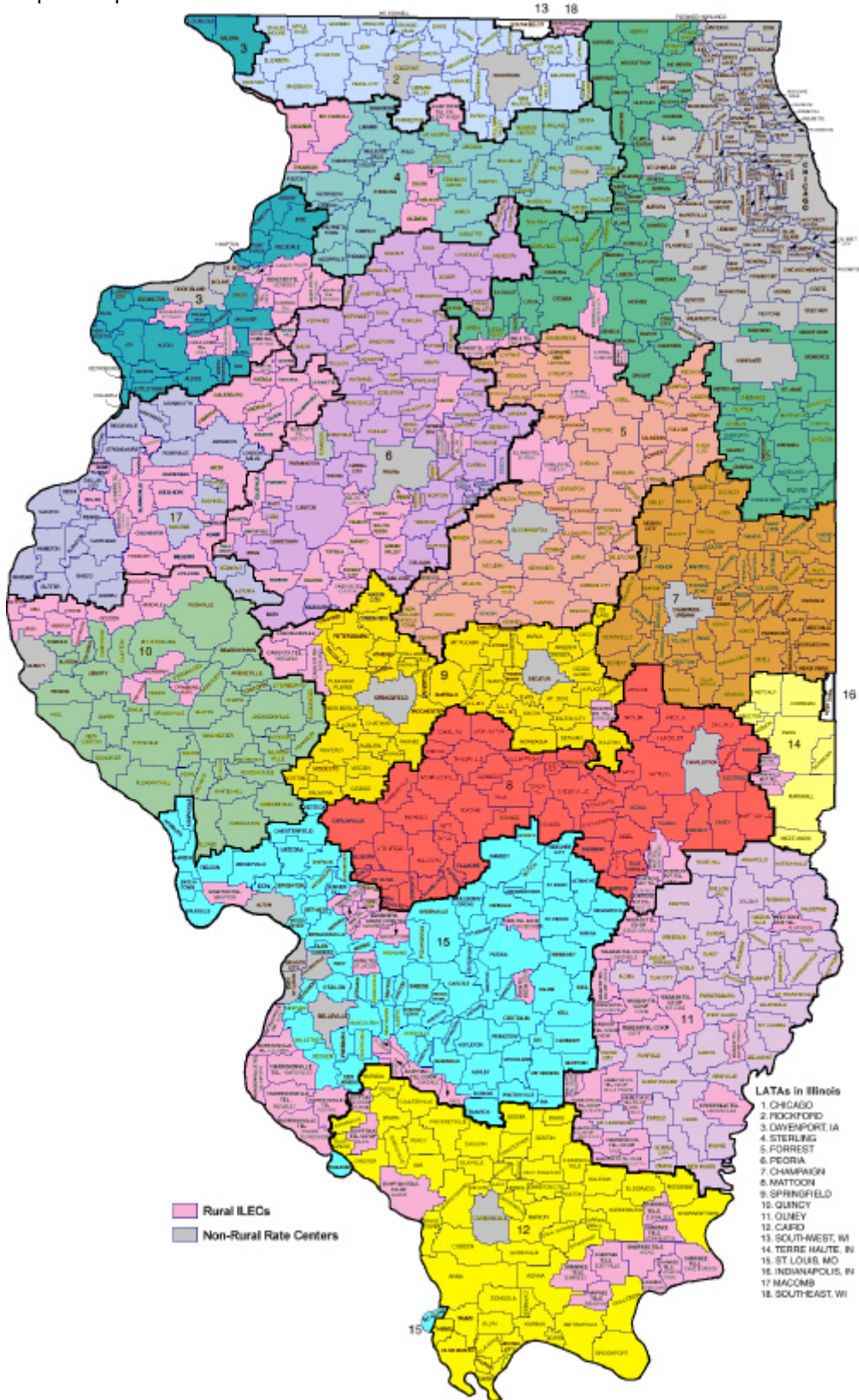
GlobalEyes has already acquired the requisite Certificate of Authority to sell facilities-based telephone service and resell local and long-distance service throughout the state. Additionally, GlobalEyes has obtained an interconnection agreement with GTE/Verizon which allows GlobalEyes to sell LATA-wide local calling. We are also in the process of finalizing our agreement with Ameritech/SBC which will allow for the same service, and are currently negotiating an interconnection agreement with Citizens.

Market Analysis

- Ameritech & GTE are the predominant ILECs in the state. Both provide inadequate service and should be easy to compete against.
- Illinois has 15 LATAs and less than half the state is "rural". The relatively large number of LATAs makes Illinois less attractive because it increases our build-out costs required to cover the entire state and drives down the average number of customers/LATA. The Metro-Chicago area includes 4 counties which are excluded from our projections based on their population (total of 7.5 million). Despite this, however, Illinois still has one of the largest addressable populations in our service area.
- There are only 59 ILECs, 4 of which will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the rural population of the state.
- Illinois is the central state in our anticipated coverage area. GlobalEyes has already received a large amount of press coverage and can also rely on the good name of the ISP that has been operational here for over 4 years.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 15,156 customers per LATA after 10 years in each LATA.

Map of Proposed Service Areas in Illinois



D.2 Tennessee

Market Analysis

- BellSouth is the predominate ILEC in the state and provides significantly less than adequate service to its customers.
- Tennessee has only 5 LATAs and a significant total “rural” population. The only areas in Tennessee excluded from our projections based upon their populations are Davidson County (Nashville, TN) and Shelby County (Memphis, TN).
- There are only 18 ILECs in Tennessee of which 4 will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the population of the state.
- Tennessee is close in proximity to our existing service areas in Illinois and much of the media coverage from our area also reaches this state.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 41,423 customers per LATA after 10 years.

Regulatory Environment

In order to obtain our Certificate of Convenience and Necessity, GlobalEyes will be required to pay a filing fee of \$25.00, submit a CLEC application, resumes, Articles of Incorporation, proof we are authorized to do business in Tennessee, and notarized testimony. The entire application process should be completed in 60 days.

GlobalEyes will be required to file standard tariffs for the services it will offer and support.

D.3 Kentucky

Market Analysis

- BellSouth & GTE are the predominant ILECs in the state. Both provide inadequate service and should be easy to compete against.
- Kentucky has only 4 LATAs and a significant total “rural” population. The only area in Kentucky excluded from our projections based upon its population is Jefferson County (Louisville, KY).
- There are only 20 ILECs in Kentucky of which 4 will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the population of the state.
- Kentucky lies between Southern Illinois and Tennessee and should reap the benefits of media & ad coverage from our existing service areas.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 41,063 customers per LATA after 10 years.

Regulatory Environment

Certificates are unnecessary. Registration with the PUC requires basic company information, structure, ownership, standard resumes, etc. Notarized statement stating that the utility has not provided intrastate service in Kentucky by an officer of the utility is required prior to filing its tariff. The entire application process should be completed in 30 days.

A tariff with standard prices, rules, regulations, etc. is required. No public notice is needed. Service area descriptions are OK and general maps are helpful.

D.4 Missouri

Market Analysis

- Southwestern Bell & GTE are the predominant ILECs in the state. GTE provides inadequate service and should be easy to compete against, but Southwestern Bell already provides a LATA-wide local calling option, which will make it more difficult to compete against.
- Missouri has only 4 LATAs and a significant total “rural” population. The only areas in Missouri excluded from our projections based upon their populations are St. Louis County and Jefferson County (Kansas City, MO).
- There are only 42 ILECs 5 will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the population of the state.
- Missouri shares significant media coverage with Illinois and should reap the benefits of media & ad coverage from our existing service areas. The St. Louis Post Dispatch has already featured GlobalEyes Telecommunications on several occasions and GlobalEyes was on the front page of the Post fairly recently.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 28,875 customers per LATA after 10 years.

Regulatory Environment

Within the application, GlobalEyes must state why granting this CSA is in the public interest. Resumes and required company info are standard, but no minimums are required. The application process should be completed in 120 days. Additionally, Missouri is investigating the possibility of mandatory expanded local calling areas.

Tariffs with standard specifications are required.

D.5 Arkansas

Market Analysis

- Southwestern Bell & GTE are the predominant ILECs in the state. GTE provides inadequate service and should be easy to compete against, but Southwestern Bell already provides a LATA-wide local calling option, which will make it more difficult to compete against.
- Arkansas has only 3 LATAs and a significant total “rural” population. There are no areas in Arkansas excluded from our projections based upon their population.
- There are only 30 ILECs 3 will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the population of the state.
- Arkansas borders Missouri and Tennessee and is close to Southern Illinois and Kentucky. Arkansas should reap the benefits of media & ad coverage from our existing service areas.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 26,230 customers per LATA after 10 years.

Regulatory Environment

GlobalEyes will be required to show management capabilities, financial capabilities, and technical capabilities. The application process should be completed in 60 days.

D.6 Iowa

Market Analysis

- US West is the predominant ILEC in the state. US West/Qwest provides an extremely poor level of service, which will be easy to compete against.
- Iowa has only 5 LATAs and a significant total “rural” population. There are no areas in Iowa excluded from our projections based upon their population.
- 166 ILECs 4 will be required to interconnect with GlobalEyes. The large number of small ILECs will greatly diminish the total service area targeted by GlobalEyes.
- Iowa lies on the northern border of Missouri. Consequently, GlobalEyes may have a more difficult time raising brand awareness in the Buckeye state.
- Consequently, we estimate that GlobalEyes will be able to subscribe an average of 22,969 customers per LATA after 10 years.

Regulatory Environment

GlobalEyes will be required to show management capabilities, financial capabilities, technical capabilities, and a statement regarding “Dialing Parity Methodology.” A statement letter to all CLECs and ILECs in the state giving them notice of our application will also be required. The application process should be completed in 90 days.

Standard tariff specifications are required (i.e., prices, rules, regulations, etc.).

D.7 Indiana

Market Analysis

- Ameritech & GTE are the predominant ILECs in the state. Both provide inadequate service and should be easy to compete against.
- Indiana has 11 LATAs and a significant total “rural” population. The relatively large number of LATAs makes Indiana less attractive because it increases our build-out costs required to cover the entire state and drives down the average number of customers/LATA. The only area in Indiana excluded from our projections based upon its populations is Marion County (Indianapolis, IN).
- There are only 43 ILECs 4 will be required to interconnect with GlobalEyes. The territories of those 4 ILECs include over 90% of the population of the state.
- Indiana borders Illinois & Kentucky and should reap the benefits of media & ad coverage from our existing service areas. Additionally, GlobalEyes already has several business customers in the Hoosier state, which will be able to aid us in our expansion.

Consequently, we estimate that GlobalEyes will be able to subscribe an average of 23,280 customers per LATA after 10 years.

Regulatory Environment

Application is for a Certificate of Territorial Authority. Proof of Corporate Authority from the Secretary of State’s office, standard resumes or biographies of key personnel, management, financial and technical documentation, and statement of company structure and ownership are required. The entire application process varies dependent on the complexity of the application.

Standard specifications are required. GlobalEyes must file tariffs after receiving a “Case Number.” Submission of an original and copies to the Telco division and the Utility Consumer Counselor are required.

D.8 Wisconsin

Market Analysis

- Ameritech & GTE are the predominant ILECs in the state. Both provide inadequate service and should be easy to compete against.
- Wisconsin has only 5 LATAs and a significant total “rural” population. The only area in Wisconsin excluded from our projections based upon its population is Milwaukee County.
- 84 ILECs 4 will be required to interconnect with GlobalEyes. The relatively large number of small ILECs will reduce the number of potential customers in this otherwise lucrative state.
- Wisconsin lies on the northern border of Illinois. Consequently, GlobalEyes may have a more difficult time raising brand awareness in America’s Dairyland.
- Consequently, we estimate that GlobalEyes will be able to subscribe an average of 26,041 customers per LATA after 10 years.

Regulatory Environment

GlobalEyes must petition the Commission to obtain certification. Standard company info will be required along with state tax number and authorization papers from the Secretary of State’s office. The entire application process should be completed in 60 days.

No formal tariffs are required. A Form Access Tariff with the ILECs is required, however. This will need to describe the geographic market, switching facilities, exchanges to be served, QoS, and price lists.

E Existing Facilities-based CLEC Penetration

The following table represents the total number of UNE loops sold to CLECs in typical Midwestern states according to the 2000 Telecommunications Report commissioned by Indiana's Utility Regulatory Commission.

State	Company	Through December 31, 1999			Through December 31, 1998		
		Total Voice Grade Lines	UNE Loops	Percent UNE Loops	Total Voice Grade Lines	UNE Loops	Percent UNE Loops
Illinois	Ameritech	7,097,000	86,285	1.22%	7,216,875	20,469	0.28%
	GTE	958,000	Less than 500	Less than 0.05%	921,144	0	0.00%
Indiana	Ameritech	2,316,704	14,469	0.62%	2,255,448	460	0.02%
	GTE	1,013,467	2,661	0.26%	967,151	0	0.00%
	Sprint	248,740	0	0.0%	241,062	0	0.00%
Michigan	Ameritech	5,500,000	64,653	1.18%	5,532,499	47,808	0.86%
	GTE	780,000	0	0.0%	756,938	0	0.00%
Ohio	Ameritech	4,145,000	47,008	1.13%	4,184,826	23,769	0.57%
	GTE	918,000	0	0.0%	884,513	0	0.00%
Wisconsin	Ameritech	2,195,000	33,963	1.55%	2,207,987	7,053	0.32%
	GTE	532,000	1,000	0.19%	503,102	483	0.10%

F Broadband Wireless Deployment

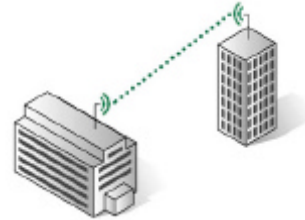
There are three main types of fixed wireless network configurations: point-to-point, point-to-multipoint, and multipoint-to-multipoint.

Each type of solution is best suited for specific applications and target markets.

By combining these technologies, GlobalEyes can create hierarchical wireless networks to meet the demands of several market segments, from dense coverage of residential neighborhoods to large corporate customers.

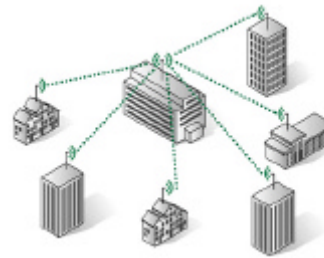
F.1 Point-To-Point Network

A point-to-point (PtP) network is the simplest form of wireless network, composed of two radios in direct communication with each other. Point-to-point links are often used to provide high-performance, dedicated connections or high-speed interconnect links. These links are quick to deploy individually, but do not easily scale to create large networks. A PtP network typically requires RF planning and professional antenna positioning. Although this makes the network relatively more expensive, it is also typically more robust and better suited for high-end applications requiring dedicated connections.



F.2 Point-To-Multipoint Network

A point-to-multipoint (PtMP) network is a shared link between a base station and client radios at multiple sites. This type of network is easier to deploy than a PtP network because adding a new subscriber only requires equipment deployment at the subscriber site, not at the base station. However, each remote site must be within range and clear line-of-sight of the base station. Trees, hills and other line-of-sight obstructions make point-to-multipoint networks impractical for residential and home office coverage. A PtMP network is ideally suited for medium to large corporate customers that need reliable, high-speed connections, but are not willing to pay for dedicated capacity that may go unused.



F.2.1 Aironet Wireless Broadband Equipment

GlobalEyes has employed the use of Aironet/Cisco's broadband wireless equipment for over 2 years serving a fairly small number of business customers. However, this type of network does not scale well to a broader deployment to residential customers and the Customer Premises Equipment is generally too expensive for residential deployment. GlobalEyes intends to utilize this service for customers that demand a higher (greater than 2 MB) amount of dedicated bandwidth than would be available through other network topologies.

F.3 Multipoint-to-Multipoint Network

Multipoint-to-multipoint networks create a routed mesh topology that mirrors the structure of the wired Internet. To build a mesh network, Internet access is first established with the deployment of an access router connected to a wired or wireless backhaul. Subscriber routers are then deployed throughout the coverage area until a maximum density is achieved. Each subscriber router not only provides access for attached users, but also becomes part of the network infrastructure by routing traffic through the network over multiple hops. This allows customers to join the network even if they are out of range of the service provider's POP, making this solution practical and affordable for residential neighborhoods.



F.3.1 Nokia's Rooftop Wireless

We are currently evaluating the feasibility of implementing a broadband deployment utilizing Nokia's wireless mesh network. This type of network will allow us to dramatically increase the reliability of the wireless network by providing automatic fault bypass as well as eliminate the need for line-of-sight to the end-user. This should also provide us the capability of offering this service at a price-point comparable to today's DSL and Cable-Modem carriers offering service ranging from 384K to 2 MB without the large front-end capital investment. This type of network will also allow us to serve customers which may be beyond the reach of other more traditional broadband services.