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May 26, 2000

FILED²

MAY 26 2000

Missouri Public
Service Commission
TA-2000-789

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: In the Matter of the Application of KLM Long Distance Company and Fiber Four Corporation to grant KLM Long Distance Company a certificate of service authority to provide interexchange and local exchange telecommunications services and for authority to transfer a portion of the assets of Fiber Four Corporation used to provide service to customers of KLM Long Distance to KLM Long Distance Company

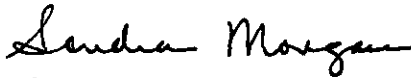
Dear Mr. Roberts:

Enclosed please find the original plus eight (8) copies of Joint Application for filing on behalf of KLM Long Distance Company and Fiber Four Corporation in the above referenced matter. Please bring this matter to the attention of the appropriate Commission personnel.

Thank you for your attention to this matter.

Very truly yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By: 
Sondra B. Morgan

SBM/k

Enclosures

cc: Office of Public Counsel
Dan Joyce - PSC
Bruce Copsey

200001084

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the matter of the application of)
KLM Long Distance Company and)
Fiber Four Corporation to grant)
KLM Long Distance Company a)
certificate of service authority)
to provide interexchange and local)
exchange telecommunications)
services and for authority to transfer)
a portion of the assets of Fiber Four)
Corporation used to provide service)
to customers of KLM Long Distance)
to KLM Long Distance Company.)

Case No. TA-2000-789

FILED²
MAY 26 2000
Missouri Public
Service Commission

JOINT APPLICATION

KLM Long Distance Company ("KLMLDC"), a Missouri corporation, files this verified application requesting that the Missouri Public Service Commission ("Commission") issue an order that:

(a) grants KLMLDC a Certificate of Service Authority to provide interexchange and local exchange telecommunications services pursuant to Chapter 392 of the Missouri Revised Statutes;

(b) designates KLMLDC and the interexchange telecommunications services to be provided by KLMLDC as competitive; and

(c) waives certain Commission rules and statutory provisions pursuant to Section 392.420, RSMo Supp. 1999, in relation to KLMLDC's provision of interexchange telecommunications services.

In addition, Fiber Four Corporation ("FFC"), a Missouri corporation, joins in the application of KLMLDC (collectively, the "Applicants") in requesting that the Commission issue an order that:

(a) grants Applicants authority to transfer a portion of the assets of Fiber Four Corporation (as described in the attached Asset Purchase Agreement to include the name "KLM Long Distance" ("KLD"), the customers of KLD, and KLD's associated billed revenues and receivables) to KLM Long Distance

Company pursuant to Section 392.300, RSMo 1994; and

(b) simultaneously cancels the certificate of authority and existing tariff of FFC d/b/a KLD, granted by the Commission in PSC Case No. TA-2000-23, and approves the new tariff of KLMLDC filed with this Joint Application.

I. APPLICATION OF KLMLDC FOR INTEREXCHANGE AUTHORITY

In support of its request, KLMLDC states:

1. KLMLDC is a Missouri corporation with its principal office and place of business at 208 Ash Street, P.O. Box 112, Maitland, MO 64466. A copy of KLMLDC's Articles of Incorporation and a Certificate of Corporate Good Standing in Missouri are marked as Appendix A and attached hereto as if more fully incorporated herein.

2. All communications, notices, orders and decisions respecting this Application and proceeding should be addressed to:

W.R. England, III, Esq.
Sondra B. Morgan, Esq.
Brydon, Swearngen & England, P.C.
312 East Capitol Street
P.O. Box 456
Jefferson City, Missouri 65102
(573) 635-7166
(573) 735-0427 fax

Evan Copsey, President
KLM Long Distance Company
208 Ash, P.O. Box 112
Maitland, MO 64466
(660) 935-2211
(660) 935-2213 fax

Raymond Henagan, President
Fiber Four Corporation
107 Opp Street, P.O. Box 147
Rock Port, Missouri 64482

(660) 744-5311
(660) 744-2120 fax

3. KLMLDC proposes to resell one plus (1+) interexchange telecommunications services and associated operator and directory assistance services to business and residential customers in the Missouri exchanges of Deerfield, Rich Hill, Metz and Richards. KLMLDC will utilize its own facilities, or purchase for resale, the services or facilities of other carriers in order to provide the services sought to be provided.

4. KLMLDC proposes to provide service under the same rates, terms and conditions as currently provided and as the Commission approved in the tariff filed for Fiber Four d/b/a KLD in PSC Case No. TA-2000-23. A copy of this tariff, imposing the same rules and regulations as approved in the above-referenced cases, substituting the name "KLMLDC" in each instance that "Fiber Four Corporation d/b/a KLM Long Distance" was stated in the previously approved tariff is attached hereto and incorporated by reference as Appendix B. KLMLDC states that it does not have any pending or final judgments or decisions against it from any state or federal agency which involve customer service or rates.

5. KLMLDC requests that the company and the interexchange telecommunications services it proposes to provide under this application be classified as competitive. KLMLDC believes that its proposed interexchange telecommunications services will be subject to sufficient competition to justify a lesser degree of regulation. Granting of this application will allow greater price and service options for telephone users.

6. KLMLDC also requests, pursuant to Section 392.420, RSMO 1994, that the Commission waive the application of the following rules and statutory provisions as they relate

to the regulation of the interexchange telecommunications services of KLMLDC:

§392.210.2	System of accounts.
§392.240(1)	Rates-reasonable average return on investment.
§392.270	Property valuation.
§392.280	Depreciation rates.
§392.290	Issuance of stocks and bonds.
§392.300.2	Transfer of capital stock.
§392.310	Issuance of stocks and bonds.
§392.320	Issuance of stocks and bonds.
§392.330	Issuance of stocks and bonds.
§392.340	Reorganization.
4 CSR 240-10.020	Income on depreciation fund investments.
4 CSR 240-30.010(2)(C)	Posting exchange rates at central offices.
4 CSR 240-30.040	Uniform System of Accounts.
4 CSR 240-33.030	Minimum Charges Rule
4 CSR 240-35	Reporting of Bypass and Customer Specific Arrangements

It is KLMLDC's understanding that the above-referenced rules and statutory provisions have typically been waived for other interexchange carriers in prior cases.

7. The interexchange services provided by KLMLDC will be performed by KLMLDC or by independent contractors, agents or employees of KLMLDC. For example, billing & collection and billing inquiry services will be performed by the KLM Telephone Company, or they will be provided under contractual agreements between KLMLDC and independent contractors, including other telecommunications companies. KLMLDC will compensate its independent contractors or local exchange carriers fully for all services provided on KLMLDC's behalf.

8. KLMLDC's sister company, KLM Telephone Company, has extensive experience in providing reliable and affordable telecommunications services to the public in the State of Missouri. As a result, KLMLDC will have available to it the technical expertise to provide

interexchange telecommunications services that meet or exceed all service standards established by the Commission.

9. The Commission has found that the interexchange market which KLMLDC seeks to enter is sufficiently competitive so as to justify a lesser degree of regulation. In Re Classification of Service Provided by Interexchange Telecommunications Carrier within the State of Missouri, Case No. TO-88-142, Report and Order (effective October 16, 1989) at pp. 19-20. Expedient grant of the instant Application will increase the competition in the provision of interexchange services, consistent with the Commission's policies, and increase the variety and number of interexchange telecommunications providers and services available to users. Accordingly, KLMLDC's proposed operations are in the public interest.

II. JOINT APPLICATION OF KLMLDC AND FFC FOR TRANSFER OF ASSETS

10. Paragraphs numbered one through nine (1-9) are hereby incorporated by reference herein.

11. FFC is a Missouri corporation with its principal office and place of business at 107 Opp Street, Rock Port, Missouri 64482. Copies of FFC's Articles of Incorporation and Certificate of Corporate Good Standing from the Missouri Secretary of State and a list of FFC's current officers and directors were previously filed with the Commission in PSC Case No. TA-2000-23 and are incorporated by reference herein. In addition to the private line services offered by FFC pursuant to its authority granted in Case No. TA-96-376, FFC currently resells interexchange telecommunications services under the following four trade names: (1) Fiber Four Corporation d/b/a Rock Port Long Distance; (2) Fiber Four Corporation d/b/a Iamo Telephone Long Distance; (3) Fiber Four Corporation d/b/a Holway Long Distance; and (4) Fiber Four

Corporation d/b/a KLM Long Distance. A copy of FFC's registration of the fictitious name "KLM Long Distance" was previously filed with the Commission in PSC Case No. TA-2000-23 and is incorporated by reference herein.

12. FFC d/b/a KLD currently provides long distance service to local exchange customers of KLM Telephone Company in the Missouri exchanges of Deerfield, Rich Hill, Metz and Richards. If this application is approved, FFC d/b/a KLD will discontinue service in those exchanges and KLMLDC will assume the provision of service to those exchanges. Customers should not experience any disruption in service, nor will they experience any change in the nature and quality of the services provided. KLMLDC will notify its customers that it will assume the provision of the interexchange service currently provided by Fiber Four Corporation by means of a separate notice included in each customer's bill. A draft of this notice is attached as Appendix C and is incorporated by reference herein.

13. In order to effectuate this transfer of service from FFC d/b/a KLD to KLMLDC, Applicants request authority to transfer a portion of the assets associated with FFC d/b/a KLD, including the name "KLM Long Distance", the customers of KLD, and KLD's associated billed revenues and receivables, to KLMLDC.¹ This partial transfer of assets will be accomplished through an Asset Purchase Agreement, which has been approved by the respective boards of directors of FFC and KLMLDC. The agreement with the director approvals is attached as Appendix D and is incorporated by reference herein. This proposed transfer of assets should not have any impact on the tax revenues of the political subdivisions in which the structures,

¹Other assets of FFC which may currently be used by FFC in providing service to KLD customers will remain the assets of Fiber Four Corporation after the transfer. Thus, only a portion of FFC's total assets will be transferred.

facilities, and equipment of this company are located.

14. Neither KLMLDC nor FFC has any pending action or final unsatisfied judgments or decisions against them from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this application.

15. No annual reports or assessment fees are overdue for either KLMLDC or FFC.

16. If the Commission does not believe it is necessary for it to authorize the transfer of assets from one competitive company to another, please consider the Joint Application, paragraphs 11-13, as informational only.

WHEREFORE, Applicants respectfully request that the Commission grant KLMLDC a certificate of service authority to provide intrastate interexchange and local exchange telecommunications services to the public in the State of Missouri. If the Commission grants KLMLDC local exchange authority, such authority will be limited to the provisioning of dedicated, non-switched local exchange private line services. Applicants also request that the Commission classify the company and the interexchange telecommunications services that KLMLDC proposes to provide as competitive. Applicants further request that the Commission approve the transfer of the assets associated with FFC d/b/a KLD as described herein to KLMLDC, and simultaneously cancel the certificate of service authority and tariff of FFC d/b/a KLD and approve the tariff of KLMLDC. Finally, applicants request that the Commission grant KLMLDC a waiver of the above-referenced rules and statutory provisions as they pertain to the interexchange telecommunications services.

Respectfully submitted,

Sondra B. Morgan

W.R. England, III Mo Bar #23975
Sondra B. Morgan Mo Bar #35482
Brydon, Swearengen & England P.C.
312 East Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102-0456
(573) 635-7166

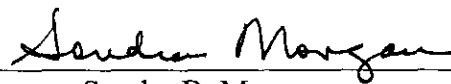
Attorneys for KLM LONG DISTANCE
COMPANY and FIBER FOUR CORPORATION

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was mailed or hand-delivered this 26th day of May, 2000, to:

Office of Public Counsel
Truman State Office Center
P.O. Box 7800
Jefferson City, MO 65102

Mr. Dan Joyce
Legal Counsel
Public Service Commission
P.O. Box 360
Jefferson City, MO 65102



Sondra B. Morgan

VERIFICATION

STATE OF Missouri)
) ss.
COUNTY OF Holt)

Evan Copsey, having been duly sworn upon his oath, states that he is President of KLM Long Distance Company, Applicant herein, and as such, is duly authorized to execute said Application and to make this affidavit on its behalf; that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of his information, knowledge and belief.

Evan Copsey
Evan Copsey

Subscribed and sworn to before me, a notary public, on this 23rd day of May, 2000.

Val A. Derr
Notary Public

My Commission expires:

DECEMBER 1, 2000

VAL A. DERR
NOTARY PUBLIC
NOTARY SEAL STATE OF MISSOURI
NODAWAY COUNTY
MY COMMISSION EXPIRES ON DECEMBER 1, 2000

VERIFICATION

STATE OF Missouri)
) ss.
COUNTY OF Holt)

Raymond Henagan, having been duly sworn upon his oath, states that he is President of Fiber Four Corporation, Applicant herein, and as such, is duly authorized to execute said Application and to make this affidavit on its behalf; that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of his information, knowledge and belief.

Raymond Henagan
Raymond Henagan

Subscribed and sworn to before me, a notary public, on this 23rd day of May, 2000.

Val A. Derr
Notary Public

My Commission expires:

DECEMBER 1, 2000

VAL A. DERR
NOTARY PUBLIC
NOTARY SEAL STATE OF MISSOURI
NODAWAY COUNTY
MY COMMISSION EXPIRES ON DECEMBER 1, 2000

Appendix A

**Articles of Incorporation
and Certificate of Corporate Good Standing in Missouri
KLM Long Distance Company**

No. 00483427

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

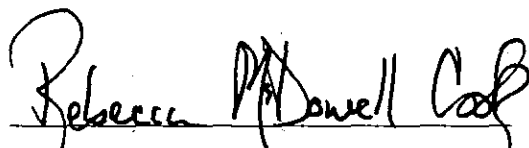
CORPORATION DIVISION
CERTIFICATE OF CORPORATE GOOD STANDING

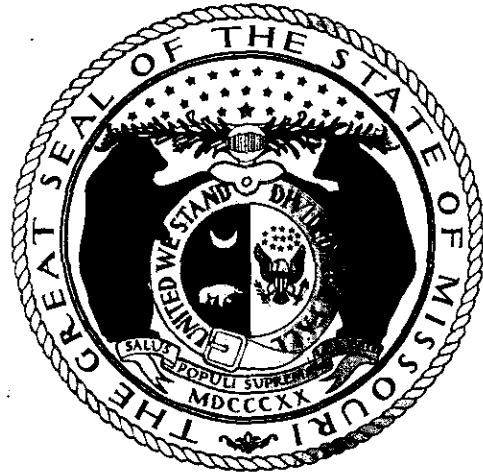
I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

KLM LONG DISTANCE COMPANY

was incorporated under the laws of this State on the 11th day of MAY, 2000, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 18th day of MAY, 2000.


Secretary of State



No. 00483427

STATE OF MISSOURI



Rebecca McDowell Cook
Secretary of State

CORPORATION DIVISION
CERTIFICATE OF INCORPORATION

WHEREAS, duplicate originals of Articles of Incorporation of
KLM LONG DISTANCE COMPANY

have been received and filed in the office of the Secretary of State, which Articles, in all respects, comply with the requirements of General and Business Corporation Law;

NOW, THEREFORE, I, REBECCA McDOWELL COOK, Secretary of State of the State of Missouri, by virtue of the authority vested in me by law, do hereby certify and declare this entity a body corporate, duly organized this date and that it is entitled to all rights and privileges granted corporations organized under the General and Business Corporation Law.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 11th day of MAY, 2000.



Rebecca McDowell Cook
Secretary of State

\$58.00

STATE OF MISSOURI
Rebecca McDowell Cook, Secretary of State
P. O. Box 778, Jefferson City, MO 65102
Corporation Division

FILED AND CERTIFICATE OF
INCORPORATION ISSUED

MAY 11 2000

Rebecca McDowell Cook
SECRETARY OF STATE

ARTICLES OF INCORPORATION

(To be submitted in duplicate by an attorney or an incorporator.)

The undersigned natural person(s) of the age of eighteen years or more for the purpose of forming a corporation under The General and Business Corporation Law of Missouri adopt the following Articles of Incorporation:

Article One

The name of the corporation is KLM Long Distance Company.

Article Two

The address, including street and number, if any, of the corporation's initial registered office in this state is 208 Ash, P.O. Box 112, Maitland, MO 64466.

and the name of its initial agent at such address is Bruce Copsey.

Article Three

The aggregate number, class and par value, if any, of shares which the corporation shall have authority to issue shall be:

<u>Class</u>	<u>No. of Shares</u>	<u>Par Value</u>
Common	30,000 shares.	No par

The preferences, qualifications, limitations, restrictions, and the special or relative rights, including convertible rights, if any, in respect to the shares of each class are as follows: None.

Article Four

The extent, if any, to which the preemptive right of a shareholder to acquire additional shares is limited or denied. None.

Article Five

The name and place of residence of each incorporator is as follows:

Name	Street	City
Sondra B. Morgan	312 East Capitol, P.O. Box 456	Jefferson City, MO 65102

Article Six

(Designate which and complete the applicable paragraph.)

 X The number of directors to constitute the first board of directors is three (3). Thereafter, the number of directors shall be fixed by, or in the manner provided by the bylaws. Any changes in the number will be reported to the Secretary of State within thirty calendar days of such change.

OR

 The number of directors to constitute the board of directors is . (The number of directors to constitute the board of directors must be stated herein if there are to be less than three directors. The person to constitute the first board of directors may, but need not, be named.)

Article Seven

The duration of the corporation is perpetual.

Article Eight

The corporation is formed for the following purposes:

To engage in any lawful act or activity for which corporations may be organized under the General and Business Corporation Law of Missouri, including but not limited to, the provision of telecommunications service.

Appendix B

**Proposed Tariff
KLM Long Distance Company**

Appendix C

Draft Customer Notice

CUSTOMER NOTICE

If you receive long distance service from KLM Long Distance, please be advised that on _____, a portion of the assets of Fiber Four Corporation d/b/a KLM Long Distance were transferred to KLM Long Distance Company. Therefore, KLM Long Distance Company has become the new provider of long distance services previously provided by Fiber Four Corporation d/b/a KLM Long Distance. You should not experience any interruption or change in your service as service will be provided under the same conditions as previously provided by Fiber Four Corporation d/b/a KLM Long Distance.

Should you choose to select another carrier for your long distance service please contact our office at (660) 744-5311 and we can inform you of the other providers of long distance service that may be able to serve you; however, we will not be able to make that change ourselves. To effectuate a change in your provider from KLM Long Distance to another carrier, Missouri Public Service Commission rules require that you contact the new provider yourself. Your long distance service will not be switched to the new provider until that provider notifies your local telephone company of your desire to change providers.

Appendix D

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into this 23rd day of May, 2000, by and between Fiber Four Corporation ("Seller"), a Missouri corporation, and KLM Long Distance Company, a Missouri corporation ("Purchaser").

Recitals

A. Seller owns and operates a telecommunications company known as "Fiber Four Corporation d/b/a KLM Long Distance" which resells long distance telecommunications services to end-users in the Missouri exchanges of Deerfield, Rich Hill, Metz and Richards under the name "KLM Long Distance" (hereinafter, the "Business").

B. Pursuant to the terms and conditions hereinafter set forth, Purchaser desires to purchase the Business from the Seller, and Seller desires to sell the Business to the Purchaser.

Now, Therefore, for and in consideration of the premises and the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

- (a) "Purchased Assets" means the specific assets of Seller set forth below:
- (1) the right to provide service to all of Seller's telecommunications customers currently receiving service from Fiber Four Corporation d/b/a KLM Long Distance, including the names identified to both the Purchaser and Seller as listed in Schedule 1.01(a) but excluding Excluded Customers as defined below, with telecommunications services, and to provide ancillary services to, or related to, such Customers, including without limitation, billing and collection;
 - (2) the right to receive payments from or in respect of the Customers;
 - (3) the right to provide customer service to the Customers;
 - (4) the exclusive right, title and interest in and to the name "KLM Long Distance" to be used by Purchaser to the extent required to conduct customer service and billing activities; and
 - (5) all accounts receivable of Seller attributable to the customers listed on Schedule 1.01(a) at the Effective Date and billed after that date to and through the Closing Date (as defined herein).
- (b) "Closing Date" means _____, 2000, at _____ o'clock ____ .m. or such other date and time as Purchaser and Seller may mutually agree.

(c) "Effective Date" means the date on which the transfer is made effective by the Missouri Public Service Commission.

(d) "Excluded Assets" means all the remaining assets owned by Seller other than the Purchased Assets. These excluded assets shall not be subject to purchase by Purchaser hereunder but shall remain the sole property of Seller.

(e) "Customers" means those customers of KLM Telephone Company in the Deerfield, Rich Hill, Metz and Richards exchanges who receive interexchange telecommunications services from Fiber Four Corporation d/b/a "KLM Long Distance."

(f) "Excluded Customers" means all other customers of Fiber Four Corporation, including those receiving interexchange telecommunications services from Fiber Four Corporation under the names Rock Port Long Distance, Iamo Long Distance, and Holway Long Distance.

(g) "Governmental Authority" means any federal, national, state, regional, local or foreign governmental authority or regulatory body, any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body exercising any regulatory authority thereunder and any person directly or indirectly owned by and subject to the control of any of the foregoing, or any court, arbitrator or other judicial or quasi-judicial tribunal.

Article II TERMS OF SALE

2.01 Sale of Purchased Assets. On the terms and subject to the conditions contained in this Agreement, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to Purchaser, free and clear of any and all liabilities, liens, claims, restrictions or encumbrances of any kind whatsoever (other than the "Assumed Liabilities," as defined herein), and Purchaser shall purchase, receive and accept from Seller, as they exist on the Effective Date, all of the right, title and interest that Seller possesses and has the right to transfer in and to all the Purchased Assets. The Excluded Assets are specifically excluded from this Agreement and shall not be sold hereunder.

2.02 Assignment of Name. On the Closing Date, Seller shall assign to Purchaser all of Seller's right, title and interest in and to the name "KLM Long Distance." Immediately after the Closing Date, Seller agrees to file such documents with the Missouri Secretary of State and take such further action as is necessary to transfer such name to Purchaser.

2.03 Assignment of Contracts. As of the Closing Date, Seller shall assign to Purchaser all of Seller's rights and interests in any and all contracts necessary and incidental to the provision of service to the Customers.

2.04 Consideration. As of the Closing Date, Purchaser will pay to Seller \$10.00 and other good and valuable consideration for the assignment and transfer of the Purchased Assets, which includes, but is not limited to, the assumption of the Assumed Liabilities.

2.05 Assumption of Liabilities. From and after the Effective Date, Purchaser will (i) assume all obligations of Seller to provide telecommunications services and ancillary services (including customer service) to Customers from and after the Effective Date and (ii) assume and agree to pay and discharge when due any indebtedness of Seller related to the Purchased Assets (collectively, the "Assumed Liabilities").

2.06 Regulatory Approvals. The sale of the Purchased Assets is contingent on the parties receiving all necessary regulatory approvals from the Federal Communications Commission and the Missouri Public Service Commission for the transfer of the Purchased Assets.

Article III REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

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

3.02 Authorization. This Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by all corporate action required of Seller to consummate the transactions hereby contemplated. This Agreement has been duly and validly executed and delivered by Seller and constitutes a valid and binding obligation of Seller, except as enforceability may be limited by law.

3.03 Corporate Records. Seller's Articles of Incorporation and Bylaws are in full force and effect, and Seller is not in violation of any of the provisions thereof.

3.04 Purchased Assets. Seller is the lawful owner of or has the right to use and transfer to Purchaser each of the Purchased Assets. The Purchased Assets are free and clear of all liens, mortgages, pledges, security interests, restrictions, prior assignments, encumbrances and claims of any kind, except for any liens, mortgages, pledges, security interests, restrictions, prior assignments, encumbrances or claims held by Purchaser or any of its affiliates. There are no outstanding agreements, options or commitments of any nature obligating Seller to transfer any of the Purchased Assets to any party.

3.05 Consents and Approvals. All consents, notices and filings required to be obtained or given by or on behalf of Seller before consummation of the transactions contemplated by this Agreement in compliance with all applicable laws, rules, regulations, orders or governmental or other agency directives of Governmental Authorities, or the provisions of any document binding upon Seller are set forth on Schedule 3.05 and all such consents or approvals shall be duly obtained and in full force and effect on the Closing Date.

3.06 Intellectual Property. Seller owns or has a valid and binding license with respect to or otherwise has the full right to use the corporate name "KLM Long Distance." To the best of Seller's knowledge, no claims have been asserted against Seller either by any person with respect to the use of such name or challenging or questioning the validity or effectiveness of any license or agreement, and to the knowledge of Seller, there is no basis for any such claim; and to the knowledge of Seller the use of such name by Seller does not infringe on the rights of any person.

3.07 No Other Names. Seller has not operated the Business under any names other than "KLM Long Distance" or "KLD."

3.08 Disclosure. Neither this Agreement nor any statement, schedule, list or certificate furnished, or to be furnished, to Purchaser pursuant hereto or in connection with this Agreement or any of the transactions hereby contemplated contains, or will contain, any untrue statement of a material fact or omits, or will omit, to state a material fact necessary in order to make the statements contained herein, in light of the circumstances in which they are made, not misleading. At the date hereof, Seller is not aware of, and at the Closing Date Seller will not be aware of, any facts or circumstances material to the Purchased Assets not disclosed to Purchaser which should be disclosed to Purchaser in order to make any of the statements, representations or warranties made on the part of Seller herein or the schedules furnished by Seller in connection herewith, not misleading.

Article IV REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

4.01 Corporate Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri with all requisite corporate power and authority to enter into this Agreement and perform its obligations hereunder.

4.02 Authorization. Purchaser has the necessary corporate power and authority to enter into this Agreement and this Agreement has been duly authorized by its board of directors and shareholders. This Agreement is a legal, valid and binding obligation of Purchaser.

4.03 No Violation. Neither the execution and delivery of this Agreement by Purchaser, the performance by Purchaser of its obligations hereunder nor the consummation by it of the

transactions contemplated hereby will (i) violate any provision of the Articles of Incorporation or Bylaws of Purchaser, or (ii) to the best knowledge of Purchaser, violate any statute or law or any judgment, decree, order, regulation or rule of any court or governmental authority to which Purchaser is subject.

4.04 Title to Purchased Assets. Title to and risk of loss, destruction or damage to the Purchased Assets shall pass to Purchaser immediately after the close of business on the Closing Date.

Article V ADDITIONAL COVENANTS

5.01 Closing Documents.

- (a) On the Closing Date, Seller shall deliver the following to Purchaser:
 - (i) duly executed Bill of Sale and Assignment Agreement ("Bill of Sale") conveying the Assets to Purchaser;
 - (ii) all books and records of Seller with respect to the Business, except those identified as Excluded Assets; and
 - (iii) certified resolution of the board of directors of Seller authorizing this Agreement and the transactions contemplated hereby.

- (b) On the Closing Date, Purchaser shall deliver the following to Seller:
 - (i) certified resolution of the board of directors of Purchaser authorizing this Agreement and the transactions contemplated hereby.
 - (ii) the consideration referenced in section 2.04 herein.

5.02 The Closing. The consummation of the transactions contemplated by this Agreement shall occur on the Closing Date at the offices of Brydon, Swearingen & England, at 312 East Capitol Avenue, Jefferson City, Missouri 65102, or such other place as Purchaser and Seller may mutually agree. At the Closing, Seller shall convey, transfer, assign, sell and deliver to Purchaser the Purchased Assets as of the Effective Date.

5.03 Indemnity. Except as described below, Purchaser agrees to indemnify, defend and hold harmless Seller, its officers, directors, agents and affiliates from and against any and all claims, damages, actions, judgments, costs and expenses (including without limitation, reasonable attorneys fees and court costs) of whatsoever nature arising out of or in connection with events or occurrences relating to the Purchased Assets taking place prior to or after the close of business on the Closing Date. Seller agrees to indemnify, defend and hold harmless Purchaser, its officers, directors, agents and affiliates from and against any and all claims, damages, actions, judgments, costs and expenses (including without limitation, reasonable attorneys fees and court costs) of whatsoever nature arising

out of or in connection with any acts or actions that Seller has taken without authority from Purchaser relating to the Purchased Assets occurring before the close of business on the Closing Date.

5.04 Cooperation Concerning Books and Records. Seller, on the one hand, and Purchaser, on the other, shall fully cooperate with any and all reasonable requests from such other party to provide, on a timely basis and at its own expense, such information as is reasonable necessary to respond to inquiries relating to the Business from any Governmental Authority.

5.05 Use of Name. Seller agrees not to use the names "KLM Long Distance" and "KLD" to conduct business from and after the Closing Date.

Article VI MISCELLANEOUS

6.01 Bulk Sales. The parties hereto waive compliance with the provisions of any bulk sales law that may be applicable.

6.02 Fees and Expenses. Except as otherwise provided herein, the parties hereto shall bear their own costs and expenses incurred in connection herewith and with the transactions contemplated hereby. Purchaser and Seller agree to indemnify and hold the other harmless from any claim (together with costs and expenses, including attorneys fees, incurred in connection with such claims) for compensation by any person, firm or corporation claiming to have been requested, authorized or employed to act as lender, broker or agent in connection with the subject matter of this Agreement or negotiations leading thereto.

6.03 Assignment. No party shall assign this Agreement or any of its rights and obligations hereunder without the prior written consent of the other party.

6.04 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, legal representatives, successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any other person other than the parties hereto, or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

6.05 Notices. Any notice, demand or request required or permitted to be given under any provision of this Agreement shall be in writing and delivered personally or by registered or certified mail (return receipt requested, with postage prepaid) to the following addresses, or to such other address as either party may request by notice in writing to the other party:

- (a) If to Purchaser:
Evan Copey, President

KLM Long Distance Company
208 Ash, P.O. Box 112
Maitland, MO 64466

(b) If to Seller:
Raymond Henagan, President
Fiber Four Corporation
104 Opps Street, P.O. Box 147
Rock Port, MO 64482

6.06 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, superseding any and all prior agreements, understandings, negotiations and discussions. No amendment, alteration, modification or waiver of this Agreement shall be binding unless evidenced by an instrument in writing signed by the parties hereto.

6.07 Construction. The captions and headings of this Agreement are for convenience and reference only, and shall not control or affect the meaning or construction of this Agreement. Use of the masculine gender shall also be deemed to refer to the feminine gender and neuter gender and the singular to the plural unless the context clearly requires otherwise.

6.08 Choice of Law. This Agreement shall be construed, governed, and enforced in accordance with the laws of the State of Missouri.

6.09 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted. The invalidity or unenforceability of any provision of this Agreement to any person or circumstance shall not affect the validity or enforceability of such provision as it may apply to any other persons or circumstances.

6.10 Further Assurances. Each party will, at any time and from time to time after the Closing Date, upon the request of the other, do, execute, acknowledge and deliver, or shall cause to be done, executed, acknowledged and delivered, all such other instruments as may be reasonably required in connection with the performance of this Agreement and each shall take all such further actions as may be reasonably required to carry out or further effect the transactions contemplated by this Agreement.

6.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original instrument, but all of which together will constitute for all purposes one and the same instrument.

6.12 Agreement Drafted by Joint Counsel. Each party to this agreement acknowledges that Brydon, Swearingen & England, P.C. prepared the Asset Purchase Agreement and accompanying documents on behalf of Seller Fiber Four Corporation and that:

- (a) Each party has been advised that such counsel also represents the individual shareholders of Fiber Four Corporation: Rock Port Communications, Inc., RBJ Corp., and First Fiber Corporation, and the Purchaser KLM Long Distance Company (collectively "Existing Clients);
- (b) Each party has been advised that a conflict may exist between such party's interests and those of Fiber Four, the other shareholders and the Existing Clients;
- (c) Each party has been advised to seek the advice of independent counsel;
- (d) Each party has had the opportunity to seek the advice of independent counsel; and
- (e) Each party consents to the current representation of Fiber Four by Brydon, Swearingen & England P.C.

In Witness Whereof, the parties hereto have executed this Agreement as of the date first above written.

"Seller"
FIBER FOUR CORPORATION

By: Royal Hagan
Its: PRESIDENT

ATTEST:

William Long
Secretary

"Purchaser"
KLM LONG DISTANCE COMPANY

By: Evan Copsey
Its: PRESIDENT

ATTEST:

Evan Copsey
Secretary

Schedule 1.01(a)
**List of Names of Customers Receiving Interexchange
Telecommunications Services from KLM Long Distance**

*****Proprietary*****

Schedule 3.05
Regulatory Filings

<u>Filing</u>	<u>Consent Obtained</u>
1) Application of KLM Long Distance Company to Provide Interexchange Telecommunications Services and Joint Application of Fiber Four Corporation and KLM Long Distance Company to Transfer Assets of Fiber Four Corporation d/b/a KLM Long Distance to KLM Long Distance Company filed with the Missouri Public Service Commission	
2) Transfer of Fictitious Name Registration for Name "KLM Long Distance" from Fiber Four Corporation to KLM Long Distance Company (By simultaneous cancellation of the registration of the name "KLM Long Distance" for Fiber Four Corporation and new registration of the same by KLM Long Distance Company).	

Schedule 3.10

Licenses of Seller Related to Purchased Assets

- 1) Orders granting temporary interexchange authority to Fiber Four Corporation d/b/a KLM Long Distance, issued 8/26/99, Missouri PSC Case No. TA-2000-23.
- 2) Orders approving tariff of Fiber Four Corporation d/b/a KLM Long Distance, issued 8/26/99, Missouri PSC Case No. TA-2000-23.

**UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
FIBER FOUR CORPORATION**

We, the undersigned, being all of the Directors of Fiber Four Corporation, a Missouri corporation (hereinafter "Fiber Four"), acting pursuant to Section 351.340 of the General and Business Corporation Law of Missouri, hereby consent to and adopt the following resolutions:

WHEREAS, Fiber Four currently provides interexchange telecommunications services to customers in the KLM Telephone Company exchanges of Deerfield, Rich Hill, Metz and Richards using the trade name KLM Long Distance; and

WHEREAS, Fiber Four wishes to sell a portion of its assets involving Fiber Four Corporation d/b/a KLM Long Distance and discontinue providing service to those customers; and

WHEREAS, KLM Long Distance Company wishes to purchase the portion of the assets involving KLM Long Distance and adopt the name "KLM Long Distance."

NOW, THEREFORE, be it resolved as follows:

Resolved, that Fiber Four Corporation ("Seller") sell, convey, transfer, assign and deliver to KLM Long Distance Company ("Purchaser") and Purchaser's successors and assigns all of Seller's right, title and interest in and to certain assets of Fiber Four Corporation, the Purchased Assets (as such term is defined in the Asset Purchase Agreement attached hereto), pursuant to the terms, conditions and provisions set forth in that certain Asset Purchase Agreement; and

Resolved, that the officers of the Corporation be, and they hereby are, authorized, empowered and directed, for and in the name and on behalf of the Corporation, to do and perform all such other acts and things and to execute and deliver all such other agreements,

instruments and documents, as may be necessary or deemed by them appropriate to comply with or to evidence compliance with the terms, conditions or provisions of the Asset Purchase Agreement and to effectuate the purposes thereof.

5-23-2000

DATE

Royal Henry

Dave Gosse

Wilbur Lang

Kathy Sawcloth

Evan Gosse

Keith Olsen

Being all of the Directors of Fiber Four Corporation.

**UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
KLM LONG DISTANCE COMPANY**

We, the undersigned, being all of the Directors of KLM Long Distance Company, a Missouri corporation, hereby consent to and adopt the following resolutions:

WHEREAS, Fiber Four Corporation ("Fiber Four") currently provides interexchange telecommunications services to customers in the KLM Telephone Company exchanges of Deerfield, Rich Hill, Metz and Richards using the trade name KLM Long Distance; and

WHEREAS, Fiber Four wishes to sell the portion of its assets involving Fiber Four Corporation d/b/a KLM Long Distance and discontinue providing service to those customers; and

WHEREAS, KLM Long Distance Company wishes to purchase the portion of the assets involving KLM Long Distance and adopt the name "KLM Long Distance."

NOW, THEREFORE, be it resolved as follows:

Resolved, that KLM Long Distance Company ("Purchaser") buy from Fiber Four Corporation ("Seller") all of Seller's right, title and interest in and to certain assets of Fiber Four Corporation, the Purchased Assets (as such term is defined in the Asset Purchase Agreement attached hereto), pursuant to the terms, conditions and provisions set forth in that certain Asset Purchase Agreement; and

Resolved, that the officers of the Company be, and they hereby are, authorized, empowered and directed, for and in the name and on behalf of the Company, to do and perform all such other acts and things and to execute and deliver all such other agreements, instruments and documents, as may be necessary or deemed by them appropriate to comply with or to

evidence compliance with the terms, conditions or provisions of the Asset Purchase Agreement
and to effectuate the purposes thereof.

5.23.2000

DATE

Jane Copsey
Peter Copsey
Bruce Copsey

Being all of the Directors of KLM Long Distance Company