

DOCKET NO.

In the Matter of — IN THE MATTER OF THE
APPLICATION OF ONE TEL INC. FOR A
CERTIFICATE OF AUTHORITY TO
PROVIDE TELECOMMUNICATIONS
SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
12/8 99	Filed andocketed;
12/9 99	Weekly filing;
1/24 00	Revised Tariff Pages;
3/22 00	Letter requesting withdrawal of Application;
5/6 00	Informing withdrawal of Application and Closingocket;
3/6 00	ocket Closed

Austin
Cleveland
Columbus
Dallas
Dayton
Irvine
Los Angeles
San Antonio

1717 Main Street, Suite 4100
Dallas, Texas 75201-4605
telephone 214.761.2100
facsimile 214.741.7139

San Diego
San Francisco
Washington, D.C.
Woodland Hills
Affiliated Offices
Brussels, Belgium
Geneva, Switzerland

November 29, 1999

Writer's Direct Dial: 214.761.4736
Internet e-mail: Dpace1@arterhadden.com

Mr. William Bullard
Executive Director
Fixed Utilities Division
South Dakota Public Utilities Division
500 E. Capitol Avenue
Pierre, SD 57501-5070

RECEIVED
DEC 08 1999
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Application for Certificate of Authority for Interexchange Service

Dear Mr. Bullard:

Pursuant to South Dakota Code 20:10:24:02, the following is One Tel Inc.'s application for a Certificate of Authority for interexchange service:

(1) Applicant:

One Tel Inc.
111 West Ocean Boulevard
Suite 2450
Long Beach, CA 90802
(562) 308-1902 (Telephone)
(562) 983-6629 (Facsimile)

(2) Applicant will provide these services as One Tel Inc.

(3) The Applicant is a corporation.

(a) One Tel Inc. was incorporated in Delaware on January 5, 1998. For certificate of incorporation, **see Exhibit A**. For certificate of authority to transact business in South Dakota, **see Exhibit B**.

(b) One Tel Inc. does not maintain a principal office in South Dakota. The name and address of its current registered agent in South Dakota is as follows:

CT Corporation System
319 South Coteau Street
Pierre, SD 57501

(c) One Tel Inc. is a wholly-owned subsidiary of One.Tel Limited, a publicly owned Australian corporation. The address of One.Tel Limited is:

One.Tel Limited
Level 28
9 Castlereagh Street
Sydney, NSW 2000
Australia

- (4) The applicant is not a partnership. Thus, this requirement is non-applicable.
- (5) Description of services applicant intends to offer:

One Tel seeks to operate as a switchless reseller of interexchange dial around (or 101XXXX) service for the transmission and reception of voice, data and other types of telecommunications. One Tel will not own or lease any facilities used to provide the services, and One Tel has no plans to acquire or lease any such facilities in the future. Instead, the services will be provided through resale or existing capacity obtained from One Tel's underlying facilities-based carriers. Calls will originate over LEC facilities and will be switched to One Tel's underlying facilities-based carrier and will be carried over that carrier's network facilities. End users will access One Tel's services by dialing One Tel's 101XXXX access code. One Tel's 101XXXX access code is 1015677.

One Tel will offer its interexchange dial around services to business and residential end users located throughout the state. Service will be available twenty-four hours per day, seven days per week. Service will be offered throughout the state and will not be limited to any particular geographic area. Service will be offered for calls originating or terminating throughout the state.

- (6) Means by which applicant will provide its services:

As a switchless reseller of interexchange dial around services, One Tel will rely primarily upon its underlying carriers to services and maintain all technical facilities resold by One Tel to end users.

- (7) Service will be offered to the entire state of South Dakota.
- (8) For current financial statements, see **Exhibit C**. One Tel Inc. does not currently have an annual ownership report. For a copy of the One.Tel Limited's latest annual report, see **Exhibit D**. For a copy of applicant's tariff with the terms and conditions of

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service, see **Exhibit E**. As applicant is not a publicly-traded corporation, the requirement to attach a copy of the applicant's report to stockholders is non-applicable.

- (9) Complaints, regulatory, and all customer service matters will be handled by:

Michelle Underwood
General Manager
One Tel Inc.
111 West Ocean Boulevard
Suite 2450
Long Beach, CA 90802
(562) 308-1902 (Telephone)
(562) 983-6629 (Facsimile)

One Tel will handle billing its customers in the following manner:

One Tel will bill its end users through a billing arrangement between One Tel and Billing Concepts, Inc.'s USBI division. USBI will include the charges for One Tel's services on the billing statements that end users receive from their local exchange carriers through outclearing arrangements maintained by USBI with the local exchange carriers.

- (10) Description of applicant's ability to provide services in other states:

One Tel Inc. has been authorized by the States of California, Colorado, Illinois, and Texas to offer intrastate, interexchange service. One Tel Inc. is filing contemporaneously with this application, or has currently pending, applications for resale interexchange service in all other states (except Alaska and Hawaii) where such applications are required.

One Tel has never had any state or federal application for authority to provide telecommunications service denied. One Tel is in good standing with the appropriate regulatory agency in the states where it is registered or certified.

- (11) Marketing of applicant's services:

One Tel will not market its services through any multi-level marketing plan. One Tel intends to conduct national and local advertising to describe the services and rates offered by One Tel and inform end users how to access those services using One Tel's 101XXXX access code. Because One Tel will not offer 1+ services, One Tel will not seek to presubscribe customers to One Tel's services at this time.

One Tel's marketing program will be coordinated by Ms. Michelle Underwood of One Tel, in consultation with the officers of the company. One Tel plans to advertise its services and rates using the internet. One Tel will target both commercial and residential

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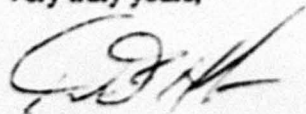
long distance end users. One Tel will use the services of the marketing firm of DavisElen, 865 Figueroa Street, Los Angeles, CA 90017 to assist with its marketing efforts.

(12) Non-applicable. One Tel proposes to offer only competitive services.

Please acknowledge receipt of the Application by file stamping the enclosed copy of this letter and returning it to the undersigned in the self-addressed, postage prepaid envelope enclosed for your convenience.

Thank you for your attention. If you have any questions, please do not hesitate to contact me at (214) 761-4736.

Very truly yours,



David H. Pace
Counsel for One Tel, Inc.

Exhibit A

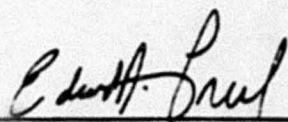
Certificate of Incorporation

State of Delaware
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "ONE TEL INC.", FILED IN THIS OFFICE ON THE FIFTH DAY OF JANUARY, A.D. 1998, AT 9 O'CLOCK A.M.




Edward J. Freel, Secretary of State

2834850 8100

981002941

AUTHENTICATION: 8848175

DATE: 01-05-98


**CERTIFICATE OF INCORPORATION
OF
ONE TEL INC.**

1. The name of the Corporation is One Tel Inc.
2. The address of its registered office in the State of Delaware is 15 East North Street, in the City of Dover, County of Kent. The name of its registered agent at such address is Incorporating Services, Ltd.
3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
4. The Corporation is authorized to issue one class of shares to be designated Common Stock ("Common Stock"). The total number of shares of stock which the Corporation shall have authority to issue is Three Thousand (3,000) shares of Common Stock, and the par value of each share is \$0.01.
5. The Board of Directors is authorized to make, alter or repeal the Bylaws of the Corporation. Election of Directors need not be by ballot.
6. The name and mailing address of the incorporator is as follows:

<u>Name</u>	<u>Address</u>
Michael J. Madda	c/o Baker & McKenzie 660 Hansen Way Palo Alto, CA 94304

7. A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived any improper personal benefit. If the Delaware General Corporation Law is hereafter amended to authorize, with the approval of a corporation's stockholders, further reductions in the liability of the corporation's directors for breach of fiduciary duty, then a Director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the Delaware General Corporation Law as so amended. Any repeal or modification of the foregoing provisions of this Article 7 by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of Delaware, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand as of this fifth day of January, 1998.



Michael J. Madda, Incorporator

Exhibit B

Certificate of Authority to Transact Business in South Dakota

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

Certificate of Good Standing Foreign Corporation

I, **JOYCE HAZELTINE**, Secretary of State of the State of South Dakota, do hereby certify that **ONE TEL INC. (DE)** was authorized to transact business in this state on **January 28, 1998** I, further certify that said corporation has complied with the South Dakota law governing foreign corporations transacting business in this state, and so far as the records of this office show, said corporation is in good standing in this State at the date hereof and duly authorized to transact business in the State of South Dakota. This certificate is not to be construed as an endorsement, recommendation or notice of approval of the corporation's financial condition or business activities and practices. Such information is not available from this office.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this November 30, 1999.



Joyce Hazeltine
Secretary of State

Exhibit C

Current financial statements, including balance sheet, income statement, and cash flow statement

MANAGEMENT ACCOUNTS -ONE.TEL US

One.Tel))

For the Month Ended September 30, 1999.

BALANCE SHEET STATEMENT

USD

	NOTE	Sep-1999		
		Actual	Previous Mth	Movement
		\$'000	\$'000	\$'000
<u>CURRENT ASSETS</u>				
Cash and Investments		15	18	(4)
Trade Receivables	1	211	350	(139)
Provision for Doubtful Debts		(162)	(162)	0
Interest Receivable		0	0	0
Prepayments		0	0	0
Inventory		20	13	7
Intercompany Loans		0	0	0
VAT Receivable		0	0	0
Total Current Assets		84	220	(136)
<u>NON-CURRENT ASSETS</u>				
Receivables		0	0	0
Expenditure Carried Forward		399	399	0
Marketing Expenditure Carried Forward		20	20	0
Legal expenses carried forward		109	109	0
Less Accumulated Amortisation		0	0	0
Intercompany Loan		0	0	0
Office Fittings & Comp Equipment		1,217	1,217	0
Less: Accumulated Depreciation		(245)	(230)	(15)
Other		0	0	0
Total Non Current Assets		1,500	1,515	(15)
TOTAL ASSETS		1,584	1,734	(151)
<u>CURRENT LIABILITIES</u>				
Trade Creditors & Accruals	2	160	420	(260)
Pre-Paid Phone Card Sales		0	0	0
Borrowings		0	0	0
Provisions		0	0	0
VAT Payable		0	0	0
Intercompany Loans		0	0	0
Total Current Liabilities		160	420	(260)
<u>NON-CURRENT LIABILITIES</u>				
Provisions-Dividends		0	0	0
Intercompany Loan		4,788	4,570	217
Provisions-DITL		0	0	0
Total Non Current Liabilities		4,788	4,570	218
TOTAL LIABILITIES		4,948	4,990	(42)
NET ASSETS		(3,364)	(3,256)	(108)
<u>SHAREHOLDERS' EQUITY</u>				
Shareholders' Loans		0	0	0
Issued Capital		0	0	0
Foreign Currency Translation Reserve		(241)	(241)	0
Retained Profits - prior year		(2,733)	(2,733)	0
Retained Profits - Current Year One.Tel		0	0	0
Retained Profits - Current Year Global		(455)	(279)	(176)
Share Capital		(3,429)	(3,253)	(176)
Share Realisation Reserve		0	0	0
TOTAL SHAREHOLDERS' EQUITY		(3,429)	(3,253)	(176)

For the Month Ended September 30, 1999
PROFIT & LOSS STATEMENT

One.Tel))

Favorable variables are positive

[illegible]

Exhibit D

One.Tel Limited's Latest Annual Report

HEADLINE NEWS



Murdoch, Packer buy into One.Tel



One.Tel is totally focussed on two key objectives: to become one of the largest GSM mobile carriers in Australia and through our international expansion, further establish the company as a significant player in the global long distance residential market.

Network Rollout Underway!

One.Tel has achieved a strategic milestone towards becoming a major player in the Australian digital mobile market. In April 1999, One.Tel signed a \$438 million contract for the rollout of a state-of-the-art GSM 1800 network. Over the next 5 years One.Tel intends to build a national network that will support more than 2.5 million subscribers. The Australian Communications Authority has granted a carrier licence to One.Tel GSM 1800 Pty Limited. This licence will allow One.Tel to become a national carrier in Australia.

Successful Expansion in Long Distance Market!

The last 12 months has seen One.Tel experience significant growth in the long distance call market. As a result of highly targeted, results-driven marketing and promotion, the number of One.Tel long distance customers around the world grew to over 340,000 tolling customers. For more details see page 20.

PBL & News Ltd Join the One.Tel Family!


In February 1999, One.Tel announced a strategic alliance with two of the world's leading media groups, News Limited and Publishing and Broadcasting Limited (PBL). This high profile alliance provides a capital injection of \$710 million over three years and also offers numerous synergies and strategic opportunities. For more details see page 12.

START

OF

RETAKE

HEADLINE NEWS



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**Murdoch, Packer
buy into One.Tel**



Highlights

Global Company



END

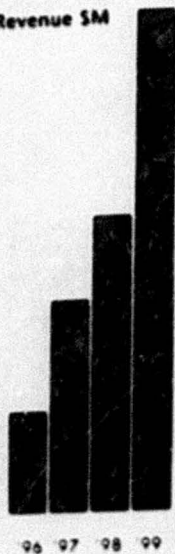
OF

RETAKE

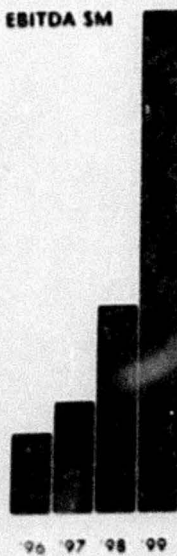
Results



Revenue \$M



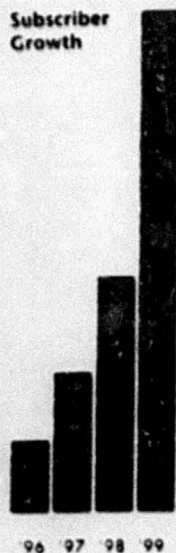
EBITDA \$M



NPAT \$M



Subscriber Growth



Vital Statistics

Total Tolling Customers	642,000
GSM Subscribers	230,000
Fixed Wire Tolling Subscribers	344,000
One Net Subscribers	58,000
Other	10,000
One Card Outlets	5,000
Global Employees	1,200



One.Tel Board of Directors



John Greaves

Non-Executive Chairman

Jade Rich

Joint Managing Director

Bradley Keeling

Joint Managing Director

Rodney Adler

Non-Executive Director

Steven Gilbert

Non-Executive Director

Lachlan Murdoch

Non-Executive Director

James Packer

Non-Executive Director

Mark Silberman

Finance Director

Contents



One.Tel is a highly competitive, profitable global telephone company with over 600,000 customers worldwide. The company is firmly established in the worldwide telecommunications market, with exciting prospects for the future. One.Tel's strategies are customer driven and focused on the provision of innovative, quality telecommunications services at reduced prices. These services include GSM mobile, national and international long distance calls, Internet services and Phone Cards.



Letter to Shareholders



Dear Shareholder,

It gives us great pleasure to present our 1999 Annual Report.

In future years One Tel will look back on this past financial year as one of the most significant in the company's history. It saw us achieve a number of strategic milestones in a systematic program aiming for long term, sustainable growth.

One Tel began the year as an emerging carrier with a solid Australian business and startup operations overseas. We have ended it as a much larger global enterprise in the markets we have entered, representing a significant competitive force in the telecommunications industry.

One Tel is now licensed as a national carrier in Australia and has begun the process of building a national GSM 1800 mobile network. The significance of this step cannot be overstated. We believe our position in Australia's lucrative digital mobile market is now assured.

Growth can be measured in a number of ways. As a customer-driven, profitable company we choose to measure our growth by positive increases in customer numbers, revenue and EBITDA. This financial year has seen our customer numbers grow from 290,000 to 642,000 and our earnings (EBITDA) increase from \$10.6 million to \$25.2 million, representing an increase of 139%.

Shareholders would be well aware of One Tel's new strategic alliance formed in February this year with two of the world's leading media groups, News Limited and Publishing and Broadcasting Limited. We would like to take this opportunity to welcome these two leading edge organisations to the One Tel family. The synergistic benefits to One Tel are substantial and far-reaching.

None of the past year's successes could have been achieved without the support of our existing and new shareholders, employees, suppliers and customers. We are grateful to them every day.

In the next twelve months, One Tel will strive to achieve its two key objectives: to become one of the largest GSM mobile carriers in Australia and through our international expansion, further establish the company as a significant player in the global long distance residential market.

One Tel is an innovative, exciting, flexible company full of energy and enthusiasm for the future. The global communications industry is set on fast forward. One Tel is matching the pace, taking full advantage of every opportunity it presents.

We appreciate the confidence you have shown in our Company by entrusting us with your investment.

Yours sincerely,

John Greaves
Chairman

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Yours sincerely,

John Greaves
Chairman

Managing Director's Report

In the past year One Tel's global operations have both consolidated and experienced significant expansion. While achieving strong business and financial growth, we believe we have established a solid foundation for the company's future.

The company's strong results are clearly demonstrated by the substantial increase in subscriber numbers. For example, One Tel's national and international tolling, long distance global customers now number over 340,000. We have opened a new office in Zurich, expanded our London, Paris and Amsterdam operations and will shortly be operational in Frankfurt. One Tel's Phone Cards are now sold at 5,000 outlets worldwide.

The other side of the globe saw One Tel's Australian operations continue to go from strength to strength. The most notable event of the past twelve months began in September 1998, with the strategic purchase of GSM 1800 mobile spectrum.

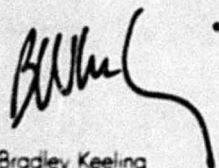
In April 1999, following months of due diligence, Lucent Technologies was selected for the rollout of One Tel's GSM Phase 2+ mobile network in Sydney and Brisbane. We anticipate vendor negotiations for the remaining Australian cities - Melbourne, Adelaide and Perth to be completed this year. That same month the Australian Communications Authority (ACA) granted a carrier licence to One Tel GSM 1800 Pty Limited. This licence allows One Tel to become a fully fledged Australian carrier.

The global telecommunications industry is undergoing profound change. The 1998/1999 financial year has been a pivotal one as we have capitalised on the many opportunities resulting from those changes.

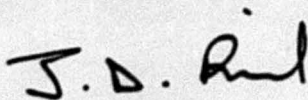
- Our operations have undergone considerable geographic expansion. One Tel now has offices in 7 countries serving over 642,000 customers.
- We have moved rapidly to secure licences to operate directly in many of these markets.
- The strength of our global organisation has become apparent as we have consolidated our expertise in areas such as network management, carrier relations, product development and information technology in order to serve all our markets.

Strong revenue growth and building shareholder value remain key priorities. We continuously strive to maintain gross margins through the reduction of our operating costs.

As we enter the new millennium One Tel aims to continue to improve its financial and business performances. With the proven ability of our management team and the dedication of our employees, we are confident of our capability to continue our rapid expansion and strong financial growth.



Bradley Keeling
Joint Managing Director



Jodee Rich
Joint Managing Director

Company Snapshot

Company Profile



One.Tel is a highly competitive, profitable, third generation global telephone company with over 642,000 customers worldwide. Since its establishment in 1995, the company has gone from strength to strength. One.Tel is now firmly established in the worldwide telecommunications market through the growth of its international operations, with exciting prospects for future expansion.

"Customer first, not cable" is the phrase which perhaps best encapsulates the One.Tel vision. Since inception, One.Tel has been committed to building strong, long term relationships with its customers. During this period of strong growth, we remain a genuine people focused company.

Company History

May '95	One.Tel commenced trading as an Optus service provider
Aug '95	7,500 GSM mobile customers
Sep '95	Melbourne and Brisbane offices opened
Jun '96	75,000 GSM subscribers
Jan '97	Perth office opened
Apr '97	One.Net product launch
Jun '97	159,000 GSM subscribers
Jul '97	National and international long distance product launch in Australia
Nov '97	One.Tel listed on Australian Stock Exchange
Feb '98	National and international 1478 long distance product launch in Australia
Aug '98	London office opens
Oct '98	Paris office opens
Dec '98	Hong Kong office opens
Dec '98	Amsterdam office opens
May '99	Zurich office opens
Oct '99	Frankfurt office opens (planned)



1998/1999 Financial Year Milestones

Aug 4, '98	F/Y 97/98 results: Revenue \$210 million, EBITDA \$10.6 million and NPAT before dividend \$5.9 million.
Sep 10, '98	One.Tel acquires One.Net and One.Card.
Sep 15, '98	One.Tel purchases GSM 1800MHz spectrum and plans national GSM network for Australia.
Nov 2, '98	One.Tel issues \$5 million convertible note.
Nov 9, '98	One.Tel issues second \$5 million convertible note.
Dec 11, '98	Consolidated Press Group buys 16.3 million One.Tel shares.
Dec 16, '98	One.Tel issues \$US30 million convertible note to Gilbert Global Equity.
Feb 8, '99	One.Tel declares interim revenue of \$150.7 million and EBITDA of \$9.4 million.
Feb 12, '99	News Limited and Publishing and Broadcasting Limited purchase 40% of One.Tel (20% each).
Apr 7, '99	One.Tel awarded full carrier licence.
Apr 19, '99	One.Tel selects Lucent Technologies as GSM 1800 network vendor for Sydney and Brisbane.
Apr 21, '99	One.Tel signs first Memorandum of Understanding for inter-carrier roaming.
May 1, '99	GSM 1800 mobile network roll-out commences in Sydney.
May 26, '99	One.Tel signs second Memorandum of Understanding for inter-carrier roaming.
Aug 13, '99	F/Y 98/99 results: Revenue \$332 million, EBITDA \$25.2 million and NPAT before dividend \$7.0 million.

Top 10 Largest Shareholders

Kalara Investments Pty Limited	35.97%
Robbdoc Pty Limited	18.68%
Leteno Pty Limited	18.68%
Cavalane Holdings Pty Limited	8.50%
Dorigad Pty Limited	4.32%
Coldstream Capital, LLC (now Rader Reinfrank & Co., LLC)	3.41%
FAI General Insurance Company	2.55%
Truegrip Pty Limited	1.81%
Two Gables Pty Limited	1.15%
Inkwelo Pty Limited	0.71%

NB: Kalara, a major shareholder associated with Jodee Rich and Bradley Keeling controls the voting rights of Cavalane Holdings' and Dorigad's shareholding. Therefore, Kalara retains voting control of the company.



Company Snapshot

Board of Directors

JOHN GREAVES

Non-Executive Chairman

John Greaves has been the Chairman of One Tel since May 1995. John was Finance Director of John Fairfax Holdings Limited, a position from which he announced his retirement effective 30 June 1999. Prior to joining Fairfax he was Chief Financial Officer of Optus Communications (now Cable & Wireless Optus).

John is a Director of Reckon Limited, Spike Networks Limited and Associate Member of Australian Society of Accountants.

JODEE RICH

Joint Managing Director

Jodee Rich has been involved in technology associated industries since 1980. He founded and took public the Imagineering/Tech Pacific Group, one of Australia's largest information technology companies. He left the company when it was sold in 1990. From 1990-1994 Jodee studied and researched nano-technology and molecular biochemistry. Jodee holds a Bachelor of Economics and a Bachelor of Science. He has completed the Wharton Senior Executive AMP Program.

BRADLEY KEELING

Joint Managing Director

Bradley Keeling has extensive experience in marketing and business management. He was Marketing Director of Franklin Mint in the early 1980's. He then took up a position as National Marketing Director of Imagineering Technology Limited. During that time he also served as the General Manager of Imagineering Telecommunications Pty Limited. In 1991 he joined Strathfield Car Radios and until early 1995 was the company's Managing Director.

MARK SILBERMANN

Finance Director

Mark Silbermann joined One Tel in February 1997. His areas of responsibility include Finance and Operations. Mark is a chartered accountant and a member of the South African Institute of Chartered Accountants. Prior to joining One Tel, he was Finance Director of Cluttons London Residential Agency Limited (now Hamptons International), a London based real estate and property development company.

RODNEY ADLER

Non-Executive Director

Rodney Adler is Chairman and Chief Executive Officer of Adler Corporation Pty Limited. He has a Bachelor of Commerce from the University of New South Wales, a Master of Economics from Macquarie University and is a member of the Institute of Chartered Accountants in Australia. Rodney is a Governor of the Sydney Institute, a Director of the Insurance Council of Australia Limited and a Member of the Business Council of Australia.



STEVEN GILBERT

Non-Executive Director

Steven Gilbert has over 25 years experience in private equity investing, investment banking and law. Steven holds a Bachelor of Administration from the Wharton School at the University of Pennsylvania, a J.D. from the Harvard Law School, and an M.B.A. from the Harvard Graduate School of Business Administration. Steven is a director of Star City Holdings Limited, NFO Worldwide, Inc., Veritas, Inc., Terra Nova Insurance Co. Ltd., and The Asian Infrastructure Fund.

LACHLAN MURDOCH

Non-Executive Director

Lachlan Murdoch is Chairman and Chief Executive of News Limited and Senior Vice President of News Corporation. His responsibilities include News Limited's operations in Australia and News Corporation's US-based print businesses. Lachlan is a director of The News Corporation Limited, News Limited, Queensland Press Limited, The Herald & Weekly Times Limited, Foxtel Limited and Star Television Limited. He was educated in the United States and holds a BA in Philosophy from Princeton University. Lachlan is a Trustee of the Board of the Art Gallery of New South Wales, a member of the Children's Cancer Institute Corporate Citizens Committee and a member of NIDA Project Committee.

JAMES PACKER

Non-Executive Director

James Packer is Chairman of Publishing and Broadcasting Ltd and Chief Executive Officer of Consolidated Press Holdings Limited. He is involved in the management and monitoring of the major assets of the group, including magazine publications, television and pastoral interests. James is a director of Consolidated Press Holdings Limited, Publishing and Broadcasting Limited, Huntsman Corporation Inc, NineMSM Pty Limited, MTM Funds Management Limited and Foxtel Limited.

One.Team

A large proportion of One Tel's success can be directly attributed to our "One.Team", many of whom have been with us from the early days.

The One.Team includes both experienced professionals from the telecommunications industry and specialists in disciplines far removed from that category. Team members are selected based on experience, people skills and enthusiasm. One.Team is a vital factor in the continued success of One Tel.

Beliefs and Values

One Tel's beliefs and values form the foundations of our successful business.

Effective teamwork is a core value shared by One Tel staff throughout the world. The company maintains a flat structure which allows staff to work together without the constraints of traditional hierarchies. Information is shared freely. There are no titles and all staff work for a common goal.

The One Tel Trading Places program further demonstrates our commitment to our people. This global program gives staff members the opportunity to move to other teams or locations within the company and offers an array of benefits including:

- Multi-skilling of our valuable employees
- Cross pollination of our culture through our global 'trading places' program
- Development and growth of individuals' abilities
- Consistency in all our international offices.

All One Tel offices feature a unique, colourful, open-plan design without artificial barriers. Visitors are struck by the buzzing and energetic multicultural environment and the enthusiastic attitude of the One Tel team. We constantly strive to maintain and strengthen this unique company culture throughout the world. We consider it to be fundamental to our continued success.

Key Strategies

Strategic Alliances

One.Tel is committed to forming alliances with successful, like-minded organisations which help us achieve our long term strategic goals. Following are two mutually beneficial alliances formed over the past year.

1. PBL/NEWS LTD ALLIANCE

In February 1999 One.Tel formed a strategic alliance with two of the world's leading media groups, News Limited and Publishing and Broadcasting Limited (PBL). The two companies agreed to acquire shares and options to take their investment to approximately 20% each of One.Tel (fully diluted). The terms of the deal include the issuing of shares and options. The initial injection was \$430 million. One.Tel issued News Limited and PBL 30 million shares each at \$7.15 (this was the price prior to the 10 for 1 share split). The two media groups also receive 140 million options exercisable at \$1.00 to bring their take-up combined interest in One.Tel to 40%. The deal will add \$710 million over 3 years to One.Tel's already strong cash reserve base. This will provide important capital for expansion without cash flow constraints.

One.Tel's partnership with News Limited and PBL is widely considered a 'marriage made in heaven'. By converging the mediums of voice, data, video, print

and electronic press, a number of synergies have been made possible including:

a) Marketing Opportunities

News Limited and PBL are among the world's most sophisticated consumer marketers, communicating with millions of consumers on a daily basis. The alliance offers One.Tel access to this much sought after global audience through cross-promotional and joint marketing activities. Furthermore, branding and licensing opportunities will be available identifying One.Tel with high profile brands such as Fox and Channel 9.

b) Content

News Limited and PBL are two of Australia's leading content providers. The strategic alliance provides One.Tel with a fantastic opportunity to differentiate its mobile phone products by offering a range of additional content features. By linking to output from News/PBL and distributing this information over One.Tel's new GSM 1800 digital network One.Tel mobile customers will enjoy value-added features such as news, sports news, weather, horoscopes, entertainment and more. This will represent an important edge for One.Tel in the highly competitive mobile phone market.

One.Tel gains GSM licence Tycoons link up on phone

By LYNDALE PICKERING
STONEY

The telecommunications carrier One.Tel said yesterday it had been granted a licence to operate a GSM, or digital global network for mobile phones, by the Australian Communications Authority.

and Vodafone Australia, a unit of Vodafone Group plc.

"This second-generation GSM network will provide Australian mobile users with an enhanced, competitive alternative to the current GSM mobile carriers," One.Tel said.

Mr Rupert Murdoch's News Corp and Mr Peter Durbin's

network, and aims to have 500,000 customers by the end of 2001. One.Tel also offers international and national long distance telephone services.

One.Tel shares were unchanged at \$9.70 yesterday before the announcement, which was made after the market

By LYNDALE PICKERING
STONEY

2. LUCENT TECHNOLOGIES

In April 1999 One.Tel formed a strategic partnership with Lucent Technologies for the design, development and support of a state-of-the-art GSM 1800 network. The landmark contract is valued at \$438 million over five years and is vendor financed over a ten year period.

Partnering with Lucent for network development and support will allow One.Tel to focus on expanding its core businesses in a highly competitive market.

The selection of Lucent Technologies followed months of thorough evaluation by a team of internal experts and world-class international consultants. Lucent was chosen because of the company's ability to meet One.Tel's stringent objectives and key performance indicators including superior technical expertise and experience and flexibility in delivering and supporting solutions. The alliance is significant for Lucent both as testimony to their capabilities and as reinforcement of their growing presence in the Australian market.

On completion the new network will not only provide comparable coverage and quality to the incumbent networks but will also enable One.Tel to offer customers the most advanced, value-added features and latest user applications. (For further details regarding the network launch see page 18).

Low Cost Production

Wherever possible, One.Tel achieves economies of scale by deploying intelligent, seamlessly linked systems. Regular analysis of company procedures identifies new ways to enhance the flow of information, allowing us to service our customers more efficiently.

Customer Focus

We make it our business to know and understand our customers' needs. By monitoring the changing needs of our growing subscriber base, we can develop tailored telephony products and services that meet their demands. We have developed a host of integrated information systems designed to service our customers more effectively.



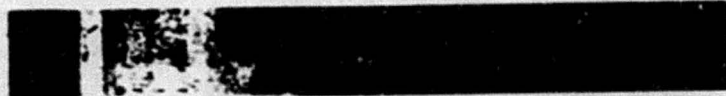
**One.Tel
shines
amid
slump**

Telco seals \$709m deal with News, PBL

Now One.Tel's mobile

**REVEALING
TELECOM
O' TALK**

**RECORDING: One.Tel
Tel is close to finalising a
deal with Lucent Technologies**



Key Strategies

Seamless Global Operation

To manage the company's considerable expansion a number of sophisticated global control systems have been developed. One Tel's primary goal is to acquire customers at least cost. Following are some examples of systems which monitor our success in meeting this key objective:

- a) "One Sys" is the company's internally developed customer care and billing system and has now been developed on the Internet using a web browser. This development has given us the ability to log onto group databases anywhere in the world which has resulted in the creation of a virtual international call centre, providing a seamless service for our subscribers. For example, it is not unusual for a UK customer registration to be handled by a customer service representative in our Sydney call centre.
- b) One Tel's global, web-based "Key Performance Indicator" (KPI) reporting system allows the One Tel team to track the performance of our global business on a daily basis from any location in the world. Real time statistics are available on fundamental indicators such as customer numbers, number of calls and minutes, average spend and revenue.
- c) Operations web sites record each country's daily statistics. This invaluable information allows the team to make necessary real time adjustments (for example marketing spend or call routing) to ensure adherence to business plans.
- d) Marketing and financial databases can be accessed from any country, at any time. This allows our global marketing team, for example, to evaluate campaigns on a real time basis, which ensures among other benefits close monitoring of daily customer acquisition costs.
- e) Centralised fraud, audit, finance and treasury systems contribute to the highly monitored and therefore smooth operation of our global business.



Marketing

Marketing Communications

One Tel is developing a well deserved reputation as a skilled and highly successful consumer marketer. One Tel is aiming to position itself as a solid, reliable and dependable, alternative telephone company.

One of the company's greatest marketing assets is the One Tel brand which is used and recognised in the markets it operates around the world. One Tel's brand identity is fresh, original and modern. All One Tel marketing communications are carefully developed to maintain (and build) this unique brand identity. One Tel's successful marketing formula is now applied in telephony markets around the world.

One Tel's unique and creative promotions are tailored to appeal to specific customer needs. This year has seen the introduction of a variety of new high profile marketing campaigns. One Tel's marketing campaigns proved extremely successful bringing in results that many companies would like to achieve. For example, in the first month of the 'Don't Miss the Taxi' campaign in London, over 57,000 customers registered to use our United Kingdom 1878 national and international pre-fix dialling code.

Distribution Strategies

One Tel employs a variety of direct and indirect distribution channels including:

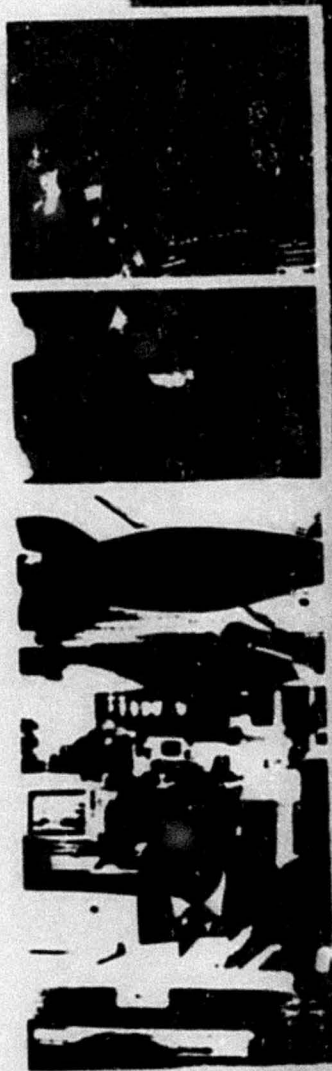
1. DIRECT SALES:

Customers can subscribe to One Tel's products and services by:

- Telephoning any of One Tel's Customer Service Call Centres
- Responding to regular direct mail campaigns
- Responding to regular outbound telemarketing campaigns
- Visiting One Tel's interactive e-commerce website: www.onetelshop.com.au
- where products (eg. digital phone deals) can be purchased over the Internet

2. DEALER NETWORK:

A network of dealers and retail outlets distribute One Tel products such as GSM mobile, Internet, Phone Cards and prepaid products and services.



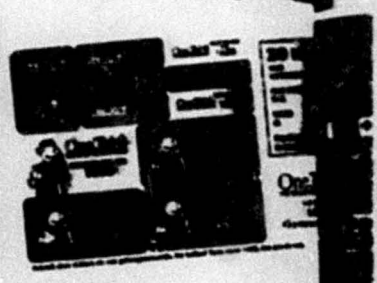
Marketing

Cross Selling and Retention Programs

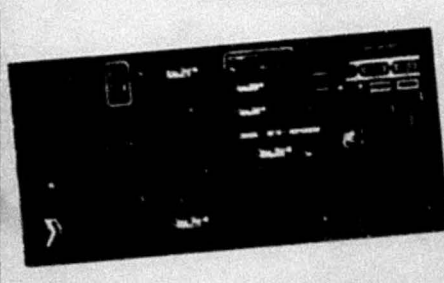
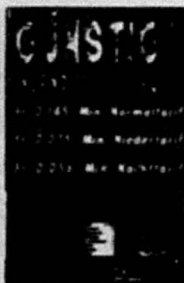
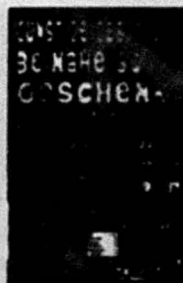
Building strong, long-term relationships with customers is an important marketing objective. We consider that we have set new industry standards with our retention programs for One.Tel products. For example, all GSM mobile customers nearing the end

of their contracts are offered a range of rollover mobile phone plans designed to complement their average monthly call spend.

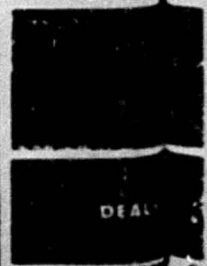
Cross selling initiatives have proved to be very successful – a large percentage of our total customer base has demonstrated their satisfaction by subscribing to multiple One.Tel products.



THE NETHERLANDS



SWITZERLAND



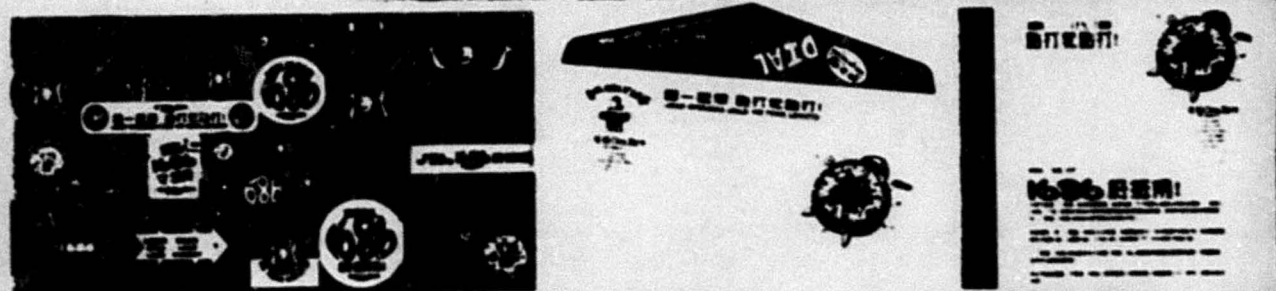
Marketing Examples Worldwide



UNITED KINGDOM



FRANCE



HONG KONG



Product Development

Product Development Philosophies...

One.Tel takes a customer focused demand-driven, flexible approach to product development.

We respond promptly to marketplace changes and leverage the established infrastructure to move our voice traffic around the world. Our sophisticated information systems allow us to fast-track new product development to remain competitive in the global market. Our aim is to demystify the telecommunications industry with innovative products that consumers find easy to use and understand.

One.Tel's telephony products are non-language dependent and customised to suit local cultural environments.

Digital Mobile

BACKGROUND

One.Tel originally went to market as a digital mobile "service provider" in Australia. In April this year, the Australian Communications Authority (ACA) issued One.Tel a full carrier licence. One.Tel has commenced the roll out of a national GSM 1800 mobile network which will not only secure the future of One.Tel's 230,000 GSM subscribers but will offer Australian mobile consumers a competitive alternative to existing mobile carriers.

THE NEW NETWORK

Over the next five years One.Tel, in partnership with Lucent Technologies, intends to build a GSM 1800 Phase 2+ national mobile network with a 2.5 million subscriber capacity.

Together, Lucent and One.Tel intend to build the most sophisticated GSM 1800 mobile network in Australia, incorporating the very latest advances in product and network capabilities. This will include site acquisition, in-building coverage, quality monitoring and GSM 1800 mobile network optimisation. The new network will provide Australian mobile users with an enhanced, competitive alternative to the current carriers and position One.Tel as a major player in the Australian digital mobile market.

The network rollout in Sydney has commenced. The Sydney network will be launched in stages commencing in the first quarter of 2000.



BENEFITS OF THE NETWORK

1. FOR CUSTOMERS

- "Feature rich" service eg. advanced applications such as news, sport, weather, stock quotes, horoscopes, booking tickets and personal alerts
- Location Based Services providing personalised tariffing and information by location
- More competitive pricing

2. FOR ONE.TEL

- Far greater control of our cost base, resulting in increased revenue and profitability
- Dramatic gross margin increase
- Opportunities for further product development eg. enhanced voice and data applications

WHY GSM?

One.Tel chose to build a "Global Systems for Mobile" (GSM) network because not only is GSM predominant in the Australian market, it is also the defacto standard of the world. There are currently over 170 million GSM users worldwide. Furthermore, because GSM has wider penetration, the available handsets are the newest, smallest and most popular.

WHAT HAPPENS WHEN CUSTOMERS GO OUTSIDE THE ONE.TEL NETWORK?

It's vital that One.Tel customers experience seamless service when they go outside the geographical boundaries of One.Tel's network.

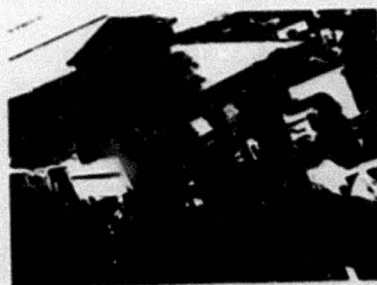
One.Tel is currently negotiating national Inter-carrier Roaming agreements with existing GSM carriers, which will allow callers to automatically switch to other networks, wherever necessary.



FURTHER SPECTRUM* PURCHASE

Another opportunity for One.Tel is the Australian Communications Authority's (ACA) recent decision to release for auction the remaining 30MHz of paired spectrum in the 1800MHz band. The auction will be held in early 2000 and will allow One.Tel (with the purchase of additional spectrum), cost-effective further development of its network.

*GSM Spectrum is a term used to describe the radio frequencies that transmit digital mobile phone calls. The purchase of GSM Spectrum allows us to connect digital mobile customers to our own national network, rather than the Optus network.



Product Development

Long Distance Calls

One.Tel's long distance services have been embraced by customers in all markets we have entered throughout the world. We currently service over 340,000 tolling customers in three major regions around the world. In July 1999, over 120,000 new subscribers registered for our long distance service. We are now strategically positioned in a number of international long distance telephony markets. This success can be attributed to the application of One.Tel's systematic and consistent formula in every new market we enter.

BACKGROUND

Eighteen months ago One.Tel identified the opportunities presented by sweeping global deregulation and commenced expansion into key international markets. Switching facilities were established in London, Paris, Amsterdam and Hong Kong in 1998, followed by Zurich in 1999. Installation in Frankfurt is planned prior to the end of 1999. These facilities provide complementary connectivity to switches already located in Australia.

We are proud to say that we have made significant inroads into these international markets and in many cases overachieved our original goals.

THIS ACCOMPLISHMENT CAN BE ATTRIBUTED TO A NUMBER OF FACTORS:

- Our experienced global management team which concentrates on achieving exceptional sales and revenue growth
- One.Tel's information systems which underpin our ability to react rapidly to changing market environments
- One.Tel's carrier relationships with more than 40 carriers in 7 countries. One.Tel customers voice and data is moved around the globe via satellite systems and fibre-optic undersea cabling systems
- Our focussed international strategy and marketing know-how have positioned One.Tel to take advantage of current and future worldwide market opportunities.



**ONE TEL'S GLOBAL NETWORK IS DESIGNED TO MEET SEVERAL CHALLENGES
NAMELY:**

- Supporting existing customers
- Anticipating traffic growth as a result of One Tel's increasing reach
- Minimising operating and capital costs.

One Tel's network has international gateway switches located in Sydney, Melbourne, London, Amsterdam, Hong Kong, Paris and Zurich. We aim to add another international access point in Frankfurt before the end of 1999.

INTERCONNECTION

Telecommunication regulators around the world regard 'interconnection' as vital for competition and consumer choice in the long distance telephony market. Interconnection is a more cost effective and efficient way for One Tel to provide least cost long distance calls by gaining more direct access to the incumbent's network. This not only results in improved gross margins, but allows us to offer more competitive rates to our long distance customers. We have completed and signed interconnect agreements in the UK, France, the Netherlands, Switzerland, Hong Kong and Germany. Technical requirements for the majority of countries have been met with Hong Kong up and running. We expect interconnection for all other countries, except the Netherlands, to be completed later this year.

PRESELECTION

Preselection allows customers to select One Tel as their preferred carrier for national and international long distance calls from their home or business phone. In most countries this also includes calls made from a fixed line phone to a mobile phone.

Preselection means that customers no longer need to dial a prefix or override code prior to dialling a long distance number to access One Tel's competitive rates. This standard regulatory mechanism is now available in Australia, Germany and Switzerland and is expected to be introduced in the UK, France and the Netherlands in early 2000.

One Tel aims to offer preselection to its customers where available in the markets it has entered.

SWITCH INSTALLATION

Incoming calls to One Tel are currently routed through switches strategically located around the world. These calls are then routed through the carrier offering the best rates to the required destination. This process is known as least cost routing. One Tel customers are offered the best possible rates because among other efficiencies, we also have the ability to choose between multiple carriers. One Tel has no minimum call requirements with the carriers used.



Product Development

Fixed to Mobile

With more than five million mobile services in operation throughout Australia, fixed line calls to mobiles amount to around 3 billion minutes per year. This translates to a market of more than one billion dollars per year.

In August 1999 the ACA made the decision to open up the "fixed to mobile" market ie. calls from fixed line phones to mobiles. The decision is expected to provide consumers with all the benefits of increased competition, such as greater choice and competitive pricing.

Previously, fixed to mobile calls automatically went through the consumer's local call provider. Now, consumers can "preselect" a telephone company to automatically provide all their fixed to mobile, national long distance and international calls. Alternatively, they can choose different carriers on a call-by-call basis, by dialling an override code before making a call.

One.Tel is taking full advantage of the competitive opportunities offered by this development. An advertising campaign has been launched, offering an extremely competitive "fixed to mobile" rate to all customers who preselect One.Tel.

Prepaid Services

One.Tel is preparing to launch prepaid mobile and prepaid Internet products - both of which have been phenomenally successful in the UK, European and New Zealand markets. Prepaid products are popular with consumers because of their simplicity and cost control benefits. Customers know exactly what they're paying upfront. One.Tel's acquisition costs are low and no bad debts are incurred.



Internet Services



One Net is One Tel's Internet company. From a 'standing start' in April 1997, we have built a client base of over 58,000 active users and that base continues to grow each month. In July 1999 over 10,000 new customers subscribed to our service. More than 33% of new subscribers come from customer referrals.

One Net's focus is on fast and reliable access and customer care. We offer a wide range of Internet access plans tailored to suit customer needs. For example:

- Our 2.14 per minute plan allows customers to pay only for what they use with no setup fees or minimum term contracts. It is an ideal option for email users only and occasional web browsers.
- Dial in plans for small business customers, web page design and domain name registration.
- Tailored Internet packages for medium to large corporate customers which include additional options such as domain name registration and home page hosting.

One Net aims to maintain a policy of only deploying the very latest and very best hardware, software and trunk service technologies. This policy of excellence is evident in One Net's use of Cisco Systems high end products for each router and switch connection. We also use Sun and Digital hardware and software for our server and proxy implementations.

We have maintained high standards of excellence in our initial roll-out and ongoing upgrading of the multiple bandwidth connections to key national and international Internet access points. We were an early client of Optus when they offered a major Australian Internet link as an alternative to Telstra and we also established links to other major Australian ISPs to ensure the shortest possible access paths to Australian sites.

Our satellite solution is a significant ongoing investment, providing multiple redundancy and a diversity of Internet paths for inbound and outbound traffic. It reflects our determination to control all aspects of the quality of service we offer, while remaining a low cost producer.

Our future plans for bandwidth, hardware and software are based on maintaining the highest level quality of Internet service as measured by response time, reliability and security.



Product Development

Phone Cards



One.Card, One.Tel's prepaid phone card business, complements our fixed wire long distance call business. By offering cheap long distance calls to people on the move, as well as from their homes and offices, we are positioned as offering a "total long distance solution."

Travellers, particularly backpackers, choose One.Card products for cheap, convenient long distance calls both within Australia and to over 240 international destinations.

We are now firmly established as one of Australia's largest prepaid phone card providers. Our Phone Cards are sold in over 5,000 retail outlets globally.

Phone cards are ideal for dual promotions. For example, One.Card has successfully partnered with high profile organisations such as Taronga Zoo, Volleyball Australia and Surfing Australia. One.Card donated a percentage of sales to Taronga Zoo as part of a successful community awareness program.

One.Card provides One.Tel with access to retail markets we would otherwise find difficult to penetrate. We are leveraging this opportunity by marketing other prepaid Internet and pre-paid mobile phone products.

Local Calls

In July 1999 the Australian Competition and Consumer Commission (ACCC) announced a landmark decision with significant ramifications for the Australian telecommunications industry. The decision mandates access to Telstra's local network. It allows competitive carriers direct access to the copper lines that connect customers to local telephone exchanges.

This means One.Tel will in future be able to offer both local and fixed to mobile calls to complement our existing long distance products, as well as advanced high-speed services to customers at lower prices. The decision also has long term implications for the emerging high bandwidth services on which e-commerce, education and entertainment will increasingly rely on into the next decade.

While the extent of price declines cannot be predicted exactly, the ACCC expects that based on the decision, local call prices will begin falling over the course of the next year. It is expected local call prices will generally be below 20 cents in two years.



Corporate Services

One.Tel has established a successful corporate operation in Sydney and Melbourne. The objectives are to offer local corporate customers the same innovative delivery and reduced telephony costs enjoyed by residential consumers. One.Tel offers corporate clients a full range of telephony, data and Internet services at costs substantially lower than those offered by established carriers, without compromising quality of performance.

These services are offered either via the customer's current Telstra public switched network lines or by dedicated Telstra lines that link the customer directly to the closest One.Tel switch. Where direct connections are used One.Tel provides and maintains the connection equipment and project manages the installation and transfer from the previous carrier/service providers' services.

During the past 12 months One.Tel has successfully developed a highly competitive suite of products and the processes to keep these products competitive on an ongoing basis. One.Tel has also used its skills in people management to build a competitive team of corporate salespeople.

As a result of these initiatives, the last 12 months has seen One.Tel develop a corporate customer base of over 1,000 commercial organisations with annualised revenues in excess of \$18 million. Their overall satisfaction with the quality and reliability of services provided by One.Tel is demonstrated by our impressive retention rate.



Technology



The strategic objective adopted by management when the company commenced was to use 'best of breed technology' as a tool to co-ordinate the business. To achieve this long term commitment, One.Tel deploys open architecture technology on its global networks.

All One.Tel information management systems are designed and built in-house using a common, integrated, scalable Unix platform. This results in reduced costs, flexibility and also enables the effective deployment of new products across our platform, as they become available.

One.Tel's open architecture network aims to use the latest Asynchronous Transfer Mode (ATM) and Internet Protocol (IP) to move our carrier grade voice and data traffic around the world. We aim to deploy the latest generation of products so that our customers can enjoy the benefits of the new converged world wide networks that are making more efficient use of the established information highways.

Our systems also allow us to compress voice and data resulting in substantially reduced costs. Our switches are programmable, allowing us to customise applications to suit each country's call flow.

The One.Tel Global Network Operations Centre

One.Tel's worldwide network is supported by a Global Network Operations Centre (NOC) located in Sydney. The NOC represents One.Tel's global monitoring hub and is designed to facilitate network optimisation, least cost routing and centralised traffic processing. This sophisticated centre delivers advanced network efficiency, security, fraud protection and superior control of One.Tel's switches around the world.

The NOC monitors the One.Tel network and all Points of Presence (POP) both in Australia and overseas. The NOC operates 24 hours a day, seven days a week.

A number of system tools are used to monitor the network, which identify faults or potential system errors and immediately notify network engineers for resolution in a set timeframe.



The NOC is also responsible for supporting One.Tel's Corporate customers. This is achieved by monitoring the permanent links between our corporate customers and One.Tel for our Internet and fixed wire products.

The visible topographical maps displayed in the NOC measure the connectivity of the network for all POPs and destinations. In addition the topographical representation monitors critical threshold levels and measures the service levels of switches, regional routers, server applications (and corporate customers).

Performance Checks

System driven "performance checks" are regularly undertaken to measure the basic functionality of all One.Tel products worldwide. These checks monitor the following:

1. Switches - Ensure that customer calls are being switched and that information regarding call destinations is being collected for the generation of Call Data Records (CDR's).
2. Database functionality - Ensure correct customer authentication for all customers.
3. Physical environments of global computer rooms - Confirmation that air temperatures are functioning at optimal levels.
4. Phone Card platforms - Confirm that calls are being switched.
5. Customer Service - Ensure that all systems relating to customer service are functioning. For example Interactive Voice Response (IVR) platforms - and call overflow between countries.

Monitoring Tools

The NOC uses a range of sophisticated tools to enable monitoring of basic connectivity between devices. These monitoring tools constantly monitor a number of system thresholds including:

- Disk space,
- Memory and
- CPU idle time.

Year 2000 Program

The company has dedicated significant resources to the achievement of Year 2000 compliance. It has established and implemented plans designed to minimise the risks associated with the Year 2000.

One.Tel's compliance program has been and will continue to be reviewed by an independent third party. The company is testing all business applications, system software, networks and hardware platforms to ensure they will function appropriately at the turn of the millennium.

The total budget allocated for Year 2000 compliance is \$2 million of which an amount of \$1.4 million has been incurred up to 30 June 1999. This has been treated as abnormal expenditure for the financial year.

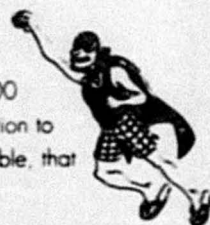
Technology

Year 2000 Program (cont.)

One.Tel is reliant on external parties, particularly telecommunication carriers and financial institutions in the delivery of its services to customers. Therefore, the company's operations may be significantly affected by the ability of external parties to comply with the Year 2000 date change. One.Tel has been, and will continue to work with all external parties in relation to Year 2000 compliance. The company will continue to obtain confirmation, as far as possible, that the systems of all external parties will operate effectively in the Year 2000.

Contingency plans have been put in place to minimise the potential impact of the Year 2000 through redundancy in hardware and software for key systems and the development of recovery plans and strategies for business critical systems.

The Board regularly reviews the progress of the company's compliance program.



Telecommunications – Looking to the Future

One.Tel's Position in a Wireless World

The information age has fast tracked the level of sophistication amongst consumers. Mobile phones are no longer considered to be a luxury item – they are a daily necessity. People are using wireless as anytime, anywhere communications and mobile phones are rapidly becoming an alternative to fixed wire services.

We believe that a whole range of communications like voice and data including the Internet, wireless and much more influence the telecommunications revolution. Until recently, voice has dominated our telecommunications networks, but increasingly more and more data is carried on these networks. The convergence of voice, data/Internet and video has commenced.

Regulatory Environment

The vision of the Australian Communications Authority is to develop "An efficient, competitive and increasingly self regulated communications sector which meets the needs of the Australian community."

Mobile Number Portability

Discussions on the implementation of Mobile Number Portability (MNP) commenced in September 1997. In March 1998, the ACA released a report outlining the functionality, cost and timeframe associated with a number of possible MNP solutions. The ACA's criteria for GSM number portability is to work in concert with the European Telecommunications Standards Institute (ETSI) to achieve a global standard.

In May 1999, the ACCC issued a discussion paper that identified the outstanding issues surrounding the implementation of MNP in Australia and the background material on those issues. The ACCC received comments on the discussion paper by 30 June 1999 and intends to make a final decision regarding MNP during the third quarter of 1999.



Telecommunications – Looking to the Future

Mobile Evolution

Second generation mobile technology was predominantly designed to support voice. The mobile landscape is now evolving, driven strongly by network vendors like Lucent Technologies who are focussed on developing standards, infrastructure and end to end applications that will enable high speed, wireless, data access and promote the growth of cellular multimedia devices.

Mobile phones can do everything that fixed wire networks can do, but at present the mobile user pays a premium for mobility. Statistics show that mobile phone users in many countries are approaching the number of fixed wire users. It is now widely agreed that although mobile networks are unlikely to compete effectively with fixed wire on delivering bandwidth, in the future, wireless will become the principal means of communication.

In the near future mobile phone services will be customised, allowing consumers to control what they receive and when they receive it. They will even be able to tailor the content of each service to fit their needs or geographic location.



Concise Financial Report

FOR THE YEAR ENDED 30 JUNE 1999

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One.Tel
100% Telephony Co.

This document, the Concise Financial Report, contains a summary of the company's financial performance for the year ended 30 June 1999. Further financial information can be obtained from the full financial report which is available to shareholders, free of charge, on request from the company. A copy may be requested by calling 61 2 9777 7227.

Directors' Report

Your directors submit the financial statements of the parent entity and its controlled entities for the year ended 30 June 1999.

Directors

The names of the directors in office at the date of this report are:

Mr John H. Greaves

Mr Bradley W. Keeling

Mr John D. Rich

Mr Rodney S. Adler

Mr Steven Gilbert (appointed 12 April 1999)

Mr Lachlan Murdoch (appointed 29 April 1999)

Mr James Packer (appointed 29 April 1999)

Mr Mark A. Silberman (alternate director for Bradley W. Keeling – up to 30 July 1999, when the Board resolved to appoint Mark Silberman a director).

Principal Activities

The principal activity of the economic entity during the financial year was the provision of telecommunications services.

No significant change in the nature of these activities occurred during the year.

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to \$6,965,000 (1998: \$5,910,000).

Earnings per Share

	1999 cents	1998 cents
Basic earnings per share	0.52*	5.6
Diluted earnings per share	0.51*	5.5

*Current year figures quoted after 10 for 1 share split.

Review of Operations

A review of operations of the economic entity during the financial year and the results of those operations show a 139% increase in earnings before depreciation, amortisation, interest, abnormal items and taxation over the 1998 trading results. Revenues also increased significantly from \$209.6 million to \$332.0 million – a 58% increase.

The results were largely due to strong growth in the fixed wire long distance and Internet business units in Australia and continued solid performance from the digital mobile business unit. Fixed wire subscribers in Australia grew from 41,000

to 180,000 over the 12 month period generating revenue of \$55 million for the year ended 30 June 1999.

One.Tel is now a global telecommunications company operating in seven countries on three continents around the world. Our United Kingdom office has been operating for only 9 months and already has 164,000 tolling subscribers and annualised revenue of \$37 million.

Total subscriber numbers from all global operations increased from 290,000 at the beginning of the year to 642,000 at 30 June 1999. We are currently registering new customers at the rate of 150,000 per month.

Dividends Paid or Recommended

An unfranked interim dividend of 1 cent was paid in March 1999. A final unfranked dividend of 0.1 cent has been recommended for the year ended 30 June 1999. (The final dividend quoted after 10 for 1 share split.)

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the economic entity during the financial period were as follows:

- i) On 1 July 1998 One.Tel Limited acquired One.Net Pty Limited and One.Card Pty Limited.
- ii) In September 1998, the company purchased GSM 1800MHz spectrum in Adelaide, Brisbane, Melbourne, Perth and Sydney.
- iii) Controlled entities within the consolidated entity have entered into an agreement with Lucent Technologies Australia Pty Limited for the provision of a GSM network in Sydney and Brisbane. The financial commitment to Lucent is dependent upon implementation and acceptance testing of the GSM network. Upon successful implementation and testing, the consolidated entity will be obligated to pay Lucent under a vendor financing arrangement \$438 million over ten years.
- iv) On 15 February 1999, the company announced that Publishing & Broadcasting Limited and News Limited made an investment in the company amounting to \$710 million, consisting of shares and options.

Likely Developments and Results

As recently reported, the company has announced it is pursuing a listing on the London Stock Exchange of parts of its business including the international and national long distance operations. At the date of this report, no appointment of a primary broker for the proposed float has been made.

Other likely developments in the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

Directors' and Auditors' Indemnification

During or since the financial year, the company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The directors have availed themselves of ASC Class Order No. 94/1701 in the disclosure of the nature of insurance cover and the amount of premium involved as it is prohibited by the contract itself.

Directors' Report

CONTINUED

Directors' Interests in Shares and Share Options

	Number of Shares Held	Number of Options Held
Kalara Investments Pty Limited (a company associated with Mr John D. Rich and Mr Bradley W. Keeling)	620,897,490	-
Dorigad Pty. Limited (a company associated with Mr James Packer)	74,682,190	33,333,330
Truegrip Pty. Limited (a company associated with Mr Bradley W. Keeling)	31,193,560	30,000,000
Two Gables Pty. Limited as trustee for Glowwine Investment Trust (a company associated with Mr Rodney S. Adler)	19,800,000	-
Inkwelo Pty. Limited (a company associated with Mr John H. Greaves)	12,300,010	-
Mr John D. Rich	6,666,670	-
Mr John H. Greaves	6,271,260	-
Bradley Keeling Management Pty. Limited	6,000,010	-
Bema Pty. Limited as trustee of the Aphex Investment Trust (a company associated with Mr Mark A. Silberman)	4,620,010	-
Life Cell Pty. Limited (a company associated with Mr John D. Rich)	108,510	93,333,330

Directors' Interests in Convertible Notes

	Amount \$'000	Conversion factor
Dorigad Pty. Limited (a company associated with Mr James Packer)	5,000	3.125
Gilbert Global Equity Partners, L.P. (a company associated with Mr Steven Gilbert)	US\$ 30,000	2.857*

*Subject to adjustment as set out in the terms and conditions.

Directors' Benefits

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the chief entity, controlled entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest, other than:

	1999 \$'000
Goods and services sold:	
FAI General Insurance Company Limited	90 ¹
Publishing & Broadcasting Ltd	89 ²
Goods and services purchased:	
Publishing & Broadcasting Ltd	1,421 ²
News Limited	810 ²

¹FAI ceased to be a related party on 23 September 1998.

²Publishing & Broadcasting Limited and News Limited became related parties on 29 April 1999.

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in this report, or the fixed salary of a full-time employee of the chief entity, controlled entity or related body corporate.

Directors and Executives Emoluments

Directors and executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages may include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the consolidated entity's diverse operations. Remuneration and other terms of employment for the Joint Chief Executive Officers, Finance Director and certain other senior executives are formalised in service agreements.

The Board within the maximum amount approved by the shareholders from time to time determines remuneration of non-executive directors.

Details of the nature and amount of each element of the emoluments of each director of One.Tel Limited and each of the five executives of the company and consolidated entity receiving the highest emoluments are set out in the following tables:

Directors of One.Tel Limited:

Name	Base Pay \$	Bonuses \$	Non cash benefits \$	Superannuation \$	Total \$
John H. Greaves	50,000	-	-	3,500	53,500
Bradley W. Keeling	419,167	500,000	8,605	-	927,772
John D. Rich	419,167	500,000	8,605	-	927,772
Mark A. Silbermann	250,000	175,000	7,205	-	432,205

Other directors have not received any remuneration either directly or indirectly.

Directors' Report

CONTINUED

Executives of One.Tel Limited:

Name	Base Pay \$	Bonuses \$	Non cash benefits \$	Superannuation \$	Total \$
Roland Cage	119,921	75,000	32,409	10,436	237,766
Andrew Gowans	126,000	50,000	8,602	-	184,602
Alicia Parker	70,346	10,000	-	5,549	85,895
Steven Hodgson	134,231	75,000	-	11,194	220,425
George Savva	136,219	75,000	7,205	10,905	229,329

Elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

1. Base pay is calculated on a total cost basis for the year ended 30 June 1999.
2. Bonus payments reflect payments made in respect of performance during the twelve months ended 30 June 1999.
3. Non cash benefits are stated at cost to the company including Fringe Benefits Tax, where applicable.
4. Superannuation payments represent payments in respect of the superannuation guarantee levy. Any contributions made by an individual may be salary sacrificed, and are included in base pay.

Share Options

Shares issued as a result of the exercise of options

During or since the end of the financial year, options have been exercised to acquire 4,333,334 shares in One.Tel Limited at a price of \$0.126 and 6,666,670 shares in One.Tel Limited at a price of \$0.0126.

Share options granted to directors

Options over unissued ordinary shares of One.Tel Limited granted during or since the end of the financial year to any of the directors of the company and consolidated entity as part of their remuneration were as follows:

Directors	Options Issued	Exercise Price	Expiry Date	Valuation
Bradley W. Keeling	25,000,000	\$1.00	29/04/2001	\$16,821,396
	5,000,000	\$1.00	29/04/2002	\$3,934,950
John D. Rich	35,000,000	\$1.00	29/04/2001	\$23,549,944
	25,000,000	\$1.00	29/04/2002	\$19,674,748

Meetings of Directors

During the year 10 meetings of directors were held. Attendances were:

	Directors Meetings	
	Number eligible to attend	Number attended
Mr John H. Greaves	10	7
Mr John D. Rich	10	10
Mr Bradley W. Keeling	10	10
Mr Rodney S. Adler	10	7
Mr Mark A. Silberman	10	7
Mr Lachlan Murdoch	1	1
Mr James Packer	1	1
Mr Steven Gilbert	2	2

John H Greaves attended 4 of 7 meetings as non-executive chairman.

John D Rich was appointed chairman for 4 meetings.

Bradley W Keeling was appointed chairman for 1 meeting.

Mark A Silberman was appointed chairman for 1 meeting.

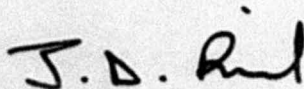
Rounding of Accounts

The chief entity has applied the relief available to it in ASIC Class Order 98/0100 and, accordingly, amounts in the financial statements and directors report have been rounded to the nearest thousand dollars.

After Balance Date Events

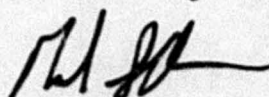
Matters arising after 30 June 1999 of significant nature have been detailed in Note 6 of the financial statements.

Signed in accordance with a resolution of the Board of Directors:



Mr John D. Rich
Director

Sydney, 16 August 1999.



Mr Mark A. Silberman
Director

Statement of Corporate Governance

The Company is governed on behalf of the shareholders by its Board of Directors. The Board is responsible for ensuring that there are appropriate corporate governance practices in place and operates in accordance with the following principles to fulfil its responsibility.

A. The Board

At present, the Board is comprised of eight members, including the three executive members of the Company, and five non-executive members. The members of the Board are introduced in more detail in the Directors' Report of this Annual Report. The Chairman of the Board, Mr John H. Greaves, is a non-executive director. The non-executive directors ensure that all issues which come before the Board are considered in an impartial manner, and from a variety of perspectives. The criteria for directorship are set out in the Company's constitution. Directors may be appointed by the Shareholders and by the Board to a casual vacancy. An election of directors must take place each year. All directors appointed by the Board, other than one of the Managing Directors, must submit themselves for election by the Shareholders at the next Annual General Meeting following their election. In addition, one third of the remaining directors must retire and may stand for re-election each year at the Annual General Meeting.

The Board is constituted on the following principles:

- the Chairman of the Board should be a non-executive director; and
- the Board should comprise directors with a broad range of experience in the telecommunications and other industries.

The Directors periodically review the composition of the Board to ensure that the members of the Board have the desired breadth of experience and expertise to govern the Company effectively and profitably.

B. Board Procedure

- The Board met 10 times during the 1998/1999 year.
- It is the view of the Board that each member of the Board should be involved in all aspects of corporate governance.
- The Board as a whole monitors compliance with statutory responsibilities and accounting and financial control procedures to ensure the accounts and other records are accurate and reliable.
- The Board monitors compliance with the relevant ASX Listing rules and the Corporations Law governing disclosure to ensure relevant information is released to the market to allow investors to make an informed assessment of the company's prospects.
- The Board reviews business risk as part of its agenda. Risk assessment during the year concentrated on, but was not limited to, commercial performance, communications network reliability, Year 2000 information systems compliance and telecommunications industry regulatory issues and related government policy.

C. Independent Advice

- The Directors are entitled to seek independent professional advice at the Company's expense to assist them in governing the Company in compliance with all applicable laws and regulations. Professional advice received by a member of the Board is made available to the other Board members.

D. Procedures for Establishing and Reviewing Compensation

- Directors' fees are determined by the Board within the aggregate approved by Shareholders. In considering the level of fees to be paid, the Board has regard to performance and comparable market rates.

E. Auditors and Audit Committee

- BDO Nelson Parkhill, the Company's Auditors, report directly to the Board on the appropriateness of the Company's internal accounting policies and practices.
- The Board reviews the adequacy of existing external audit arrangements each year, with particular emphasis on the scope and quality of the audit.
- Mr John H. Greaves (Chairman) and Mr Rodney S. Adler who are both non-executive directors of the company, meet subsequent to each Board meeting, to review and discuss all internal and external audit issues, accounting policy matters, financial disclosure requirements and make recommendations on matters relating to the Company's annual financial statements.

F. Ethics

- The Board's policy is that the Company and its employees must maintain high ethical standards in their dealings with the public and other members of the industry.
- The One.Tel Staff Policy sets out directives in relation to the conduct of the Company's employees and is discussed with each new employee as part of their induction.

Sales revenue for the group increased by 57% to \$326.0 million. This increase is largely attributable to strong growth in fixed wire long distance and in Internet subscribers and consistent growth in One.Tel's now mature GSM business. Revenue from international operations commenced in August 1998 and totalled \$23.5 million for the year ended 30 June 1999.

Earnings before interest, income tax, abnormal items, depreciation and amortisation (EBITDA) grew from \$10.6 million to \$25.2 million (139% increase). This increase is as a result of revenue growth and control over operating costs.

Depreciation and amortisation has increased due to amortisation of GSM customer acquisition costs, amortisation of losses on assets under finance lease arrangements and amortisation of goodwill created on the acquisition into the group of One.Card Pty Ltd on 1 July 1998.

Interest paid relates mainly to convertible notes issued in October and December 1998.

An amount of \$1.4 million in respect of expenses incurred on Year 2000 compliance has been shown as an abnormal item.

Net profit after tax increased from \$5.9 million to \$7.0 million (18% increase).

Profit and Loss Statement

FOR THE YEAR ENDED 30 JUNE 1999

	Note	Consolidated	
		1999 \$'000	1998 \$'000
Sales Revenue		325,985	207,336
Other Revenue		5,998	2,276
TOTAL OPERATING REVENUE		331,983	209,612
Earnings before depreciation, amortisation, interest, abnormal items and income tax		25,206	10,552
Depreciation and amortisation		(12,333)	(2,119)
Net interest (expense)/revenue		(1,641)	414
Operating profit before abnormal items and income tax		11,232	8,847
Abnormal items	2	(1,400)	-
Operating profit before income tax		9,832	8,847
Income tax expense attributable to operating profit		(2,867)	(2,937)
Operating profit after income tax		6,965	5,910
Retained profits at the beginning of the financial year		5,102	1,485
Total available for appropriation		12,067	7,395
Dividends provided for or paid	3	(2,992)	(2,293)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		9,075	5,102

The above consolidated profit and loss statement should be read in conjunction with the accompanying notes and discussion and analysis.

Discussion and Analysis

OF THE BALANCE SHEET

The group's net assets increased by \$334.9 million to \$363.0 million for the year ended 30 June 1999. A significant factor in this movement was the injection of capital during the period by News Ltd ("News") and Publishing and Broadcasting Ltd ("PBL").

Total assets have increased to \$526.0 million due largely to a cash balance of \$172.6 million and prepayments of \$151.4 million. The significant increase in these funds represents the proceeds of the News and PBL transaction referred to above with the majority of the prepayments balance relating to pre-paid advertising with News and PBL. Deferred expenditure relates mainly to business establishment costs and customer acquisition costs incurred in One.Tel's international operations. Receivables and fixed assets have increased in line with the growth of the business during the period.

Non-current assets have also grown due to creation of identifiable intangibles in respect of the acquisition of One.Net Pty Ltd and One Card Pty Ltd on 1 July 1998.

The liabilities of the consolidated entity have increased as a result of business growth, new leasing arrangements on capital equipment, the non-equity component of convertible notes issued in the period and provision for deferred consideration on the acquisition of One Net Pty Ltd and One Card Pty Ltd.

The group's gearing (debt to equity plus debt) is 16.2%. There were no significant borrowings at 30 June 1998.

Balance Sheet

AS AT 30 JUNE 1999

	Consolidated	
	1999 \$'000	1998 \$'000
CURRENT ASSETS		
Cash	172,641	8,403
Receivables	71,969	48,129
Inventories	2,477	1,133
Prepayments	31,830	478
Deferred expenditure	17,315	-
TOTAL CURRENT ASSETS	296,232	58,143
NON CURRENT ASSETS		
Receivables	2,851	4,859
Plant and equipment	41,027	12,665
Intangibles	27,977	-
Prepayments	119,563	-
Deferred expenditure	30,825	-
Future income tax benefit	7,492	2,532
TOTAL NON-CURRENT ASSETS	229,735	20,056
TOTAL ASSETS	525,967	78,199
CURRENT LIABILITIES		
Accounts payable	72,892	41,544
Borrowings	7,225	15
Provisions	4,742	1,871
TOTAL CURRENT LIABILITIES	84,859	43,430
NON-CURRENT LIABILITIES		
Accounts payable	-	2,744
Borrowings	62,904	12
Provisions	15,174	3,852
TOTAL NON-CURRENT LIABILITIES	78,078	6,608
TOTAL LIABILITIES	162,937	50,038
NET ASSETS		
SHAREHOLDERS' EQUITY		
Share capital	355,624	9
Convertible note	3,646	-
Reserves	(5,315)	23,050
Retained profits	9,075	5,102

Discussion and Analysis

OF THE STATEMENT OF CASH FLOWS

Net cash used in operating activities increased to \$28.9 million for the 12 months to 30 June 1999 compared to \$8.0 million for the prior year. This was due largely to the investment by the group in establishing operations in the United Kingdom, Europe and Asia, which accounted for \$23.4 million. A further \$2.3 million of cashflow has been expended in the establishment of One.Tel's new GSM 1800 network in Australia.

Net cash outflows from investing activities grew to \$32.2 million. Capital expenditure increased to a net \$14.9 million as a result of One.Tel's expansion overseas, the expansion of all operations in Australia and the purchase of GSM 1800MHz spectrum.

Financing activities are dominated by the injection of capital by News Limited ("News") and Publishing and Broadcasting Limited ("PBL") (\$430 million), pre-paid advertising associated with News and PBL over the next five years (\$150 million) and a capital reconstruction (\$106 million). Additionally, \$59 million was raised through the issue of convertible notes under various terms throughout the year.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 1999

	Consolidated	
	1999	1998
	\$'000	\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	300,135	186,459
Payments to suppliers and employees	(328,108)	(193,348)
Interest received	1,876	551
Interest paid	(3,517)	(137)
Income tax paid	669	(1,525)
NET CASH USED IN OPERATING ACTIVITIES	(28,945)	(8,000)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,630	-
Proceeds from sale of plant and equipment	19,234	-
Payment for plant and equipment	(34,156)	(9,913)
Payment for purchase of controlled entities	(6,780)	-
Payment for purchase of intangible assets	(9,491)	-
Loans repaid to related parties	-	410
Loans provided to other parties	(2,620)	-
Deferred expenditure	-	(1,249)
NET CASH USED IN INVESTING ACTIVITIES	(32,183)	(10,752)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of securities	430,348	25,764
Proceeds from borrowings	58,980	-
Repayment of borrowings	(4,201)	-
Dividends paid	(2,483)	(1,075)
Prepayment advertising	(150,000)	-
Share buy-back	(106,400)	-
Float costs	-	(317)
NET CASH PROVIDED BY FINANCING ACTIVITIES	226,244	24,372
Net increase in cash held	165,116	5,620
Cash and cash equivalents at beginning of year	8,403	2,783
Exchange rate adjustments	(878)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	72,641	8,403

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes and discussion and analysis

Notes to the Concise Financial Report

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Law, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as a full financial report.

It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuations of non-current assets.

The significant accounting policies which were adopted in the preparation of the full financial report are set out in that report. These accounting policies have been consistently applied by each entity of the consolidated entity and, except for the change in accounting policy disclosed below, are consistent with those of the previous financial year.

B. CHANGE IN ACCOUNTING POLICY

The directors have revised the accounting policy in relation to Deferred Expenditure. Costs associated with the establishment of business operations are deferred until such time as the operations are contributing to the consolidated entity. These costs are amortised over a period not exceeding three years. The effect of the revised policy has been that were these costs to be written off in full in the year incurred profit would have been reduced by \$32,410,000. Consolidated retained profits at the beginning of the year are not affected by this revised policy. Basic and diluted earnings per share would have decreased were these costs written off in full to a loss of \$0.019 and \$0.015 per share respectively.

NOTE 2 – ABNORMAL ITEMS

Operating profit after income tax includes the following abnormal items:

	1999 \$'000	1998 \$'000
Year 2000 software modification costs	1,400	-
Less: Applicable income tax credit	(504)	-

ABNORMAL ITEMS AFTER INCOME TAX

NOTE 3 – DIVIDENDS PAID OR PROPOSED

	1999 \$'000	1998 \$'000
Interim unfranked ordinary dividend	1,251	-
Final unfranked ordinary dividend	1,726	-
Interim fully franked ordinary dividend	-	1,075
Final partially franked ordinary dividend	-	1,218
Over provision in respect to prior year	15	-
DIVIDENDS PROVIDED FOR OR PAID	2,992	2,293

The amount of retained profits and reserves that could be distributed as fully franked dividends from franking credits that exist or will arise after payment of income tax in the next year, excluding credits attaching to any proposed dividend shown above

- -

NOTE 4 – EARNINGS PER SHARE

	1999	1998
Basic earnings per share (cents per share)	0.52	5.6
Diluted earnings per share (cents per share)	0.51	5.5
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,326,681,967	106,388,205
The figures for 1999 are quoted after a 10 for 1 share split at 10 May 1999.		

NOTE 5 – SEGMENT REPORTING

The economic entity operates in the telecommunications industry in Australia and internationally.

Geographic Segments

	Australia		International		Total	
	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000	1999 \$'000	1998 \$'000
Operating Revenue	302,478	207,336	23,507	-	325,985	207,336
Other Revenue	5,998	2,276	-	-	5,998	2,276
TOTAL REVENUE	308,476	209,612	23,507	-	331,983	209,612
NET PROFIT/(LOSS) BEFORE TAX	1,501	1,345	1,470	-	2,971	1,345
TOTAL ASSETS	469,445	78,199	56,512	-	525,957	78,199

Industry Segments

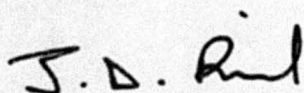
The economic entity operates in the telecommunications industry.

Directors' Declaration

In the opinion of the directors of One.Tel Limited, the accompanying concise financial report of the consolidated entity and its controlled entities, set out on pages 40 to 48:

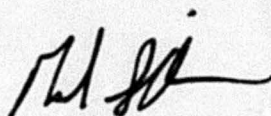
- a) Has been derived from the full financial period; and
- b) Complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Signed in accordance with a resolution of the directors.



Mr John D. Rich
Director

Sydney, 16 August 1999



Mr Mark A. Silberman
Director

Independent Audit Report

TO THE MEMBERS OF ONE.TEL LIMITED (ACN 068 193 153)



BDO Nelson Parkhill
Chartered Accountants
& Consultants

Level 23, 2 Market Street Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
DX 1222 Sydney
Tel: +61 2 9286 5555 Fax +61 2 9286 5599

Scope

We have audited the concise financial report of One.Tel Limited and its controlled entities for the financial year ended 30 June 1999, comprising the Statutory Balance Sheet and Profit and Loss Statement, Statement of Cash Flows, accompanying notes and Directors' Declaration, in order to express an opinion on it to the members of the company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. We have also performed an independent audit of the full financial report of One.Tel Limited for the year ended 30 June 1999. Our audit report on the full financial report was signed on 16 August 1999, and was not subject to any qualifications.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports".

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of One.Tel Limited complies with Accounting Standard AASB 1039 "Concise Financial Reports".

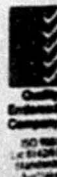
BDO Nelson Parkhill
Chartered Accountants

Stephen La Greca
Partner

Report dated 16th day of August 1999

Liability is limited by the Accountants
Scheme pursuant to the NSW

Accountants Act 1991



Shareholder Information

AS AT 30 JUNE 1999

A. Distribution of Shareholders

Category (size of holding)	Number of Holders	Ordinary Shares
1 - 1,000	419	326,192
1,001 - 5,000	1,306	3,923,571
5,001 - 10,000	549	4,725,666
10,001 - 100,000	390	10,946,148
100,001 & over	52	1,706,503,493
TOTALS	2,716	1,726,425,070

The were no holdings of less than a marketable parcel of ordinary shares

B. Substantial Shareholders

The names of the substantial shareholders listed in the holding company's register at 30 June 1999 are:

Ordinary Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Capital
Kalara Investments Pty Limited	620,897,490	35.97
Robbdac Pty Limited	322,500,000	18.68
Leteno Pty Limited	322,500,000	18.68
Cavalane Holdings Pty Limited	146,700,000	8.50
TOTALS	1,412,597,490	81.83

Shareholder Information

AS AT 30 JUNE 1999

C. 20 Largest Shareholders – Ordinary Capital

Ordinary Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Capital
Kalara Investments Pty Limited	620,897,490	35.97
Robbdac Pty Limited	322,520,000	18.68
Letena Pty Limited	322,500,000	18.68
Cavalane Holdings Pty Limited	146,700,000	8.50
Dorigad Pty Limited	74,682,190	4.32
Coldstream Capital, LLC	58,823,570	3.41
FAI General Insurance Company	43,950,420	2.55
Truegrip Pty Limited	31,193,560	1.81
Two Gables Pty Limited	19,800,000	1.15
Inkwelo Pty Limited	12,300,010	0.71
Westpac Custodian Nominees Limited	9,187,820	0.53
Coldstream International Partners LP	6,651,440	0.36
John Greaves	6,271,260	0.36
Bradley Keeling Management Pty Limited	6,000,010	0.35
Pacific Finance Group Pty Limited	4,623,520	0.27
Berna Pty Ltd	4,620,010	0.27
Angreb Pty Limited	3,620,000	0.21
Amcil Limited (Investment Portfolio A/C)	900,000	0.05
HKBA Nominees Ltd	887,680	0.05
Citicorp Nominees Pty Limited	874,500	0.05
TOTALS	1,696,983,480	98.28

D. Voting Rights

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll each member present in person or by proxy shall have one vote for each ordinary share held.

E. 30 Largest Optionholders – Ordinary Capital

Ordinary Name	Number of Options Held
Robbdac Pty Limited	140,000,000
Leteno Pty Limited	140,000,000
Life Cell Pty Limited	93,333,330
Dorigad Pty Limited	33,333,330
Truegrip Pty Limited	30,000,000
Mr John D. Rich	6,666,670
Maya Holdings Pty Ltd	2,750,000
Roland Cage	2,500,000
Steven Hodgson	2,500,000
George Sawva	2,500,000
Weng Khoo Chin	1,250,000
Matthew Lovegrove	1,250,000
Andrew Maizels	1,250,000
Sandy Slessor	1,250,000
Education & Selection Services Pty Ltd	1,000,000
Sarai Pty Limited	1,000,000
Carlos Perez-Sotomayor	1,000,000
Adiway Pty Ltd	500,000
Katrina Banks	500,000
Shanti Berggren	500,000
Sunnie Chaung	500,000
Paul Fleetwood	500,000
Teresa Keohane	500,000
Kathryn McCarthy	500,000
Jacqui Melman	500,000
Munira Ozdemir	500,000
Tania Pogson	500,000
Kevin Rawlings	500,000
Michael Wallace	500,000
Caroline Walsh	500,000
TOTALS	468,083,330

Glossary of Terms

Asynchronous Transfer Mode (ATM)

A global industry-based standard for broadband integrated communications that uses high-speed packet switching capabilities to carry 2 digital signals of varying bandwidth. Precursor to Broadband ISDN.

Australian Competition and Consumer Commission (ACCC)

Since July 1, 1997, this agency has been responsible for deregulation issues. Austel and the Spectrum Management Agency have amalgamated within another body, the Australian Communications Authority which is responsible for technical regulation. The Australian Communications Industry Forum is the industry's self-regulatory body.

Australian Consumers Association (ACA)

Non-government organisation which looks after consumers interests. Publishes a magazine called "Choice".

Bandwidth

The measure of how much data flows through a cable or radio link, usually expressed in bits per second.

Broadband

Networking technique for transmitting large amounts of voice, data, image, and multimedia signals over long distances on coaxial or fibre optic cables, in digital communication, signals at the 45 Mbps or higher rate.

Call Data Records

Computer record containing data unique to a specific call.

Carrier

A company which provides communications circuits. A local phone company is a common carrier. Common carriers are regulated.

Carrier Licence

Awarded by the Australian Communications Authority. It allows the recipients to carry any type of telephony call on its own leased network.

Cellular

A mobile network service provided by mobile network service operators/providers. The user typically pays for making and receiving calls. Cellular transmission is primarily used outdoors.

Data

Raw systems of bits that can be stored in computers and become information when converted into a form that can be viewed.

Dial Around

A number dialled prior to dialling a long distance call. A USA term for override.

Digital

A term used when data is represented by digits. A digital computer uses numbers in the binary coded electrical signals.

Domain Name

An address used to locate a site/business on the Internet.

EBITDA

Financial performance measurement which is earnings before interest, taxation, depreciation and amortisation.

European Telecommunications Standards Institute (ETSI)

An international standards body, comparable to ANSI, that recommends standards for telephony, ISDN, wireless plesiochronous, and synchronous transport in Europe.

Fibre

Hairthin structures usually cylindrical in shape for transmitting optical signals. They consist of a high index core surrounded by a lower index cladding and covered with a protective coating. Synonym for lightguide, optical fibre.

Fibre Optics

Communication medium that sends information in the form of light impulses over very thin glass fibres at very high speeds.

Fixed wire/fixed line calls

Refers to calls connected to the fixed line telephone system, a non-mobile call.

Fourth Generation

Non procedural languages which are software driven developed post 1975.

Gateway

A device or system that connects two dissimilar networks and provides protocol translation services enabling the networks to exchange information and transmissions.

GHz

Abbreviation for Gigahertz.

Global System for Mobile Communications (GSM)

The European standard for digital cellular service that includes a suite of enhanced features similar to ISDN.

GSM

(Global System for Mobiles) The most mature digital

GSM 1800 Network

Digital wireless phone network that operates in the 1800MHz spectrum band.

Hertz (Hz)

A unit of frequency equal to one wave per second (see wave).

High Bandwidth

A measure of data sent through a connection.

Infrastructure

In the context of telecommunications, a term used to describe the physical equipment and facilities that make up large-scale networks such as those built by incumbent carriers.

Intelligent call routing

Rerouting of a call.

Interactive

Used in reference to services. It describes the way in which users will be able to participate with the source of on-line information. An example of this would be ordering a video from a video channel by keying in a viewing request.

Interactive Voice Response (IVR)

A specialised computer that accepts input from either a telephone keypad or the caller's voice, and on the basis of that input, uses synthesised voice or prerecorded messages to offer callers choices on how they can complete the purpose of their call.

Inter-carrier roaming

An agreement between one mobile carrier and another mobile carrier. Roaming occurs when cellular (mobile) customers leave their cellular (mobile) carrier's home area.

Interconnection process

The process of connecting a call from one network to another network.

Interconnection tariffs

Fees charged by other carriers to connect to their networks.

International Gateway switches

A switch (designed to route voice calls) strategically located and programmed to route all calls through the carrier offering least cost to the desired destination. An International Gateway Switch has a number of carriers connected to it.

Internet Protocols (IP)

A standard describing software that keeps track of the internet work address for different nodes as well as routing

Internet Service Provider (ISP)

A vendor who provides access for customers to the Internet and the World Wide Web.

Key performance indicator (KPI)

A performance indicator of a key driver in a business.

Least Cost Routing (LCR)

A telephone system feature which automatically chooses the 'least cost' long distance line to send out a long distance number which is routed over the least cost service.

Legacy

Anything handed down from the past. Generally it is required that legacy systems are needed to be updated in line with current technology.

Mega

One million.

MHz

Abbreviation for Megahertz.

Mobile Number Portability

The ability of a mobile end-user to move to another mobile carrier while retaining the same mobile telephone number.

Multimedia

The ability to transmit and exchange information in several different formats such as text, graphics, sound, and full-motion video.

Network Operations Centre (NOC)

The work centre that monitors the operations of a telecommunications network.

On-line

Situation where a computer is connected to another computer via a telephone line, cable or wireless, allowing the user to read messages or download information. When disconnected, you're said to be off-line.

Open Architecture Technology

Refers to non-proprietary technology, which means that it is not necessary for the vendor of the technology to write a specification to reprogram the vendor's product. Reprogramming can be written in a common code 'in-house' by the purchaser's software developers.

Override

A number entered prior to dialling a national or international call.

Glossary of Terms

Personalised tariffing

Specially tailored call rate package

Point of Presence (POP)

The physical location where an interexchange carrier or a competitive access provider terminates lines before connecting to the local exchange company, another carrier, or directly to a customer

Pre-selection

A standard regulatory mechanism for allowing consumers access to a selected long distance operator's service through nomination

Protocol

A set of rules that govern network communications defining transmission rates, encoding schemes, physical interfaces, addresses, and how nodes contend for service; higher level protocols define specific functions such as printing, file sharing, etc

Real-time

When the system reacts quickly to a request rather than storing it later for processing

Roaming

In wireless communications, the movement by a user among many cells or zones. The term implies that the system can locate the handset as it "roams" and provide continuing service

Router

In a communications network, such as the Internet, a router is a device that selects a travel path for packets containing information, then sends them on their way. A router does its job by examining the headers, or destination addresses, of the packets passing through it and determines the best route to send them on

Server

A computer that stores information for use on the Internet

Service Provider

An organisation that manages traffic or sells packaged services or content on the information highway

Spectrum

A range of frequencies available for radio transmission and reception. The FCC has set aside portions of the spectrum for cellular service, television, FM radio, and satellite transmissions

Subscriber

A person or business with a telephone service provided by a telephone company

Switches

A mechanical, electrical or electronic device which opens or closes circuits, completes or breaks an electrical path, or selects paths, or circuits

Third Generation

1984 - 1995 integrated circuit

Tolling

A customer that has used One Tel's billable telephony service in the last 30 days

Transmission Control Protocol/Internet Protocol (TCP/IP)

A protocol capable of linking different computer platforms across networks

Trunk services

A communication line between two switching systems

Voice Traffic

Refers to the human voice telephone calls, carried on either fixed or mobile telephony networks

Web Browser

Software that moves documents on the World Wide Web to your computer

Wireless

Non-fixed telephony device, can take the form of a mobile phone or a wireless communication system

Wireless Communications

A term that refers to technologies that provide mobile communications for home or office, and "in-building wireless" for extended mobility around the work area, campus, or business complex. It is also used to mean "cellular" for in-or out-of-building mobility services

Wireline

Fixed Wire, ie home, fax or business line

Directory

Shareholder Enquiries

61 2 9777 7227

www.onatel.com.au

One.Tel Directors

John Greaves,
Non-Executive Chairman

Bradley Keeling,
Joint Managing Director

Jodee Rich,
Joint Managing Director

Rodney Adler,
Non-Executive Director

Steven Gilbert
Non-Executive Director

Lachlan Murdoch,
Non-Executive Director

James Packer,
Non-Executive Director

Mark Silbermann,
Finance Director

Company Secretaries

Mark Silbermann
Steven Hodgson
Alicia Parker

Registered Office

Level 28, 9 Castlereagh Street
Sydney NSW 2000, Australia

Solicitors

Baker and McKenzie
Level 26, AMP Centre,
50 Bridge Street
Sydney NSW 2000, Australia

Gilbert and Tobin
Level 4, 50 Carrington Street
Sydney NSW 2000, Australia

Firmstone and Feil
Level 23, Goldfields House
1 Alfred Street
Sydney NSW 2000, Australia

Freehill Hollingdale and Page
Level 38, MLC Centre
19 - 29 Martin Place
Sydney NSW 2000, Australia

Share Registry

Computer Share Registry
Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000, Australia
Telephone +61 2 8234 5000
Facsimile +61 2 8234 5050

Auditors

BDO Nelson Parkhill
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Sydney NSW 2000, Australia

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Perth WA 6000, Australia.
Ph: + 61 9 9213 5999



One.Tel®
100% Telephone Co.

Exhibit E

One Tel's Tariff

ONE TEL INC.

South Dakota Tariff No. 1
Title Page

INTEREXCHANGE RESALE MESSAGE TELECOMMUNICATIONS SERVICE

REGULATIONS AND SCHEDULES OF CHARGES

APPLICABLE TO SERVICES FURNISHED

BY

ONE TEL INC.

This tariff includes the rates, charges, terms and conditions of service for the provision of interexchange message telecommunications services provided by One Tel Inc. ("One.Tel") between points located within the State of South Dakota.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802

TITLE SHEETSOUTH DAKOTA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by One Tel Inc., with principal offices at 111 West Ocean Boulevard, Suite 2450, Long Beach, California 90802. The phone number for this office is (562) 308-1902. This tariff applies for services furnished within the state of South Dakota. Copies may be inspected, during normal business hours, at the Company's principal place of business.

Contact Person:

David H. Pace
Arter & Hadden, LLP
1717 Main Street
Suite 4100
Dallas, TX 75201

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

CHECK SHEET

The Title Page and Pages 1 – 15, inclusive, of this tariff are effective as of the date shown.

PAGE

REVISION NUMBER

ALL PAGES ORIGINAL

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

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ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

No Participating Carriers

ISSUED: December 1, 1999

EFFECTIVE: _____

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Long Beach, California 90802
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TARIFF FORMAT

Page Numbering – Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. From time to time new pages may be added to the tariff. When a new page is added between existing pages a decimal is added to the preceding page number. For example, a new page added between Pages 3 and 4 would be numbered Page 3.1.

Explanation of Symbols – When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (C) -- To signify changed regulation.
- (D) -- To signify discontinued rate or regulation.
- (I) -- To signify increase.
- (M) -- To signify matter relocated without change.
- (N) -- To signify new rate or regulation.
- (R) -- To signify reduction.
- (S) -- To signify reissued matter.
- (T) -- To signify a change in text, but no change in rate or regulation.
- (Z) -- To signify a correction.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

APPLICATION OF TARIFF

This tariff contains the regulations and rates applicable to the furnishing of Resale Intrastate Switched Voice Service by One Tel Inc. ("One Tel") between its Customers located in the state of South Dakota. Service is furnished subject to the availability of facilities and subject to transmission, atmospheric and like limitations.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 1 – DEFINITION OF TERMS

Access Code

The code dialed by an Authorized User to access the Company's services offered under this tariff. The Company's Access Code is 1015677.

Authorized User

Customer and any person utilizing the Carrier's services from a billing location owned and maintained by Customer.

Company, Carrier or One Tel

Whenever used in this tariff, "Company," "Carrier" or "One Tel" refers to One Tel Inc., unless otherwise specified or clearly indicated by the context.

Commission

South Dakota Public Utilities Division.

Customer

A person, firm, partnership, corporation or other entity which arranges for the Carrier to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Carrier's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff.

Subscriber

See Customer.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS**2.1 Undertaking of the Company****2.1.1 General**

One Tel's intrastate switched voice service offers calling between stations within South Dakota. One Tel may provide such services through its own facilities, or through resale of facilities owned and operated by other carriers.

2.1.2 Limitations

- (A) Service is offered subject to the availability of the necessary facilities or equipment, or both facilities and equipment, and subject to the provisions of this tariff.
- (B) The Company reserves the right to discontinue service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.
- (C) The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connection.
- (D) Service may be discontinued by the Company, without notice to the Subscriber or Customer, 1) by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations or 2) by blocking calls using certain Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of, or nonpayment for, its services. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the Subscriber or Customer affected, assign new authorization codes to replace those codes which have been deactivated.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.2 Use

Services provided under this tariff may be used by the Subscriber or Customer for any lawful telecommunications purpose for which the service is technically suited. The services may be used solely by Customer and persons authorized by Customer. The services may not be resold by Customer to any third persons.

2.3 Liability

- 2.3.1 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, due to causes beyond its control, including, without limitation to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots or wars, strikes, lockouts, work stoppage or other labor difficulties, and any order, regulation or other action of any governing authority or agency thereof, or by any other cause beyond the Company's direct control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Subscriber and the Customers against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Subscriber or Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use, or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.
- 2.3.3 The Company shall not be liable for any defacement of or damages to the premises of a Subscriber or Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.

ISSUED: December 1, 1999**EFFECTIVE:** _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
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SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.3 Liability (continued)

2.3.4 With respect to any claim or suit, by a Subscriber, Customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of intrastate long distance service, the Company's liability, if any, shall not exceed an amount equal to the initial period charge provided for under this tariff for the call for the period during which the call was affected. In no event shall the Company be liable for any incidental, indirect, special or consequential damages (including lost profits) of any kind whatsoever regardless of the cause or foreseeability thereof.

2.3.5 When the services or facilities of other common carriers are used separately or in conjunction with the Company's facilities or equipment in establishing connection to points not reached by the Company's facilities or equipment, the Company shall not be liable for any act or omission of such other common carriers or their agents, servants or employees.

2.4 Terminal Equipment

The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, or single line telephone. Such terminal equipment shall be furnished and maintained at the expense of the Subscriber or Customer. The Subscriber or Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of One Tel's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry.

2.5 Payment for Service and Credit Allowance**2.5.1 Payment for Service**

- (A) The Customer is responsible for the payment of all charges for service furnished to the Customer and his Authorized User(s), if any.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.5.1 Payment for Service (continued)

- (B) Notice of dispute must be received by One Tel in writing within 30 days after the billing invoice is issued, or the invoice shall be considered correct and binding upon the Customer.
- (C) The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or Authorized User by One Tel.

2.5.2 Taxes and Fees

Customer shall be responsible for payment of all applicable taxes, surcharges, assessments and utility fees charged with respect to the services. Taxes, surcharges, assessments and utility fees include, but are not limited to, federal excise tax, state sales tax, municipal tax, gross receipts tax, state and federal universal service assessments, and all other regulatory assessments. Applicable taxes, surcharges and utility fees are listed as separate line items in One Tel's invoices to Customer, and are not included in the rates listed in this tariff.

2.6 Validation of Credit

One Tel reserves the right to validate the credit worthiness of Customers in One Tel's sole and exclusive discretion and at any time. In applying for service, Customers authorize One Tel to provide credit information submitted by Customer to credit reporting agencies, credit providers, business references and employers for purposes of evaluating Customer's credit worthiness. One Tel may, in its discretion, place a credit limit on Customer's account. In the event that a Customer exceeds the limit placed on such Customer's credit in a given month, then One Tel may suspend further service unless Customer makes payment for services used or posts a deposit for additional services pursuant to this tariff. Potential customers who are denied service for failure to establish credit will be given the reason for the denial in writing within 10 days of service denial.

ISSUED: December 1, 1999**EFFECTIVE:** _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.7 Deposits

Deposits may be required from Customers whose credit history is unacceptable or unavailable, or who have exceeded their applicable credit limit. The amount of the deposit shall not exceed an amount equal to twice the estimated average monthly bill for the services provided. An existing Customer may be required to post a deposit as a condition of continued service if charges have become delinquent, with delinquent meaning that a payment was not received on or before the due date as posted on a bill for the Company's services, or a check, credit card payment or direct debit tendered by Customer as payment for services has been dishonored. Deposits held more than thirty (30) days by the Company shall bear interest at the 3-month commercial paper rate published by the Federal Reserve Board. Deposits held less than thirty (30) days shall not bear interest. No interest shall accrue on any deposit after the deposit has been credited to Customer's account or service to Customer has been discontinued. The deposit, less the amount of any unpaid bills for services furnished by One Tel, shall be refunded, within thirty (30) calendar days after the discontinuance of service, or after twelve (12) months of service, whichever comes first. However, deposits may not receive interest if the customer has received a minimum of two notices of discontinuance of service for nonpayment of bills in a 12-month period. The amount of the deposit, with accrued interest, may be applied by the Company to any unpaid charges for services, in which case the Company may require that an additional deposit be posted as a condition to continuing Customer's services. Customers who are denied service for failure to pay a deposit will be given the reason for the denial in writing within 10 days of service denial.

2.8 Billing Arrangements

2.8.1 Customers will either be billed directly by Carrier or its intermediary, or charges will be included in Customer's regular telephone bill pursuant to billing and collection agreements established by Carrier or its intermediary with the applicable telephone company.

2.8.2 Carrier will render bills monthly. Payment is due within fifteen (15) days after Customer's receipt of its bill.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.8 Billing Arrangements (continued)

2.8.3 Carrier may impose a late payment of 1.5% on any bill not paid within thirty (30) days of receipt by the Customer.

2.8.4 If a check offered by Customer for payment of services rendered is dishonored, a returned check charge shall be applied in the amount of \$20.00.

2.9 Discontinuance of Service**2.9.1 Discontinuance By Customer**

Customers are responsible for notifying the Company of their desire to discontinue service on or before the date of disconnection. Such notice may be either oral or written. If oral, the Company may require appropriate verification of the identity of the customer.

2.9.2 Discontinuance By Carrier

Service may be discontinued by Carrier for nonpayment of bills if: (i) the bill has not been paid by the due date shown on the bill; and (ii) notice of the proposed discontinuance is provided to Customer. In such cases, the discontinuance of service will not be initially discontinued on any Saturday, Sunday, legal holiday, or any other day Carrier's service representatives are not available to serve customers.

Notwithstanding the foregoing, however, Carrier may refuse or discontinue services immediately and without advance notice if the acts of Customer are such as to indicate an intention to defraud Carrier, such as by fraudulently placing and receiving calls and/or providing false credit information.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.9.3 Carrier's Notice of Discontinuance

In circumstances where a notice of discontinuance by the Carrier is required, notices by Carrier will be provided in writing by first class mail to Customer not less than 7 calendar days prior to termination. Such notices will include the following information:

- (a) The name and address of the Customer whose account is delinquent.
- (b) The amount that is delinquent.
- (c) The date when payment or arrangements for payment are required in order to avoid termination.
- (d) The procedure the customer may use to initiate a complaint or to request an investigation concerning service or charges.
- (e) The procedure the customer may use to request amortization of the unpaid charges.
- (f) The toll-free telephone number of a representative of the Company, who can provide additional information or institute arrangements for payment.
- (g) The telephone number (including any toll-free number) of the California Public Utility Commission's Consumer Services Division where the Customer may direct inquiries.

2.10 Minimum Period

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month. When service is used within a month, and is discontinued in the same month, Customer shall be responsible for payment of the monthly access fee for that month, plus all other applicable charges for calls made during that month.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 3 – QUALITY AND TYPES OF SERVICE OFFERED**3.1 General**

One Tel is a long distance service provider which renders services primarily through the resale of services provided by One Tel's underlying carriers. One Tel service is designed and engineered to provide high quality transmission of voice and data with a minimum level of impairment such as noise and echo. One Tel's intrastate long distance services may be obtained by customers by dialing One Tel's 101XXXX Access Code. That Access Code is 1015677. One Tel does not offer 1+ services or alternative operator services at this time.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 4 – INTRASTATE RATES**4.1 General**

Service within South Dakota is offered by the Company as specified in this tariff. Rates apply for all days of the week, including holidays.

The Customer is ultimately responsible for all charges. Each Customer is charged individually for each call placed through the Company's network.

4.2 Per Call Charges and Timing of Calls

4.2.1 Minimum duration – All completed calls shall be billed for a minimum of three (3) minutes at the rate set forth in Section 4.5. Calls will be billed for time in excess of three (3) minutes at the rate set forth in Section 4.5 in one minute increments, with fractional minutes rounded to the next highest minute.

4.2.2 Chargeable time for all calls begins when the called station is answered. Chargeable time for all calls ends when one of the parties disconnects from the call.

4.2.3 No charges are assessed for uncompleted calls.

4.3 Monthly Access Fee

In addition to the per call charges, Customer will be charged a monthly access fee of \$2.95 per month for each calendar monthly period in which Customer uses the services provided under this tariff.

4.4 Additional Pay Phone Charges

In addition to the other charges hereunder, Customer will be charged any fees assessed by the owner of pay phones used by Customer to place calls under this tariff.

4.5 Intrastate Per Call Rate

The per call billing rate applied to all intrastate calls is \$.06 per minute.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

ARTER & HADDEN, LLP 4-91
DOCKET CHECKING ACCOUNT
1717 MAIN STREET, SUITE 4100
DALLAS, TX 75201

3638

DATE 12/16/99 32-61-1110

PAY TO THE ORDER OF South Dakota Public Utilities Division \$ 250.00

two hundred fifty dollars & no/100 DOLLARS

BANK ONE, TEXAS, NA - NO. 14010
DALLAS, TEXAS 75201

FOR 12/16/99

⑆003638⑆ ⑆111000611⑆ ⑆0100057957⑆

Signatures

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of December 2, 1999 through December 8, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.

Phone: 605-773-3705 Fax: 605-773-3709

CONSUMER COMPLAINTS

CT99-067 In the Matter of the Complaint filed by Robert J. Ries and Treva Jean M. Ries, Watertown, South Dakota, against OLS, Inc. Regarding Switching Telecommunications Services Through Deceptive Tactics.

The Complainants claim that they were contacted by telephone to consolidate their billing. As a result of the call, their long distance service was switched to OLS, Inc. The Complainants want telephone companies to "have everything in writing before anything could change."

Staff Analyst: Leni Healy

Staff Attorney: Karen Cremer

Date Filed: 12/02/99

Intervention Deadline: NA

CT99-068 In the Matter of the Complaint filed by Mrs. Robert Binfet, Aberdeen, South Dakota, against OLS, Inc. Regarding Switching Telecommunications Services Through Deceptive Tactics.

The Complainant claims that she received a call from a telemarketer representing her local phone company. As a result of this call, the Complainant's long distance service was switched. The Complainant is seeking to have the charges removed and a fine assessed.

Staff Analyst: Leni Healy

Staff Attorney: Karen Cremer

Date Filed: 12/08/99

Intervention Date: NA

CT99-069 In the Matter of the Complaint filed by Sandy Curran, Sisseton, South Dakota, against OLS, Inc. Regarding Switching Telecommunications Services Through Deceptive Tactics.

The Complainant indicates that as a result of a sales call, she switched her long distance service. The rates and fees which appeared on her billing were not the rates and fees promised.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Date Filed: 12/08/99
Intervention Date: NA

TELECOMMUNICATIONS

TC99-112 In the Matter of the Joint Application of U S WEST Communications, Inc. and Sully Buttes Telephone Cooperative, Inc. and Venture Communications, Inc. Regarding the Sale by U S WEST of its Sisseton Telephone Exchange to Sully Buttes Telephone Cooperative, Inc. and Venture Communications, Inc.

On July 23, 1999, U S WEST Communications, Inc. (U S WEST) and Venture Communications, Inc. (VCI) a wholly-owned subsidiary of Sully Buttes Telephone Cooperative, Inc. (SBTC) entered into an Agreement for the sale and purchase of the Sisseton Exchange. On December 2, 1999, the Commission received a joint application from U S West and VIC/SBTC for approval of the sale.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Dated Filed: 12/02/99
Intervention Deadline: 12/23/99

TC99-113 In the Matter of the Petition of McLeodUSA Telecommunications Services, Inc. for a Declaratory Ruling on Whether the Discontinuance of the Retail Sale of Voice Messaging Service by U S WEST Communications, Inc. to McLeodUSA Violates SDCL 49-31-11.

The petition by McLeodUSA as summarized states: U S WEST Communications (U S WEST) offers Voice Messaging Service (VMS) pursuant to its South Dakota Exchange and Network Services Catalog. There is nothing in the catalog that restricts the selling of VMS to residential or business customers either to individual customers, in bulk or in large numbers, or for any customer to then resell to others. McLeodUSA, as a service to its customers, buys VMS from U S WEST under the terms and conditions of U S WEST's catalog and at the retail prices published by U S WEST in the catalog. McLeodUSA then resells the VMS to its customers at the same rate, and under the same terms and conditions, as in the catalog. The purchase and resale of VMS is not done pursuant to a resale agreement or pursuant to any wholesale discount required by the Telecommunications Act of 1996. On September 22, 1999, McLeodUSA

became aware for the first time that the sale of VMS by U S WEST in South Dakota to McLeodUSA would be discontinued. The only reason stated for this action by U S WEST is that it is not required to sell VMS for resale by companies. Despite attempts to have the decision concerning the retail provisioning of VMS to McLeodUSA changed, U S WEST is now prepared to disconnect over 400 VMS customers in South Dakota because they are also customers of a competitor, McLeodUSA. McLeodUSA may be successful in keeping these customers on a VMS platform provided by McLeodUSA or another vendor, but at a cost for local transport, much of which is controlled by and must be purchased from U S WEST. There is no good or justifiable business reason to single out the purchase at retail of VMS by a competitor, who then resells the service, as a target for making the service not available as described in the catalog. This is just another attempt by U S WEST to inhibit competition in its South Dakota local exchange market in violation of explicit state law prohibiting such discriminatory conduct. The discontinuance of the retail sale of VMS by U S WEST to McLeodUSA for purposes of resale is an unjust and unreasonably discriminatory action by U S WEST in violation of SDCL 49-31-11.

Staff Analyst: Harlan Best
Staff Attorney: Camron Hoseck
Date Filed: 12/02/99
Intervention Deadline:

TC99-114 In the Matter of the Petition of Dakota Telecom, Inc. to Amend its Certificate of Authority to Allow Dakota Telecom, Inc. to Provide Service to the Jefferson, South Dakota Exchange.

On October 22, 1996, Dakota Telecom, Inc. (DTI) was granted a Certificate of Authority to provide telecommunications services, including local exchange services, throughout the State of South Dakota. This grant was subject to the Commission's restriction with respect to rural telephone companies. DTI is requesting that the Commission amend its previous Order granting DTI its certificate and grant DTI the authority to provide service to the entire exchange of Jefferson, South Dakota, an exchange currently served by Long Lines, Inc. d/b/a Jefferson Telephone company, a rural telephone company as that term is defined in Federal and State law.

Staff Analyst: Heather Forney
Staff Attorney: Camron Hoseck
Dated Filed: 12/06/99
Intervention Deadline: 12/24/99

TC99-115 In the Matter of the Application of One Tel Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

One Tei Inc. seeks a Certificate of Authority to provide resold interexchange dial around telecommunication services. One Tel intends to provide services through South Dakota to business and residential end-users.

Staff Analyst: Keith Senger
Staff Attorney: Camron Hoseck
Date Filed: 12/08/99
Intervention Date: 12/23/99

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ARTER & HADDEN^{LLP}

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JAN 24 2000

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

San Diego
San Francisco
Washington, D.C.
Woodland Hills
Affiliated Offices
Brussels, Belgium
Geneva, Switzerland

January 21, 2000

Writer's Direct Dial: 214.761.4736
Internet e-mail: jpace1@arterhadden.com

VIA EXPRESS MAIL

Mr. Keith Senger
Utility Analyst
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501

Re: Application of One Tel Inc. for a Certificate of Authority
To Provide Telecommunications Service in South Dakota

Dear Mr. Senger:

This letter will provide you with the additional information that we discussed earlier this week concerning the application of One Tel Inc. ("One Tel") for a Certificate of Authority to provide telecommunications services in South Dakota.

1. One Tel's federal tax identification number is 954667252.
2. No complaints have been filed against One Tel with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider or the act of charging customers for services that have not been ordered.
3. One Tel is a dial-around long distance reseller. One Tel will not offer prepaid calling cards, and will not require deposits or advance payments from its customers. I have made changes to Section 2.7 of the proposed tariff to reflect these changes. One Tel charges a monthly fee of \$2.95 for its services, but that monthly fee is billed in arrears and is not collected in advance by One Tel. I have made changes to Section 4.3 of the proposed tariff to clarify that the monthly fee is not charged in advance by One Tel. One Tel hereby agrees to certification with the restriction that One Tel shall not offer prepaid calling cards or collect advance payments or customer deposits.

Mr. Keith Senger
Utility Analyst
State Capitol Building

ARTER & HADDEN_{LLP}

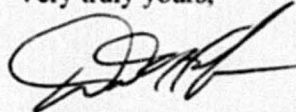
-2-

4. One Tel has modified Section 2.1.1 of its proposed tariff to clarify that One Tel will not provide services through its own facilities. Instead, One Tel will serve as a reseller of long distance services.
5. One Tel has modified Section 2.5.1(B) of its proposed tariff to increase the customer dispute period from 30 days to 180 days.
6. One Tel has modified Section 2.9.3(g) of its proposed tariff to make reference to the South Dakota Public Utilities Commission, including the Commission's address and telephone numbers.
7. For inquiries about One Tel's application, my e-mail address is dpace2@worldnet.att.net. Inquiries directly to One Tel should be made to Ms. Michelle Underwood. Ms. Underwood's e-mail address is shellu@one.net.au.
8. I have deleted sections 2.3.3 and 2.3.4 from the proposed tariff. Those sections contained language limiting One Tel's liability. As requested, I have also added to the end of Section 2.3.2 language stating "its agents, officers or employees."

Enclosed with this letter are an original and ten (10) copies of pages 7, 8, 9, 10, 11, 13 and 15 of the proposed tariff incorporating the requested changes.

Thank you for your help with this matter, and please do not hesitate to call me if you need any further information.

Very truly yours,



David H. Pace

Enclosures

SECTION 2 – RULES AND REGULATIONS**2.1 Undertaking of the Company****2.1.1 General**

One Tel's intrastate switched voice service offers calling between stations within South Dakota. One Tel will provide services through resale of facilities owned and operated by other carriers.

2.1.2 Limitations

- (A) Service is offered subject to the availability of the necessary facilities or equipment, or both facilities and equipment, and subject to the provisions of this tariff.
- (B) The Company reserves the right to discontinue service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.
- (C) The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connection.
- (D) Service may be discontinued by the Company, without notice to the Subscriber or Customer, 1) by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations or 2) by blocking calls using certain Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of, or nonpayment for, its services. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the Subscriber or Customer affected, assign new authorization codes to replace those codes which have been deactivated.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.2 Use

Services provided under this tariff may be used by the Subscriber or Customer for any lawful telecommunications purpose for which the service is technically suited. The services may be used solely by Customer and persons authorized by Customer. The services may not be resold by Customer to any third persons.

2.3 Liability

- 2.3.1 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, due to causes beyond its control, including, without limitation to, acts of God, fires, floods or other catastrophes, national emergencies, insurrections, riots or wars, strikes, lockouts, work stoppage or other labor difficulties, and any order, regulation or other action of any governing authority or agency thereof, or by any other cause beyond the Company's direct control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Subscriber and the Customers against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff ; or for any act or omission of the Subscriber or Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use, or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company its agents, officers or employees.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.3 Liability (continued)

2.3.3 When the services or facilities of other common carriers are used separately or in conjunction with the Company's facilities or equipment in establishing connection to points not reached by the Company's facilities or equipment, the Company shall not be liable for any act or omission of such other common carriers or their agents, servants or employees.

2.4 Terminal Equipment

The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, or single line telephone. Such terminal equipment shall be furnished and maintained at the expense of the Subscriber or Customer. The Subscriber or Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of One Tel's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry.

2.5 Payment for Service and Credit Allowance**2.5.1 Payment for Service**

(A) The Customer is responsible for the payment of all charges for service furnished to the Customer and his Authorized User(s), if any.

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ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
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Long Beach, California 90802
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SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.5.1 Payment for Service (continued)

- (B) Notice of dispute must be received by One Tel in writing within 180 days after the billing invoice is issued, or the invoice shall be considered correct and binding upon the Customer.
- (C) The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or Authorized User by One Tel.

2.5.2 Taxes and Fees

Customer shall be responsible for payment of all applicable taxes, surcharges, assessments and utility fees charged with respect to the services. Taxes, surcharges, assessments and utility fees include, but are not limited to, federal excise tax, state sales tax, municipal tax, gross receipts tax, state and federal universal service assessments, and all other regulatory assessments. Applicable taxes, surcharges and utility fees are listed as separate line items in One Tel's invoices to Customer, and are not included in the rates listed in this tariff.

2.6 Validation of Credit

One Tel reserves the right to validate the credit worthiness of Customers in One Tel's sole and exclusive discretion and at any time. In applying for service, Customers authorize One Tel to provide credit information submitted by Customer to credit reporting agencies, credit providers, business references and employers for purposes of evaluating Customer's credit worthiness. One Tel may, in its discretion, place a credit limit on Customer's account. In the event that a Customer exceeds the limit placed on such Customer's credit in a given month, then One Tel may suspend further service unless Customer makes payment for services used or posts a deposit for additional services pursuant to this tariff. Potential customers who are denied service for failure to establish credit will be given the reason for the denial in writing within 10 days of service denial.

ISSUED: December 1, 1999**EFFECTIVE:** _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)

2.7 Deposits and Prepayments

One Tel will not require customers to make deposits or prepayments for One Tel's services.

2.8 Billing Arrangements

2.8.1 Customers will either be billed directly by Carrier or its intermediary, or charges will be included in Customer's regular telephone bill pursuant to billing and collection agreements established by Carrier or its intermediary with the applicable telephone company.

2.8.2 Carrier will render bills monthly. Payment is due within fifteen (15) days after Customer's receipt of its bill.

ISSUED: December 1, 1999

EFFECTIVE: _____

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 2 – RULES AND REGULATIONS (CONTINUED)**2.9.3 Carrier's Notice of Discontinuance**

In circumstances where a notice of discontinuance by the Carrier is required, notices by Carrier will be provided in writing by first class mail to Customer not less than 7 calendar days prior to termination. Such notices will include the following information:

- (a) The name and address of the Customer whose account is delinquent.
- (b) The amount that is delinquent.
- (c) The date when payment or arrangements for payment are required in order to avoid termination.
- (d) The procedure the customer may use to initiate a complaint or to request an investigation concerning service or charges.
- (e) The procedure the customer may use to request amortization of the unpaid charges.
- (f) The toll-free telephone number of a representative of the Company, who can provide additional information or institute arrangements for payment.
- (g) The address and telephone number (including any toll-free number) of the South Dakota Public Utilities Commission, State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501 (800) 332-1782, (800) 877-1113.

2.10 Minimum Period

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month. When service is used within a month, and is discontinued in the same month, Customer shall be responsible for payment of the monthly access fee for that month, plus all other applicable charges for calls made during that month.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SECTION 4 – INTRASTATE RATES**4.1 General**

Service within South Dakota is offered by the Company as specified in this tariff. Rates apply for all days of the week, including holidays.

The Customer is ultimately responsible for all charges. Each Customer is charged individually for each call placed through the Company's network.

4.2 Per Call Charges and Timing of Calls

4.2.1 Minimum duration – All completed calls shall be billed for a minimum of three (3) minutes at the rate set forth in Section 4.5. Calls will be billed for time in excess of three (3) minutes at the rate set forth in Section 4.5 in one minute increments, with fractional minutes rounded to the next highest minute.

4.2.2 Chargeable time for all calls begins when the called station is answered. Chargeable time for all calls ends when one of the parties disconnects from the call.

4.2.3 No charges are assessed for uncompleted calls.

4.3 Monthly Access Fee

In addition to the per call charges, Customer will be charged a monthly access fee of \$2.95 per month for each calendar monthly period in which Customer uses the services provided under this tariff. This fee will be billed monthly and in arrears.

4.4 Additional Pay Phone Charges

In addition to the other charges hereunder, Customer will be charged any fees assessed by the owner of pay phones used by Customer to place calls under this tariff.

4.5 Intrastate Per Call Rate

The per call billing rate applied to all intrastate calls is \$.06 per minute.

ISSUED: December 1, 1999**EFFECTIVE: _____**

ISSUED BY: John D. Rich, President
111 West Ocean Boulevard
Suite 2450
Long Beach, California 90802
(562) 308-1902

SENT BY:

2-22- 0 ; 6:11PM ;

ARTER & HADDEN-

605 773 3809;# 1/ 2

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Geneva, Switzerland

FAX COVER SHEET

TO:
Mr. Keith Senger

COMPANY:
South Dakota Public Utilities
Commission

FAX NO:
605-773-3809

FROM: David H. Pace DATE: 2/22/00 TIME: _____

Direct Dial: (214) 761-4736 E-Mail: dpacel@arterhadden.com

TOTAL NO. OF PAGES: 2 CLIENT/MATTER: 74676/97902
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Geneva, Switzerland

February 22, 2000

Writer's Direct Dial: 214.761.4736
Internet e-mail: Dpace1@arterhadden.com

VIA FACSIMILE

Mr. Keith Senger
Utility Analyst
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: TC99-105 Application of One Tel Inc. for Certificate of Authority

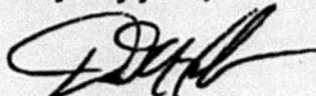
Dear Keith:

This letter will confirm our conversation earlier today. One Tel Inc. normally includes its financial information in financial statements that are consolidated with those of its parent company, One Tel Limited. In order to meet the requirements of South Dakota for separate financial statements, One Tel Inc. is having its outside accountants prepare a separate balance sheet, income statement and cash flow statement.

Unfortunately, those separate financial statements will in all likelihood not be completed by February 29, 2000. Rather than submit an incomplete application which the Commission could not approve, I respectfully request that One Tel Inc. be permitted to withdraw its application from consideration at this time. As soon as the remaining accounting information has been prepared by One Tel's accounting firm, One Tel will re-file a new and up to date application that is complete in all respects for consideration by the Commission.

Please let me know whether the Commission will permit a withdrawal of One Tel's application until such time as the required financial information has been obtained. Thank you for your assistance with this matter,

Very truly yours,



David H. Pace

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER PERMITTING
ONE TEL INC. FOR A CERTIFICATE OF)	WITHDRAWAL OF
AUTHORITY TO PROVIDE)	APPLICATION AND
TELECOMMUNICATIONS SERVICES IN)	CLOSING DOCKET
SOUTH DAKOTA)	TC99-115

On December 8, 1999, One Tel Inc. (One Tel) filed an application with the Public Utilities Commission (Commission) for a certificate of authority to operate as a telecommunications company within the state of South Dakota.

On February 22, 2000, One Tel requested that its application for a certificate of authority be withdrawn, without prejudice.

At its regularly scheduled February 29, 2000, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-3 and ARSD Chapter 20:10:24. The Commission found that One Tel's request to withdraw its request for a certificate of authority, without prejudice, is reasonable and closed the docket. It is therefore

ORDERED, that One Tel's application for a Certificate of Authority may be withdrawn, without prejudice, and this docket is closed.

Dated at Pierre, South Dakota, this 16th day of March, 2000.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Melanie Kalbo</u>
Date: <u>3/8/00</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner