

TC05-157

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

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Monica Borne Haab
EllenAnn G. Sands
Philip R. Adams, Jr.

Of Counsel
Bruce C. Betzer

August 11, 2005

Via Overnight Delivery

Executive Secretary
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501-5070

RECEIVED
AUG 12 2005
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: VANCO DIRECT USA, LLC

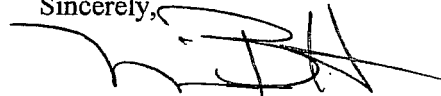
Dear Sir:

Enclosed herewith for filing please find an original and ten (10) copies of the Application of Vanco Direct USA, LLC for authority to provide resold local exchange and interexchange telecommunications services, including private line data service. The requisite \$250.00 filing fee is also enclosed.

Please date stamp and return the attached copy of this letter as acknowledgment of your receipt of these documents. A self-addressed, stamped envelope has been provided for this purpose.

If you should have any questions regarding this filing, please do not hesitate to call.

Sincerely,



Monica Borne Haab

Enclosure

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF)
VANCO DIRECT USA, LLC FOR A CERTIFICATE)
OF AUTHORITY TO PROVIDE RESOLD INTEREXCHANGE)
AND LOCAL EXCHANGE TELECOMMUNICATIONS)
SERVICES AND RESOLD PRIVATE LINE SERVICES)
IN SOUTH DAKOTA)

RECEIVED
AUG 12 2005
Docket No. SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

APPLICATION

Vanco Direct USA, LLC ("Vanco USA" or "Applicant") hereby submits this application for certificate of authority to provide resold interexchange and local exchange intrastate telecommunications service and resold private line services within the State of South Dakota. The Company will provide interexchange, local exchange and private line services on a resale basis only. In support of its application, the Applicant provides the following information:

§20:10:32:03. Certificate of authority for local exchange service.

1. The Applicant is a corporation whose legal name, principal address and telephone number, facsimile number, website and E-Mail address are as follows:

Vanco Direct USA, LLC
1420 Kensington Rd.
Suite 103
Oak Brook, IL 60523
Phone: (630) 218-5890
Fax: (630) 218-5891
Website: www.vanco-us.com
Customer Service E-Mail: info@vanco-us.com

2. Applicant is a limited liability company whose managers and members along with their associated business addresses are as follows:

Edward Allen Timpany
Manager
John Busch House
277 London Road, Isleworth
Middlesex, TW7 5AX
United Kingdom

Simon John Hargreaves
Manager
John Busch House
277 London Road, Isleworth
Middlesex, TW7 5AX
United Kingdom

Ted Raffetto
Manager
John Busch House
277 London Road, Isleworth
Middlesex, TW7 5AX
United Kingdom

VNO Direct Limited
Member
John Busch House
277 London Road, Isleworth
Middlesex, TW7 5AX
United Kingdom

3. The Company will provide services under its legal name Vanco Direct USA, LLC. The Company has not registered, and will not use any trade names or fictitious names within the State of South Dakota.
4. a. The Company will not have its principal office in South Dakota. The Company's registered agent in South Dakota is:

Corporation Service Company
503 South Pierre Street
Pierre, SD 57501

- b. VNO Direct Limited is the sole owner of the Applicant. Vanco Direct Limited is owned by Vanco Group Limited, which is a wholly-owned subsidiary of Vanco PLC, a publicly-held company of the United Kingdom. An organizational chart listing all affiliated companies is attached hereto as Exhibit C.
 - c. The Applicant was established as a Delaware limited liability company on February 3, 2005. A copy of Applicant's Articles of Organization is attached as **Exhibit A**.
 - d. The Company is authorized to transact business within South Dakota as evidenced by the Certificate of Authority attached hereto as **Exhibit B**.
5. The Applicant is not authorized and has not provided any telecommunications services in any states. However, the Applicant's management team has extensive telecommunications-related experience. Neither the Applicant nor any affiliate have been denied authorization to provide service in any state.
6. The Applicant is a wholly-owned subsidiary of VNO Direct Limited, and was formed for the sole purpose of obtaining certification as a telecommunications service provider throughout the United States. The Applicant has no subsidiaries, but is affiliated with the companies shown in the organizational chart submitted as **Exhibit C**. As a start-up entity, the Applicant will be funded by its affiliate Vanco UK Limited.

7. The Company will offer local exchange services on a resale basis, including resale of private line data services. The local exchange carrier whose service the Applicant will resale and whose network elements the Applicant will purchase is Qwest Corporation.
 - a. The Applicant will initially offer only resold private line services to business customers and other providers. Local exchange services will be offered to residential and business customers at a later date.
 - b. The Applicant intends to begin reselling private line data services in South Dakota within 90 days of the granting of a Certificate of Authority by the Commission. Provision of local exchange services are expected to be implemented within 1 year of certification. The Applicant does not intend to provide services through the use of its own facilities.
 - c. The Applicant will utilize the underlying facilities of Qwest Corporation to furnish its proposed local exchange services.
 - d. The Applicant will initially provide resold private line data services. The Company will eventually add services, including resold local exchange services.

8. The Applicant's service area and local exchange calling areas will mirror those of Qwest Corporation. The Company, therefore, requests a waiver of the requirement to provide a service area map indicating the proposed geographic area to be served. The Company will not operate in any rural telephone company service areas.
9. Although the Applicant is not currently offering services in any states, it possesses the technical competence necessary to provide the proposed services as evidenced by the following.
 - a. The Applicant's Management Profiles setting forth the education and experience of its management personnel who will oversee the provision of services within the State of South Dakota are attached as **Exhibit D**.
 - b. The Applicant will maintain a highly qualified staff of customer service personnel who are available to receive customer calls and to provide assistance regarding the services offered, rates, and other service information. It is the Applicant's policy to politely and expeditiously handle all customer complaints and inquiries. In addition to the customer service center located at the principal headquarters in Oak Brook, Illinois, the Applicant will handle customer inquiries via its website www.vanco-us.com. The Applicant will provide service on a resale-only basis, and will not have any facilities or equipment to maintain. Quality of service standards related to facilities and equipment will be met by the underlying carrier, Qwest, as a certified carrier.

10. The Applicant will provide local exchange customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance and telecommunications relay services through an interconnection agreement negotiated with Qwest.
11. Financial Information:
 - a. The Applicant will be completely funded by its affiliate, Vanco UK Limited, and will rely on this affiliate for the financial backing necessary to provide the requested services on an ongoing basis. Vanco UK Limited's most current 12 month audited financial statements, including a balance sheet, income statement, and cash flow statement are attached as **Exhibit E**. Confidential treatment of the materials contained in Exhibit E is hereby requested in accordance with §20:10:01:41. A Request for Confidentiality is contained in Exhibit E.
 - b. Neither the Applicant nor its direct parent company are public companies, and, therefore, no annual reports or reports to stockholders are available for these companies.
12. Interconnection with local exchange carriers:
 - a. The Applicant plans to operate under a resale agreement with Qwest Corporation.
 - b. The likely timing of initiation of resale service is within 90 days of the approval of the resale agreement with Qwest.
 - c. Applicant has been in contact with Qwest.

13. The Applicant's tariff indicating the prices, terms and conditions of private line services is attached as **Exhibit F**. Local exchange services will be added upon completion of an interconnection agreement with Qwest, and prior to offering local exchange services in South Dakota.
14. The Applicant is not subject to rate regulation of its noncompetitive local services, and, therefore, has not provided detailed cost support for its local tariffed rates. However, the Applicant's local services will be offered at rates which are above the Applicant's costs to the underlying carrier.
15. The Applicant will market its services via television, billboards and newspaper advertisements that focus on its services as an alternative to using the incumbent local exchange carrier. The Applicant does not utilize multilevel marketing, third-party marketing firms, telemarketing, or other "cold call" solicitation. A sample brochure for the Applicant's service is attached as **Exhibit G**.
16. The Applicant will not offer local exchange services within the service area of any rural telephone company.
17. Neither the Applicant nor its parent company are currently certified to operate as a telecommunications provider in any states, nor have they been denied authorization to provide service in any state. Applicant is in good standing with the appropriate regulatory agency(ies) in its state of incorporation and in all states where it is authorized to operate as a foreign corporation.

18. The name, address, telephone number, facsimile number and E-mail address of the Applicant's contact person for customer complaints is:

Mr. Ted Raffetto, CEO
Vanco Direct USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523
Ph. (630) 218-5859
Fx. (630) 218-5891
E-mail: Ted.Raffetto@vanco-us.com

The Company's regulatory contact for purposes of Commission complaints, regulatory inquiries, and all other matters is:

Mr. Ted Raffetto, CEO
Vanco Direct USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523
Ph. (630) 218-5859
Fx. (630) 218-5891
E-mail: Ted.Raffetto@vanco-us.com

19. The Applicant will bill its customers directly on a monthly basis. Customers can mail payment to the Company's principal headquarters in Oak Brook, Illinois.
20. In order to prevent unauthorized switching of local services, the Applicant will not utilize any agents in marketing or soliciting customers. The Applicant will maintain a fully operational customer service center with approximately 5 full-time customer service representatives which are highly trained and capable of activating new services upon customer request.

In addition, customer calls for service activation will be recorded for quality assurance and verification purposes. Call recordings will be retained by Vanco Direct USA, LLC for use in the event of a slamming allegation.

21. No complaints have been made against the Applicant or its parent company or other affiliates with any state or federal commission regarding the unauthorized switching of a customer's telecommunications provider or for charging of customers for services that have not been ordered.
22. The Applicant requests a waiver of §20:10:32:03 requiring provision of a service area map since the Applicant's service areas will mirror that of its underlying carrier, Qwest.
23. The Company's Federal Employer Identification Number is 20-2491970.
24. Additional information:
 - a. The Applicant has provided notice of its application to all other certified local exchange carriers in its proposed service area in compliance with Section 20:10:32:04. A copy of the Notice, Service List and Certificate of Service are attached as **Exhibit H**.

- b. The Applicant's representative to whom correspondence regarding this application should be addressed is:

Monica Borne Haab, Attorney
Nowalsky, Bronston & Gothard
3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Phone: (504) 832-1984
Fax: (504) 831-0892
E-Mail: mhaab@nbglaw.com

- b. Granting of this application will further the public interest since the Applicant will offer services to customers as an option to doing business with the ILEC. Providing a choice of service provider enhances competition, and generally results in higher quality services at more affordable rates.
- c. The Applicant is willing and able to conform to the Constitution and laws of the State of South Dakota and the Rules and Regulations of the Commission, now in effect or hereinafter enacted.

§20:10:24:02. Certificate of authority for interexchange service.

1. The name, address and telephone number of the Applicant are the same as is set forth in Section 1 above.
2. The Applicant will provide interexchange services under its legal name Vanco Direct USA, LLC.
3. (a) The Applicant is a Delaware corporation established on February 3, 2005. The Articles of Organization and the Certificate of Authority from the South Dakota Secretary of State are attached as Exhibits A and B in response to Sections 4(c) and 4(d) above.

(b) The Company will have no office in South Dakota. The Applicant's registered agent is provided in response to Section 4(a) above.

(c) The Applicant's shareholder information is set forth in response to Section 4(b) above.
4. The Applicant is not a partnership.
5. The Applicant will provide resold interexchange long distance services on a non-prepaid basis.
6. The Company will provide its interexchange services on a resale basis utilizing the underlying facilities of Qwest.
7. The Applicant will offer interexchange services on a statewide basis in South Dakota.
8. Financial statements for the Applicant's affiliate, Vanco UK Limited, which will fund the initial operations of the Applicant, are attached as Exhibit E in response to Section 11(b) above.

As privately held companies, neither the Applicant nor its direct parent company have annual reports or reports to stockholders available.

A copy of the Company's tariff containing the terms and conditions of service is attached as Exhibit G in response to Section 13 above.

9. The names, addresses, telephone number, fax number, e-mail address, and toll free number of the Applicant's representative to whom all inquiries must be made regarding complaints and regulatory matters is set forth in response to Section 18 above.

The Applicant's customer billing procedure is handled in-house as set forth in response to Section 19 above.

The Applicant's customer service matters will be handle in-house via a fully operational Customer Service Center with approximately 5 full-time customer service representatives. Each customer service representative will be trained and authorized to resolve customer service issues.

10. Neither the Applicant nor its parent company are authorized to provide interexchange telecommunications service in any states. However, the Applicant is in the process of obtaining certification in approximately 25 states. Neither the Applicant nor its parent have been denied authority to operate in any state. The Applicant is in good standing with the regulatory agencies of all states where it is foreign qualified.
11. The Applicant will market its services as provided in response to Section 15 above.
12. The Applicant's emerging competitive long distance services will be offered at rates which are above the Applicant's costs to the underlying carrier. No more specific cost support is available for the Company's tariffed rates.
13. The Applicant's federal tax identification number is set forth in Section 23 above.
14. The Applicant's complaint history is set forth in Section 21 above.

15. In addition to the waivers requested in Section 22 above, the Applicant further requests that it be granted a waiver of Section 20:10:24:04.05. requiring performance bonds for consumer protection. The Applicant will not offer prepaid services which could result in a risk of loss to the consumer should the Applicant cease operations in the future.
16. Additional information will be provided upon Staff request. Some additional information which may be helpful to Staff is set forth in response to Section 24 above.

WHEREFORE, Vanco Direct USA, LLC respectfully requests that the Commission Grant Applicant a Certificate of Public Convenience and Necessity, giving Applicant authority to provide public telecommunications service and private line data services, effective upon approval of this Application.

Respectfully submitted this 11th day of August, 2005.

By: 
Monica Borne Haab, Attorney
Nowalsky, Bronston & Gothard
3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Phone: (504) 832-1984
E-Mail: mhaab@nbglaw.com

15. In addition to the waivers requested in Section 22 above, the Applicant further requests that it be granted a waiver of Section 20:10:24:04.05. requiring performance bonds for consumer protection. The Applicant will not offer prepaid services which could result in a risk of loss to the consumer should the Applicant cease operations in the future.
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WHEREFORE, Vanco Direct USA, LLC respectfully requests that the Commission Grant Applicant a Certificate of Public Convenience and Necessity, giving Applicant authority to provide public telecommunications service and private line data services, effective upon approval of this Application.

Respectfully submitted this 11th day of August, 2005.

By: 
Monica Borne Haab, Attorney
Nowalsky, Bronston & Gothard
3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Phone: (504) 832-1984
E-Mail: mhaab@nbglaw.com

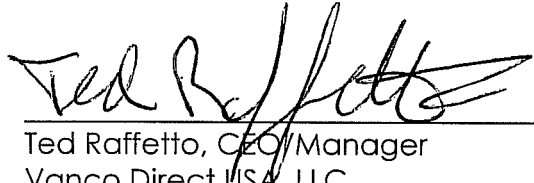
Verification of Application and Authorization of Notice

I, Ted Raffetto, CEO/Manager of Vanco Direct USA, LLC, Applicant in the foregoing application, do hereby attest that I have reviewed the information contained in the application and Exhibits and all information is true and correct to the best of my knowledge and belief.

Dated this 11th day of August 2005.

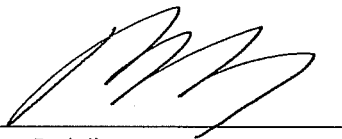
Vanco Direct USA, LLC

By:



Ted Raffetto, CEO/Manager
Vanco Direct USA, LLC
1420 Kensington Rd., Suite 103
Oak Brook, IL 60523

Sworn to and subscribed before
me this 11th day of August,
2005.



Notary Public

BENJAMIN W. BRONSTON
Notary Public, State of Louisiana
My Commission is issued for life.
Notary Number: 1228

EXHIBIT A

ARTICLES OF ORGANIZATION



State of Delaware

SECRETARY OF STATE
DIVISION OF CORPORATIONS
P.O. BOX 898
DOVER, DELAWARE 19903

050092060

02-04-2005

9194665
NOWALSKY & BRONSTON & GOTHARD, A.P.L.L.C.
3500 N. CAUSEWAY BLVD.
SUITE 1442
METAIRIE LA 70002
ATTN: BECKY HEGGELUND

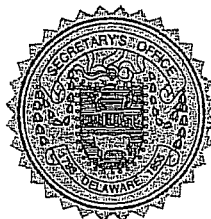
DESCRIPTION	AMOUNT
VANCO DIRECT USA, LLC 3922006 0102Y Register L.L.C.	
Certification Fee	30.00
Formation Fee	70.00
Court Municipality Fee, Wilm.	20.00
Expedite Fee, 24 Hour	50.00
FILING TOTAL	170.00
TOTAL PAYMENTS	170.00
SERVICE REQUEST BALANCE	.00

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "VANCO DIRECT USA, LLC", FILED IN THIS OFFICE ON THE THIRD DAY OF FEBRUARY, A.D. 2005, AT 5:14 O'CLOCK P.M.



3922006 8100

050092060

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3665261

DATE: 02-04-05

CERTIFICATE OF FORMATION

OF

VANCO DIRECT USA, LLC

The undersigned, an authorized natural person, for the purpose of forming a limited liability company (hereinafter called the "Company"), under the provisions and subject to the requirements of the Delaware Limited Liability Company Act, hereby certifies that:

1. The name of the limited liability company is VANCO DIRECT USA, LLC.
2. The address of the registered office and the name and the address of the registered agent of the Company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington Delaware, 19808, New Castle.
3. The purpose of the Company is conduct any and all lawful activities which limited liability companies may conduct under Delaware law.
4. A statement of the limitations on the authority of the members to bind the Company is contained in the written operating agreement (the "Operating Agreement").
5. The business of the Company shall be managed by or under the authority of the managers of the Company. A statement setting forth the name and duties of the managers of the Company is contained in the Operating Agreement. The Company shall be managed by said managers to the extent provided in the Operating Agreement.
6. A statement regarding the restrictions on the authority of the managers is contained in the Operating Agreement.
7. A statement of the duties and operating procedures for the managers is included in the Operating Agreement. Any action or actions taken by any such manager which are contrary to said duties and/or operating procedures will be considered a breach of said manager's fiduciary duties to the Company and will result in the forfeiture of said manager's limited liability protection.
8. Each member shall have one vote which is proportionate to his/its ownership interest in the Company.
9. Profits and losses of the Company shall be distributed in proportion to each member's ownership interest in the Company.

10. This Company elects the tax treatment of a partnership.
11. Amendments and addenda to this Certificate of Formation shall be made by unanimous vote of the members of the Company.
12. Except as otherwise provided in this Certificate of Formation, the members of this Company claim the benefits of limitation of liability to the fullest extent allowed under applicable provisions of Delaware law as if such provisions were fully and completely recited herein in full.

Executed on February 3, 2005.



Benjamin W. Bronston, Organizer

EXHIBIT B

CERTIFICATE OF AUTHORITY

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

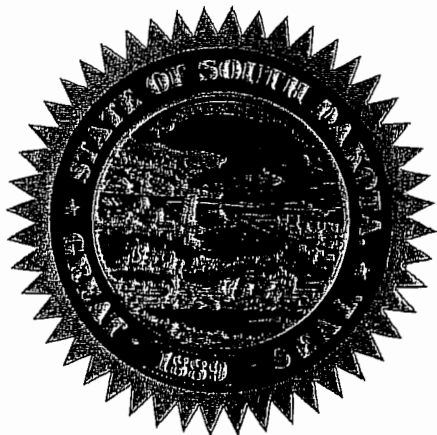
Certificate of Authority

ORGANIZATIONAL ID #: FL002387

I, **Chris Nelson**, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of **VANCO DIRECT USA, LLC (DE)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.

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 May 13, 2005.



Chris Nelson

Chris Nelson
Secretary of State

SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL AVE.
PIERRE, S.D. 57501
(605)773-4845
FAX (605)773-4550

**CERTIFICATE OF AUTHORITY APPLICATION
OF A
FOREIGN LIMITED LIABILITY COMPANY**

RECEIVED

MAR 15 2005

SD SEC 7 111

1. The name of the foreign Limited Liability Company is: VANCO DIRECT USA, LLC

2. The name of the state or country under whose law it is organized is: DELAWARE

3. The street address of its principal office is: 1420 KENSINGTON RD., SUITE 103, OAK BROOK, IL 60523

4. The address of its initial designated office in South Dakota is: 503 SOUTH PIERRE STREET, PIERRE, SD 57501

5. The name and street address of its initial agent for service of process in South Dakota is: _____

Corporation Service Company, 503 South Pierre Street, Pierre, SD 57501

6. The date of organization is: 2-3-05, and the period of duration is: PERPETUAL

7. If the company is manager-managed, rather than member-managed, the name and address of each initial manager:
EDWARD ALLEN TIMPANY, JOHN BUSCH HOUSE, 277 LONDON RD., ISLEWORTH, MIDDLESEX TW7 5AX
SIMON HARGREAVES, JOHN BUSCH HOUSE, 277 LONDON RD., ISLEWORTH, MIDDLESEX TW7 5AX
TED RAFFETTO, 1420 KENSINGTON RD., SUITE 103, OAK BROOK, IL 60523

8. Whether one or more of the members of the company are to be liable for its debts and obligations under a provision similar to SDCL 47-34A-303 (c).

The application must be signed by a member if the company is a member-managed company or by a manager if its a manager-managed company.

Date: 3-6-05

Ted Raffetto
(Signature and Title)

FILING INSTRUCTIONS:

- The application for authority must be accompanied by the first Annual Report.
- One original and one exact or conformed copy must be submitted.
- The application must be accompanied by an original, currently dated *Certificate of Good Standing or Existence* from the Secretary of State in the state where it is organized.

SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL AVE.
PIERRE, S.D. 57501
(605)773-4845
FAX (605)773-4550

**FIRST ANNUAL REPORT
OF A
LIMITED LIABILITY COMPANY**

1. The name of the Limited Liability Company is:

VANCO DIRECT USA, LLC

2. The state or country under whose law it is organized is: DELAWARE

3. The address of its registered office and the name of its registered agent for service of process in South Dakota is:
Corporation Service Company, 503 South Pierre Street, Pierre, SD 57501

4. The address of its principal office is:

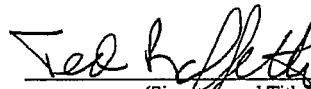
1420 KENSINGTON RD., SUITE 103, OAK BROOK, IL 60523

5. The names and business addresses of any managers:

EDWARD ALLEN TIMPANY, JOHN BUSCH HOUSE, 277 LONDON RD., ISLEWORTH, MIDDLESEX TW7 5AX
SIMON HARGREAVES, JOHN BUSCH HOUSE, 277 LONDON RD., ISLEWORTH, MIDDLESEX TW7 5AX
TED RAFFETTO, 1420 KENSINGTON RD., SUITE 103, OAK BROOK, IL 60523

6. The dollar amount of the total agreed contributions to the Limited Liability Company is \$ 1,000.00.*

Date: 5-6-05



(Signature and Title)

* FILING FEE: \$550

EXHIBIT C

ORGANIZATIONAL CHART

Veritas PLC group's structure chart

As of 30th April 2005

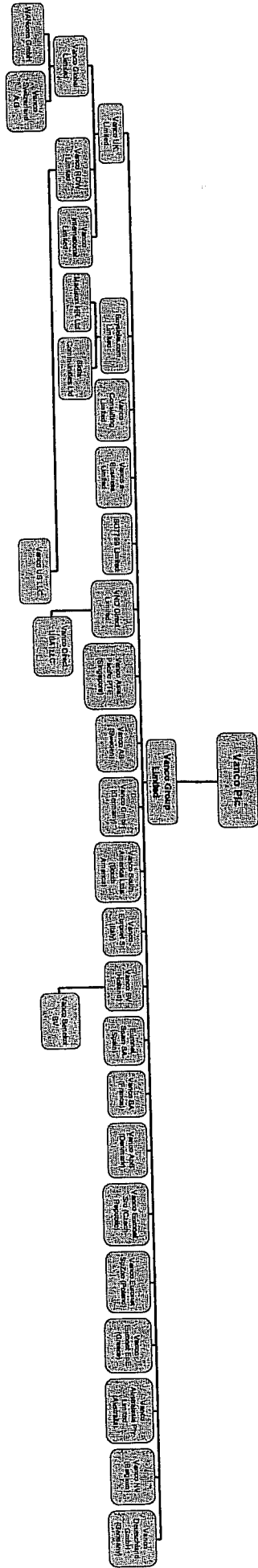


EXHIBIT D

MANAGEMENT PROFILES

Biography and Information

Name: Allen Timpany
Job Title: CEO & Founder
DOB: 30/05/56
Email: allen.timpany@vanco.co.uk

Business: Vanco plc
Address: John Busch House
 277 London Road
 Isleworth
 Middlesex
 TW& 5AX
 UK

Website: www.vanco.co.uk
Telephone: +44 (0) 20 8638 1700
Fax: +44 (0) 20 8638 1701
Reg Number: 3470117 (Vanco plc)

Bus. Status: Listed on Main Market (FTSE: VAN)
Founded: 1988

1976 – 1979; Bath University

First class honours degree in engineering.
 Award for best Engineering Graduate in the South of England,

1980 – 1983: Founder & CEO, Guestel Ltd

After leaving university in 1980, I built and ran the second largest Apple dealership and distribution business in the UK, importing the computers from California. By 1983 Guestel sold 1% of all computers in the UK. I successfully sold Guestel to a division of Philips Electronics in 1983.

1983 – 1984: CEO Tycom Ltd

For just over 1 year I was CEO of a start up UK PC manufacturer.

1984 – 1989: Founder & CEO, Wakebourne Ltd.

Prior to creating Vanco, I built Wakebourne, the largest maintainer of IBM and Compaq desktop systems in the UK. Wakebourne supported tens of thousands of IBM PCs and servers in the UK. This business was sold to the Management team in 1989.

1988 – Present: Founder & CEO, Vanco plc

I have been the Chief Executive Officer of Vanco plc (FSTE: VAN) since establishing it in 1988. Vanco pioneered the Virtual Network Operator (VNO) innovation. The VNO model is an asset light, flexible sourcing approach. Vanco does not own any network infrastructure, but instead manages contracts with asset based carriers to provide enterprise clients with cost-effective, optimised and fully managed network solutions.

I have overseen an average yearly growth of over 40% since 1988, a success which resulted in the company becoming one of the Hot 500 Global Growth IT companies. In November 2001 I led Vanco onto the main market of the London Stock Exchange, the only company to list in the 4th quarter. Since then, Vanco's turnover, profits and share price have tripled, despite a turbulent telecoms market.

Through my vision and leadership, Vanco has established itself as one of the leading global network service provider brands. Vanco is now recognised as a 'Leader' on the Gartner Magic Quadrant for Pan-European Network Service Providers, alongside British Telecom, AT&T and Equant. Under my guidance, Vanco has expanded its offices into 14 countries around the globe and currently services customers in 142 countries, including IBM/Lloyds TSB, Siemens, British Airways and Ford Motor Company.

SIMON JOHN HARGREAVES

CURRICULUM VITAE

Personal details

Address	Hunter's House Bridge Road Ickford Bucks, HP18 9HU	Nationality Place of birth Date of birth Marital status	British Liverpool 20 Jan 1963 (age 42) Married- two children
Home telephone	01844 339228	Mobile	07768 637643

Qualifications

Professional qualification	ACA- passed July 1988; first time passes
University (Birmingham 1982-1985)	BSc (Hons) Civil Engineering- Class I
	University prizes
	1983 University Prize
	1984 University Scholarship
	1984 Concrete Society Prize
	1985 Institute of Civil Engineers Prize
	1985 Nadeje Prize (Best overall performance in Science and Engineering Faculty)
School (RGS High Wycombe 1975-1981)	A levels Maths (A), Physics (A), Chemistry (A), General Studies (C)
	O levels 11 inc Maths and English Language

Overview of experience

- Strong public company experience, including completion of a successful flotation on the main UK Stock Exchange immediately after 9/11. Subsequently the share price has increased from 103p to around 300p in three years making it one of the top 1% of best performing shares on the UK market since listing
- Experience of setting up and running a finance and support function for over ten years in a business growing at a very rapid rate (50% pa compound)
- Capable of building and effectively managing a significant Worldwide team of people
- Very high level of financial knowledge and experience in UK, Europe, USA and Far East
- Proven knowledge of setting up and running businesses in most European countries and many other countries around the World
- Wide experience in general business management
- Proven commercial skills in negotiating high quality sale and purchase contracts
- Very high level of financial knowledge and experience in UK, Europe, USA and Far East
- Wide ranging, practical knowledge of most non- accounting areas
- Proven ability to add significant value at all levels and in all areas of the business
- Significant experience in systems development and Business Process Re-engineering including a recent Oracle implementation
- Excellent HR experience including devising implementing and managing share schemes in ten countries and implementation of a Worldwide, web- based flexible remuneration scheme

- Very widely travelled; nearly 500 trips all over the World in the last ten years
- Non- executive experience in small, growing businesses
- Extensive high quality references available on request

Detailed work experience

Vanco Group- November 1994 to present

Group Finance Director of a rapidly growing telecommunications group specialising in the management of Wide Area Networks. Since 1994 PBT has risen from £240k to around £10million and turnover has risen from £3million to over £100million. The group has in the past been included in books entitled "The Top 100 UK Companies of the Future", "The Corporate Strategies of the Top UK Companies" and "Britain's Best Employers" and has several times won awards for being the Best Network Outsourcing Provider in Europe (beating BT, Equant and IBM in the process). The group successfully completed a listing on the main UK Stock Exchange in November 2001 and since then, the share price has more than trebled in little over three years. This was the only listing in the second half of 2001 and the first one after 9/11.

Scope of job

- Group Finance Director responsible for all Finance and support services Worldwide. The business currently has subsidiaries in nearly 20 countries and trades in a total of 140 countries.
- Main board director of Vanco plc- all other main board directors are sales focussed
- Management of investor relations with fund managers etc
- Team of around 90 staff encompassing finance, administration, legal and systems development

Main areas of experience and achievement

International experience

- Building from scratch and managing a multi- skilled Worldwide team of 90 finance, systems development, legal and administration staff
- Hands-on directorship of nearly thirty companies, including Australian, Belgian, Brazilian, Czech, Danish, Dutch, French, German, Greek, Italian, Polish, Singaporean, Spanish and US subsidiaries resulting in extensive practical experience in running businesses in all of these countries
- Involvement in the set up and running of a Swiss branch
- Establishment of a shared service centre in the Czech Republic (including gaining and maintaining a Czech residency permit)

Public company experience

- Managed the process of obtaining a successful listing on the main UK Stock Exchange. Specifically
 - This included involvement in all areas of the process including dealing with complex legal and accounting issues, share schemes, producing forecasts, drafting the prospectus and investor presentations.
 - This was one of only six IPOs in 2001 and was the only listing in the second half of 2001.

- Project management of a Worldwide team of professional advisors with total costs of c£2m
- The offer was oversubscribed by three times despite the poor market conditions.
- Day-to-day dealing with investors, fund managers and analysts including regular formal presentations (around 120 a year)
- Dealing with RNS announcements and general news flow to the market
- Management of the share price which has moved from 103p to around 300p in around three years
- Speaking at various sector conferences and seminars run by analysts and investors

Finance

- Overall day to day financial control of the group including consistently producing full management accounts and a written commentary for all subsidiaries within eight working days of month end
- Construction of full group budgeting model including integrated profit, balance sheet and cash budgets across 25 businesses
- Preparation of Business Plans and long term forecasts (3/5 years)- narrative and numerical elements
- Annual audit and tax returns for the group

Management

- Wide ranging experience in day to day management and problem solving
- Running an effective finance department at a cost to the business of 1.3% of revenue. In a recent survey by PwC, this was viewed as a benchmark of the lowest cost realistically achievable in an international business
- Developing KPIs and managing the business against them
- Instrumental in managing the business against agreed but testing financial targets eg
 - Not having missed a group budget for ten years
 - Meeting the demanding expectations of City investors

Strategic

- Involvement in business sales and closures
- Involvement in the establishment of new businesses in all of the countries set out above, plus UK
- Involvement in business strategy including assessing new ventures, potential acquisitions and markets/ services

Funding

- Effective management of working capital which allowed the group to grow organically for 13 years from operating cash flows without the need for raising external funding until the listing
- Negotiation of overdraft finance for the group including recent completion of a €50m syndicated revolving credit facility involving three banks.

- Negotiation and management of local bank facilities in many countries including France, Germany, Holland, Italy and Spain
- Negotiation and management of on-balance sheet finance lease facilities across a range of countries
- Design and implementation of significant bespoke cross border leases up to a maximum size of £10m across 50 countries
- Worked on two aborted private equity funding transactions
- Design, implementation of various off balance sheet sales aid finance programmes including
 - Use of Promissory Notes
 - Captive Vanco branded leasing companies in UK, Australia, France, Germany, Holland and USA
 - Facility backed by IBM Global Finance
 - Sale of receivables structures in several countries

Commercial

- Involvement in effective structuring of deals for new customers including contractual negotiations
- Management of key supplier relationships including negotiation of significant discounts and rebates for poor service
- Occasional management of closing of significant sales, the largest of which was for a 300 site network in Benelux with a total contract value of c€10m
- Control of all group insurance matters

Systems and processes

- Establishment of systems and internal controls to allow the growth experienced so far and the expected future growth to turnover of £500m+ within three more years
- Re-engineering of Business Processes using a bottom-up approach to changing all processes in the businesses including developing and maintaining a consistent methodology across the various business units
- Selection/ design of software for a number of projects, negotiation of contracts and overall control of Worldwide development and installation
- Overall responsibility for a recent Oracle implementation across the group.

Taxation

- Managing group legal structure, including buy out of minority interest and planning structural changes to minimise tax liabilities
- Good working knowledge of tax in an international environment
- Extensive understanding of international VAT and 8th Directive reclaims

Legal

- Initially acting as in-house legal department, including drafting of documents and liaising with solicitors as required
- Subsequently developing and managing an in-house legal team providing legal services across the group
- Effective risk management; in nearly 10 years, we have not been subject to a significant claim
- Management and development of group Intellectual Property portfolio (mainly trademarks)
- Acting as Company Secretary for all UK companies

Human resources

- Dealing with all group wide employment law issues
- Experience of TUPE and similar transfers
- Design, development and implementation of a Worldwide flexible benefits scheme administered through a bespoke web based front end
- Establishment of innovative employee share schemes in UK, Spain, Holland, Germany, France and Italy
- Establishment, development and implementation of consistent group personnel policies which have stood the test of time
- Overall responsibility for group training function
- Set up of and use of imaginative schemes for payment of bonuses in a tax effective way eg use of options over gilts
- Establishment and day-to-day use of an Employee Benefit Trust
- Control of group car fleet and development of group car policy

Property

- Negotiation of property leases and ongoing control of group property portfolio which has totalled nearly 40 offices across some 15 countries
- Disposal of property interests in several countries ranging from UK to Greece
- Management of fit out and move to new offices in London, Frankfurt, Madrid, Milan, Paris, Singapore, Sydney and Chicago

Deloitte & Touche (original contract with Spicer & Pegler)- September 1985-November 1994

Joined as a graduate Trainee Accountant. Qualified ACA with first time passes. Promoted to Manager (September 1989) and Senior Manager (June 1992) in the minimum times allowed by the firm. Left in November 1994 when about to be promoted to Principal Manager on a fast track to partner level. Left due to taking a view that Vanco was a better, more interesting opportunity than partnership at a large firm and was prepared to take the risk of backing that view.

Key responsibilities and achievements included

- Very wide ranging experience but specialising in audit and corporate finance (particularly acquisitions, MBIs and MBOs)
- Principal audit experience on Owner Managed Businesses (OMBs) and providing ongoing business advice to them. Main OMB clients included Deans Farm (Goldenlay), Binatone Electronics and Innoxia Cosmetics.
- Plc audit experience with Tilbury Douglas and Wakebourne
- Worked as lead manager on a number of MBOs, MBIs, trade purchases and trade sales. Largest transaction was Worldwide MBI of Hydron, the second biggest international contact lens manufacturer (£40m purchase consideration with total professional fees of approx £2.5m)
- Experience of Corporate Recovery work including preparation of viability reports for major UK banks
- Experience in drafting and reviewing Business Plans and presentation to banks (including a plan for the redevelopment of Wembley Stadium and several other Premier League grounds)
- Four month secondment to South Africa. Managed Barlows Equipment audit (the Caterpillar Equipment franchise) and part of GEC plus worked on local corporate finance projects (including raising funds for a new TV station)
- Carrying out assignments involving work in most major European countries (France, Spain, Italy, Holland and Belgium)
- Experienced in bidding for new work, including drafting of proposals
- Experienced trainer and lecturer on internal courses

Other interests

- Cricket (County cricket up to under 25 level), football, fell walking (completed Three Peaks Challenge five times in aid of a Children's charity), travelling

SJH- 28 March 2005

Theodore F. Raffetto

1344 Bennett Lane, Manasquan, NJ 08736

Home 732-223-6001

Cell 908-309-4484

Career Objectives and Assets

Solid background in general management, marketing and sales, most recently as part of the senior management and board member at Vanco PLC. Diverse experience in industry including telecom equipment and high tech start-ups as evidenced by time at Calix. Led and developed sales team focused on the major RBOC's, ATT and WorldCom. At Verizon served in a number of senior management positions including VP Global Accounts, President of Bell Atlantic Network Integration and CEO of Bell Atlantic Data Solutions Group. Appointed Group President- Enterprise Solutions-Business Services following the merger of Bell Atlantic and GTE that formed Verizon.

August 2003 to present

Vanco PLC- CEO Vanco US LLC and Board member Vanco PLC

Responsible for growth of North and South American markets for Vanco. Own P & L for business for America's region. Board Member of PLC in addition to operating responsibilities.

October 2000 to August 2003

Calix- Vice President Major Accounts

Responsible for recruiting and building team focused on major Regional Bell Operating companies as well as ATT and WorldCom.

- Received commitments for lab trials and contracts at ATT, WorldCom and SBC
- Succeeded in getting Calix to be chosen as finalist for second Supplier for DSLAM opportunity at Verizon - 32 companies in the initial bid- Calix was only non-incumbent supplier and only young company to reach final 6 suppliers- recommended by DSLAM committee and management- less than one year from initial product launch.
- Positioned company at Senior levels in two other large service providers for sales wins
- Next Generation lab and interoperability forum selection at Verizon.

May 1999 to September 2000

Verizon- CEO Bell Atlantic Data Solutions Group

Responsible for business unit that generated over 700 million in revenue. Drove over 40% year over year growth, while eliminating under performing product lines. Introduced services based revenues and focus. Implemented service initiatives to improve customer service in Network Management Center and IT improvements to facilitate common platform to support continued growth.

January 1994 to May 1999

Bell Atlantic- Vice President Large Business Services

Responsible for directing, motivating and leading 300 person sales team with revenues of \$1.1 billion.

- Increased product quota revenue of more than 40% and strategic product attainment of over 200%
- Grew billed revenue by over 13.5% and margin improvement of over 10%
- Restructured business unit and key processes by streamlining and focusing sales, marketing and customer service functions that resulted in improved customer service levels greater than 20% and cost savings of over 15%.
- Created the concept, vision and then implemented business unit wide initiative where goal was to inspire and enable people to improve their skills and maximize performance. Recognized by corporation for initiative. Covered by Sales and Marketing Magazine and appeared on CBS Sunday morning show as a result of success

January 1993 to January 1994

Bell Atlantic- Vice President Sales Operations

Selected by senior management to direct and lead the creation of market facing business units.

- Created strategic and tactical plan to form business units within 12 month timeframe
- Developed vision for Large Business Services including sales, marketing and customer service teams
- Pooled organizational support plans and achieved goals that included structure, selection and goals.

January 1990 to January 1993

Bell Atlantic- Executive Director- Corporate Accounts

Directed the strategic planning and the start-up of an elite sales team. Team was responsible to selling across disparate companies, functions and capabilities of Bell Atlantic. Goal was to develop a strategy by targeting the top 30 Bell Atlantic Accounts (E.g. IBM, GE, DEC, Marriott, Dun and Bradstreet)

- Selected, trained and built team and goals
- Achieved 175% of targeted revenues
- Created and launched integrated product lines to achieve account penetration

1984 to 1990

Bell Atlanticom Systems, Inc

Served in various sales and general management positions from sales manager to officer of company. Company was a start-up business unit with no revenues, processes or people.

- Selected as top and at the time the youngest sales manager at NJ Bell to head up sales team at company
- Key accomplishments
 - Year over year top performing branch and organization growing revenue and profitability by over 100%.
 - Selected as first ever chairman's award for outstanding leadership
 - Corporate team award for joint sales marketing among various Bell Atlantic subsidiaries
 - Negotiated sale of Boston branch to Octel Systems
 - Led effort to integrate Nortel sales and service organizations into Bell Atlanticom
 - Negotiated agreements during Bell Atlantic's sale of company and assets to form Bell Atlantic Meridian Systems

1978- 1984

NJ Bell

Served in various customer service and sale positions. Promoted to sales manager in 1981.

Boards and Civic Participation

2001 to August 2003-Independent Director and Chairman of the Board Vanco, a public network services company- www.vancoeuronet.com

Serve on the board of The Cancer Institute of NJ, the Leadership Council of Lafayette College and the Advisory Group of the University College at Rutgers.

Education

MBA- Marketing- 1983

Monmouth University

BA-Government and Law-1977

Lafayette College

Various Executive Management Courses

Wharton School

EXHIBIT E

FINANCIAL STATEMENTS OF AFFILIATE

A Letter of Guarantee from the Applicant's affiliate Vanco UK Limited is attached hereto, evidencing the affiliates willingness to fund the initial operations of the Applicant. Financial statements of Vanco UK Limited are also attached hereto.

vanco

Vanco UK Limited
John Busch House
277 London Road, Isleworth
Middlesex TW7 5AX

T +44 (0) 20 8636 1700
F +44 (0) 20 8636 1701
W www.vanco.co.uk

7 June 2005

To Whom It May Concern:

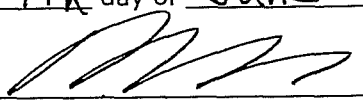
The undersigned, a duly authorized representative of Vanco UK Limited, a private limited company incorporated in England and group company of Vanco Direct USA, LLC, does hereby make the following statement in support of Vanco Direct USA, LLC's application for authority to operate as a telecommunications provider:

Vanco UK Limited agrees to provide financial support for its group company, Vanco Direct USA, LLC (limited to the amount set out below) in its efforts to become registered as a telecommunications service provider and to begin offering telecommunications services in the markets which it chooses to operate. Financial backing will be in an amount not to exceed \$100,000.00 and will extend for a period of twelve (12) months after certification. By example, and not by limitation, Vanco UK Limited will provide Vanco Direct USA, LLC with financial support necessary to purchase any requisite facilities and services it requires.

Sincerely,


SIMON HARGREAVES
DIRECTOR, VANCO UK LIMITED
WITHOUT PERSONAL LIABILITY

Before me, a duly commissioned Notary Public, personally appeared Simon Hargreaves, (Title) Director Of Vanco Direct UK, who after being duly sworn as required by law, made the statements memorialized herein and executed this document on the 7th day of June, 2005.


Notary Public

(SEAL)

My Commission Expires: at death

BENJAMIN W. BRONSTON
Notary Public, State of Louisiana
My Commission Expires: at death
Notary Number: 1228

BENJAMIN W. BRONSTON
Notary Public, State of Louisiana
My Commission is issued for life.
Notary Number: 1228

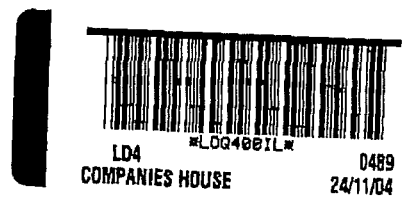
PROFIT AND LOSS ACCOUNT

Exchange rate		1.00									
		Month						Year to date			
		Actual	Actual	Budget	Variance	%	Actual	Actual	Budget	Variance	%
		£	£	£	£		£	£	£	£	
TURNOVER											
Network services	- contracted	3,140,877	3,140,877	3,478,173	(337,297)		27,363,859	27,363,859	37,112,973	(9,749,114)	
	- new business	15,527	15,527	280,000	(264,473)		22,804	22,804	1,260,000	(1,237,196)	
	- one off	6,826,513	6,826,513	833,333	5,993,180		15,738,359	15,738,359	5,391,566	10,346,693	
	- new business	419,017	419,017	5,500,000	(5,080,983)		1,796,696	1,796,696	25,166,666	(23,369,970)	
	- profit share	0	0	(1,344,484)	1,344,484		(2,808,651)	(2,808,651)	(7,744,775)	4,936,124	
Board repair		10,401,934	10,401,934	8,747,023	1,654,911		42,113,067	42,113,067	61,186,531	(19,073,464)	
Total		10,401,934	10,401,934	8,728,652	1,673,272	100.00%	42,113,067	42,113,067	60,966,200	(18,853,133)	100.00%
COST OF SALES											
Network services	- contracted	1,643,500	1,643,500	2,559,928	(916,428)		22,334,366	22,334,366	27,972,344	(5,637,978)	
	- new business	14,565	14,565	168,000	(153,435)		20,390	20,390	756,000	(735,610)	
	- one off	24,360	24,360	333,333	(308,973)		3,282,812	3,282,812	2,156,666	1,126,146	
	- new business	30,116	30,116	2,200,000	(2,169,884)		226,516	226,516	10,066,666	(9,840,150)	
	- profit share	0	0	(666,466)	666,466		(2,204,309)	(2,204,309)	(4,508,115)	2,303,806	
Lease costs		(52,842)	(52,842)	95,657	(148,499)		722,054	722,054	1,006,719	(284,665)	
Board repair		1,659,699	1,659,699	4,690,452	(3,030,753)		24,381,829	24,381,829	37,450,280	(13,068,452)	
Contractor costs		0	0	0	0		0	0	0	0	
Total		1,642,090	1,642,090	4,690,452	(3,048,362)	15.79%	24,381,829	24,381,829	#REF!	(13,068,452)	57.90%
GROSS MARGIN											
Network services	- contracted	1,514,986	1,514,986	899,884	615,102	14.56%	5,029,493	5,029,493	8,920,298	(3,890,805)	11.94%
	- new business	962	962	112,000	(111,038)		2,414	2,414	504,000	(501,586)	
	- one off	6,802,153	6,802,153	500,000	6,302,153		12,455,548	12,455,548	3,235,000	9,220,548	
	- new business	388,901	388,901	3,300,000	(2,911,099)		1,570,180	1,570,180	15,100,000	(13,529,820)	
	- lease costs	52,842	52,842	(95,657)	148,499		(722,054)	(722,054)	(1,006,719)	284,665	
Profit Share		8,759,844	8,759,844	4,716,228	4,043,616		18,335,580	18,335,580	26,752,580	(8,417,000)	
Network services	- post profit share	8,759,844	8,759,844	4,038,210	4,721,634		17,731,238	17,731,238	23,515,919	(5,784,682)	
Board repair		0	0	0	0		0	0	0	0	
Total		8,759,844	8,759,844	4,038,210	4,721,634	84.21%	17,731,238	17,731,238	23,515,919	(5,784,682)	42.10%
Network services		14.56%	14.56%	10.29%			11.94%	11.94%	14.58%		
OVERHEADS											
Salaries inc NI (core)		928,323	928,323	927,569	654	8.92%	10,366,212	10,366,212	10,960,974	(594,762)	24.62%
Contractors		113,848	113,848	0	113,848	1.09%	264,135	264,135	0	264,135	0.63%
Overtime and allowances		0	0	2,250	(2,250)	0.00%	199,853	199,853	27,000	172,853	0.47%
v:choice pool		78,035	78,035	104,826	(26,792)	0.75%	939,253	939,253	1,225,995	(286,742)	2.23%
v:choice ss (inc addl pension)		0	0	19,432	(19,432)	0.00%	186,681	186,681	228,991	(42,310)	0.44%
Holiday core		0	0	43,787	(43,787)	0.00%	506,466	506,466	516,974	(10,508)	1.20%
Holiday provision (non cash)		0	0	(43,787)	43,787	0.00%	(506,466)	(506,466)	(516,974)	10,508	-1.20%
Other v:choice benefits		(8,928)	(8,928)	4,167	(13,095)	-0.09%	54,141	54,141	50,000	4,141	0.13%
Commissions		(86,195)	(86,195)	129,040	(215,235)	-0.83%	1,206,864	1,206,864	1,350,728	(143,864)	2.87%
Pensions (core)		(5,379)	(5,379)	19,704	(25,084)	-0.05%	210,322	210,322	232,338	(22,317)	0.50%
Bank charges		1,544	1,544	790	794	0.01%	21,820	21,820	9,000	12,820	0.05%
Car leases (v:choice)		(3,830)	(3,830)	30,581	(34,411)	-0.04%	363,408	363,408	368,340	(4,932)	0.86%
Car leases (other)		0	0	0	0	0.00%	0	0	0	0	0.00%
Car expenses		12,941	12,941	12,232	708	0.12%	181,167	181,167	147,336	33,831	0.43%
Rent		63,020	63,020	43,583	19,437	0.61%	674,239	674,239	523,000	151,239	1.60%
Rates		12,917	12,917	10,896	2,021	0.12%	154,879	154,879	130,750	24,129	0.37%
Depreciation		154,408	154,408	135,000	19,408	1.48%	1,812,462	1,812,462	1,537,500	274,962	4.30%
Amortisation		0	0	0	0	0.00%	0	0	0	0	0.00%
Legal and professional		18,258	18,258	6,000	12,258	0.18%	357,956	357,956	72,000	285,956	0.85%
Audit and accountancy		3,000	3,000	3,000	0	0.03%	36,000	36,000	36,000	0	0.09%
Insurance		12,708	12,708	20,000	(7,292)	0.12%	240,605	240,605	240,000	605	0.57%
Utilities		(1,637)	(1,637)	8,717	(10,354)	-0.02%	74,921	74,921	104,600	(29,679)	0.18%
Phone and fax		55,754	55,754	20,000	35,754	0.54%	378,366	378,366	240,000	138,366	0.90%
Advertising		26,694	26,694	26,694	0	0.26%	449,791	449,791	699,843	(250,152)	1.07%
Print, postage and stationery		2,870	2,870	5,000	(2,130)	0.03%	90,322	90,322	60,000	30,322	0.21%
Travel and subsistence		32,453	32,453	40,000	(7,547)	0.31%	787,723	787,723	480,000	317,723	1.89%
Entertaining		12,331	12,331	1,000	11,331	0.12%	356,894	356,894	328,200	28,694	0.85%
Repairs and renewals		(11,825)	(11,825)	500	(12,325)	-0.11%	42,647	42,647	6,000	36,647	0.10%
Recruitment		47,111	47,111	8,752	38,359	0.45%	617,539	617,539	128,495	489,044	1.47%
Sundries (inc software maintenance)		(323,813)	(323,813)	(59,804)	(264,009)	-3.11%	(701,967)	(701,967)	(717,650)	15,683	-1.67%
Cleaning		5,340	5,340	2,500	2,840	0.05%	43,005	43,005	30,000	13,005	0.10%
Total		1,139,947	1,139,947	1,522,489	(382,541)		19,419,237	19,419,237	18,499,840	919,397	
OPERATING PROFIT - PRE MANAGEMENT CHARGE		7,619,897	7,619,897	2,515,721	5,104,176	73.25%	(1,687,999)	(1,687,999)	5,016,079	(6,704,078)	-4.01%
Management charge		(29,138)	(29,138)	(173,269)	144,131	-0.28%	(2,208,767)	(2,208,767)	(2,079,233)	(129,534)	-5.24%
OPERATING PROFIT - POST MANAGEMENT CHARGE		7,649,035	7,649,035	2,688,991	4,960,044	73.53%	520,768	520,768	7,095,312	(6,574,544)	1.24%
INTEREST RECEIVABLE		203,433	203,433	21,465	181,968	1.96%	806,015	806,015	91,813	714,202	1.91%
INTEREST PAYABLE		(594,190)	(594,190)	0	(594,190)	-5.71%	(1,677,360)	(1,677,360)	(26,936)	(1,650,424)	-3.98%
LOAN INTEREST PAYABLE		0	0	0	0		0	0	0	0	
PROFIT (LOSS) BEFORE TAX		7,258,278	7,258,278	2,710,456	4,547,822	69.78%	(350,577)	(350,577)	7,160,189	(7,510,766)	-0.83%
TAXATION		0	0	0	0	0.00%	0	0	0	0	0.00%
PROFIT (LOSS) AFTER TAX		7,258,278	7,258,278	2,710,456	4,547,822	69.78%	(350,577)	(350,577)	7,160,189	(7,510,766)	-0.83%
DIVIDEND PAYABLE		0	0	0	0	0.00%	0	0	0	0	0.00%
DIVIDEND PAYABLE - EMPLOYEES		0	0	0	0	0.00%	0	0	0	0	0.00%
DIVIDEND PAYABLE - ORDINARY		0	0	0	0	0.00%	0	0	0	0	0.00%
RETAINED PROFIT		7,258,278	7,258,278	2,710,456	4,547,822	69.78%	(350,577)	(350,577)	7,160,189	(7,510,766)	-0.83%

VANCO UK LIMITED

Report and Financial Statements

For the year ended 31 January 2004



REPORT AND FINANCIAL STATEMENTS 2004

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E A Timpany
W W Churchill
S J Hargreaves
A J Nester
D B Perez

SECRETARY

S J Hargreaves

REGISTERED OFFICE

John Busch House
277 London Road
Isleworth
Middlesex
TW7 5AX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Abbots House
Abbey Street
Reading
RG1 3BD

BANKERS

Barclays Bank plc
London Corporate Banking
50 Pall Mall
PO Box No 1516R
London
SW1A 1QA

Royal Bank of Scotland
Benwell House
Green Street
Sunbury on Thames
Middlesex
TW16 6QT

SOLICITORS

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 January 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is one of the principal trading subsidiaries of Vanco plc. The Company also owns Vanco International Limited, Vanco ROW Limited, Vanco Global Limited and Vanco US LLC. A full description of the Group and its activities can be found in Vanco plc's accounts.

During the year the Group added a number of significant new customers. As a result of these contracts, and the high level of contract extensions at the year end, the Group has some £129.2 million (2003 - £110.4 million) of contracted business. Of this £45.1 million relates to the year ending 31 January 2005 and a further £37.0 million is in respect of the year subsequent to this.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in detail on page 5. During the year, no equity dividends were proposed or paid (2003- £nil). No non-equity dividends were proposed or paid (2003 - £nil). A profit of £822,139 (2003 - £843,307) has been transferred to reserves.

FIXED ASSETS

Information relating to changes in fixed assets is given in notes 10, 11 and 12. During the year the Group invested a further £7.0 million principally in telecommunications and computer equipment to further improve its customer network, to enhance the Management Information Systems and to further develop the internal network of the Group.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are as set out on page 1. No directors had interests in the share capital of the Group at the current or preceding year end.

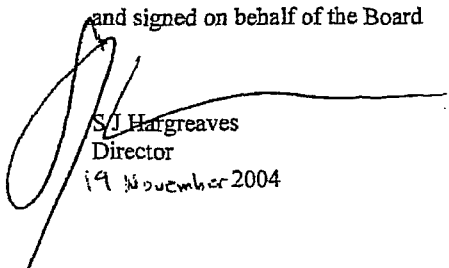
E A Timpany, W W Churchill, S J Hargreaves and A J Nester are also directors of the immediate parent company, Vanco Group Limited, and the ultimate parent Company, Vanco plc. Their interests in the shares of these companies are shown in those companies' accounts.

At 31 January 2004, D B Perez held 209,507 (2003 - 209,507) deferred ordinary "G" shares of 0.1p each, 209,507 (2003 - 279,344) nil paid deferred ordinary "G" shares of 0.1p each and 628,523 (2003 - 907,872) deferred ordinary "GG" shares of 0.1p each in Vanco Group Limited and 141,141 (2003 - 141,141) ordinary shares in Vanco plc.

AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 27 August 2003 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte & Touche LLP are deemed to continue as auditors.

Approved by the Board of Directors
and signed on behalf of the Board



S J Hargreaves
Director
19 November 2004

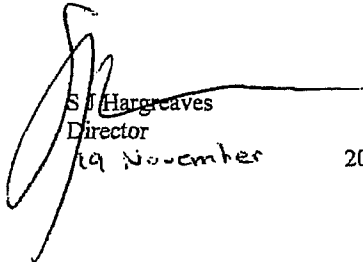
STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's and Group's system of internal control, for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



S J Hargreaves
Director
19 November 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VANCO UK LIMITED

We have audited the financial statements of Vanco UK Limited for the year ended 31 January 2004 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the statements of movements on reserves, the reconciliation of movements in shareholder's funds, the balance sheets, the consolidated cash flow statement, the reconciliation of net cash flow to movement in net debt and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and the Group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

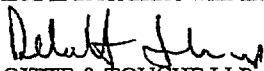
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 January 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Reading

22 November 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 January 2004

	Note	2004 £	2003 as restated* £
TURNOVER	1,2	53,433,198	40,612,644
Cost of sales		(40,376,850)	(28,335,681)
Gross profit		13,056,348	12,276,963
Administrative expenses		(10,236,292)	(10,464,149)
OPERATING PROFIT	4	2,820,056	1,812,814
Interest receivable and similar income	6	451,784	441,921
Interest payable and similar charges	7	(1,966,269)	(785,608)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,305,571	1,469,127
Tax on profit on ordinary activities	8	(483,432)	(625,820)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR		<u>822,139</u>	<u>843,307</u>

*The profit and loss account has been restated for the adoption of Application Note G to Financial Reporting Standard 5, see Note 3.

All amounts relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 January 2004

	2004 £	2003 as restated £
Retained profit for the year	822,139	843,307
Foreign currency translation differences	56,992	-
Total recognised gains and losses relating to the year	879,131	843,307
Prior year adjustments (note 3)	(253,147)	
Total recognised gains and losses since last annual report	<u>625,984</u>	

STATEMENTS OF MOVEMENTS ON RESERVES
Year ended 31 January 2004

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £	Merger capital reserve £	Total £
At 1 February 2003 as previously reported	9,038,136	381,819	4,655,464	(8,985,586)	5,089,833
Prior year adjustment (note 3)	-	-	(253,147)	-	(253,147)
At 1 February 2003 as restated	9,038,136	381,819	4,402,317	(8,985,586)	4,836,686
Retained profit for the financial year	-	-	822,139	-	822,139
Foreign currency translation differences	-	-	56,992	-	56,992
At 31 January 2004	<u>9,038,136</u>	<u>381,819</u>	<u>5,281,448</u>	<u>(8,985,586)</u>	<u>5,715,817</u>

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 February 2003 as previously reported	9,038,136	381,819	2,244,670	11,664,625
Prior year adjustment (note 3)	-	-	(233,413)	(233,413)
At 1 February 2003 as restated	9,038,136	381,819	2,011,257	11,431,212
Retained profit for the financial year	-	-	605,496	605,496
At 31 January 2004	<u>9,038,136</u>	<u>381,819</u>	<u>2,616,753</u>	<u>12,036,708</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
Year ended 31 January 2004

Group	2004	2003
	£	as restated * £
Retained profit for the financial year	822,139	843,307
Foreign currency translation differences	56,992	-
	<hr/>	<hr/>
Net increase in shareholder's funds	879,131	843,307
Opening shareholder's funds	4,873,376	4,030,069
	<hr/>	<hr/>
Closing shareholder's funds	<u>5,752,507</u>	<u>4,873,376</u>

Company	2004	2003
	£	as restated * £
Retained profit for the financial year and increase in shareholder's funds	605,496	601,802
Opening shareholder's funds	11,467,902	10,866,100
	<hr/>	<hr/>
Closing shareholder's funds	<u>12,073,398</u>	<u>11,467,902</u>

* The Reconciliation of Movements In Shareholder's Funds has been restated for the adoption of Application Note G to Financial Reporting Standard 5, see note 3.

CONSOLIDATED BALANCE SHEET
31 January 2004

	Note	£	2004 £	2003 as restated * £
FIXED ASSETS				
Intangible assets	10		9,582	10,017
Tangible assets	11		13,653,454	9,978,909
Investments	12		7,794	7,794
			<u>13,670,830</u>	<u>9,996,720</u>
CURRENT ASSETS				
Debtors				
Due within one year	13	32,856,451		24,687,912
Due after more than one year	13	12,589,824		7,541,374
Cash at bank and in hand		1,736,457		3,645,919
		<u>47,182,732</u>		<u>35,875,205</u>
CREDITORS: amounts falling due within one year				
Trade creditors		11,486,494		9,656,993
Other creditors	14	26,410,745		17,869,694
		<u>37,897,239</u>		<u>27,526,687</u>
NET CURRENT ASSETS				
			<u>9,285,493</u>	<u>8,348,518</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
			22,956,323	18,345,238
CREDITORS: amounts falling due after more than one year				
	15	(5,642,059)		(4,925,342)
PROVISIONS FOR LIABILITIES AND CHARGES				
	16	(534,910)		(405,399)
			<u>16,779,354</u>	<u>13,014,497</u>
ACCRUALS AND DEFERRED INCOME				
			11,026,847	8,141,121
CAPITAL AND RESERVES				
Called up share capital	17		36,690	36,690
Share premium account			9,038,136	9,038,136
Capital redemption reserve			381,819	381,819
Merger capital reserve			(8,985,586)	(8,985,586)
Profit and loss account			5,281,448	4,402,317
			<u>5,752,507</u>	<u>4,873,376</u>
SHAREHOLDER'S FUNDS				
			<u>16,779,354</u>	<u>13,014,497</u>

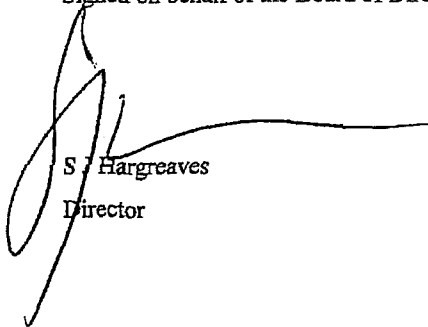
CONSOLIDATED BALANCE SHEET (Continued)
31 January 2004

	Note	2004 £	2003 as restated * £
Non-equity shareholder's funds			
- deferred ordinary shares	17	2,608	2,608
Equity shareholder's funds		<u>5,749,899</u>	<u>4,870,768</u>
		<u>5,752,507</u>	<u>4,873,376</u>

* the consolidated balance sheet has been restated for the adoption of Application Note G to Financial Reporting Standard 5, see note 3.

These financial statements were approved by the Board of Directors on 19 November 2004.

Signed on behalf of the Board of Directors



S. Hargreaves
 Director

COMPANY BALANCE SHEET
31 January 2004

	Note	£	2004 £	2003 as restated * £
FIXED ASSETS				
Tangible assets	11		12,315,997	8,923,475
Investments	12		9,398,584	9,398,584
			<u>21,714,581</u>	<u>18,322,059</u>
CURRENT ASSETS				
Debtors				
Due within one year	13	25,449,448	16,365,810	
Due after more than one year	13	9,081,607	6,090,848	
Cash at bank and in hand		1,283,554	2,333,856	
		<u>35,814,609</u>	<u>24,790,514</u>	
CREDITORS: amounts falling due within one year				
Trade creditors		9,055,440	8,190,549	
Other creditors	14	22,582,302	12,660,812	
		<u>31,637,742</u>	<u>20,851,361</u>	
NET CURRENT ASSETS			<u>4,176,867</u>	<u>3,939,153</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			25,891,448	22,261,212
CREDITORS: amounts falling due after more than one year	15		(4,961,195)	(4,502,866)
PROVISIONS FOR LIABILITIES AND CHARGES	16		(518,167)	(403,842)
			<u>20,412,086</u>	<u>17,354,504</u>
ACCRUALS AND DEFERRED INCOME			8,338,688	5,886,602
CAPITAL AND RESERVES				
Called up share capital	17		36,690	36,690
Share premium account			9,038,136	9,038,136
Capital redemption reserve			381,819	381,819
Profit and loss account			2,616,753	2,011,257
			<u>12,073,398</u>	<u>11,467,902</u>
SHAREHOLDER'S FUNDS			<u>20,412,086</u>	<u>17,354,504</u>

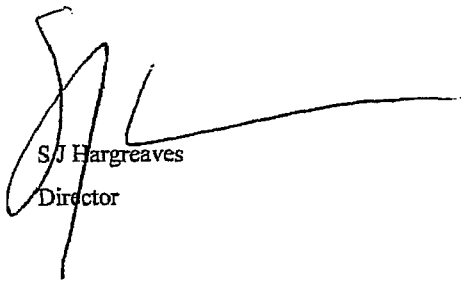
COMPANY BALANCE SHEET (Continued)
31 January 2004

	Note	2004 £	2003 as restated * £
Non-equity shareholder's funds			
- deferred ordinary shares	17	2,608	2,608
Equity shareholder's funds		<u>12,070,790</u>	<u>11,465,294</u>
		<u>12,073,398</u>	<u>11,467,902</u>

* the company balance sheet has been restated for the adoption of Application Note G to Financial Reporting Standard 5, see note 3.

These financial statements were approved by the Board of Directors on 19 November 2004.

Signed on behalf of the Board of Directors.



SJ Hargreaves
 Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 January 2004

	Note	2004 £	2003 £
Net cash inflow from operating activities	20	3,873,487	5,386,351
Returns on investments and servicing of finance			
Interest received		1,710	-
Interest paid		<u>(427,678)</u>	<u>(284,846)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(425,968)</u>	<u>(284,846)</u>
Taxation paid		(270,000)	(332,315)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		<u>(1,572,451)</u>	<u>(1,345,296)</u>
Net cash outflow from capital expenditure and financial investment		<u>(1,572,451)</u>	<u>(1,345,296)</u>
Acquisitions			
Investment in subsidiary undertaking		-	<u>(10,453)</u>
Net cash outflow from acquisitions		-	<u>(10,453)</u>
Net cash inflow before financing		1,605,068	3,413,441
Financing			
Inception of new loans	21	-	884,639
Capital element of loan payments	21	(296,659)	(159,304)
Capital element of finance lease and hire purchase agreement payments	21	<u>(3,190,028)</u>	<u>(2,084,820)</u>
Net cash outflow from financing		<u>(3,486,687)</u>	<u>(1,359,485)</u>
(Decrease)/increase in cash in year	21	<u>(1,881,619)</u>	<u>2,053,956</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
Year ended 31 January 2004

	Note	2004 £	2003 £
(Decrease) increase in cash in the year	21	(1,881,619)	2,053,956
Cash outflow from changes in lease and lease financing		3,190,028	2,084,820
Cash outflow (inflow) from other loan repayments		296,659	(884,639)
Cash outflow from bank loan repayments		-	159,304
		<hr/>	<hr/>
Change in net debt resulting from cash flows		1,605,068	3,413,441
New finance leases	21	(5,437,684)	(4,383,365)
Other movements in new loans	21	487,390	-
Foreign currency translation differences	21	7,574	-
		<hr/>	<hr/>
Movement in net debt		(3,337,652)	(969,924)
Opening net debt	21	(4,380,291)	(3,410,367)
		<hr/>	<hr/>
Closing net debt	21	(7,717,943)	(4,380,291)
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with UK applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiary undertakings.

Acquisitions

On the acquisition of a business, fair values are attributed to the Group's share of the net tangible assets. Where the cost of acquisition, being the fair value of the purchase consideration and the expenses of the acquisition, exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill.

Goodwill

In accordance with Financial Reporting Standard 10, goodwill is capitalised. Goodwill is amortised over a period of 20 years, which, in the opinion of the directors is its estimated useful economic life.

Investments

Investments are stated at cost less provision for any impairment.

Turnover

A network contract typically covers both the design, supply and installation of the network and thereafter the provision of Packaged Network Solutions. Revenue relating to the initial part of the contract is determined by the fair value of the component elements represented by the equipment installed and the time expended on this element of the contract. The remainder of the contract value covering the provision of network management services is recognised evenly over the period of the contract except for that element of revenue which equates to the finance lease interest costs relating to the network equipment. This element is accounted for on a sum of the digits basis, in line with the accounting treatment of the associated costs.

To the extent that the recognition of revenue differs from the contractual billing terms, either revenue is accrued or amounts billed in advance are treated as deferred income.

Commissions

Commissions payable to sales staff on securing new contracts are written off to the profit and loss account on a straight line basis over the lesser of the period of the contract and three years, in order to match the cost with the associated gross margin.

Tangible fixed assets and depreciation

Depreciation is calculated to write down the cost of fixed assets to their expected residual values over their estimated useful lives. The rates used are as follows:

Leasehold improvements	- over the period of the lease
Computer equipment	- 20% - 33% per annum
Fixtures, fittings and equipment	- 20% - 33% per annum
Motor vehicles	- 20% per annum

Leased assets

Fixed assets held under finance leases or hire purchase agreements are capitalised and depreciated over their expected useful lives. Finance charges are allocated to the profit and loss account on a sum of digits basis.

NOTES TO THE ACCOUNTS

Year ended 31 January 2004

1. ACCOUNTING POLICIES (Continued)

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account. The financial statements of foreign subsidiary undertakings are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiary undertakings at the closing rate is taken direct to reserves.

Pension costs

Contributions are made to employees' personal pension schemes. The costs of this are charged to the profit and loss account when incurred.

2. TURNOVER

Turnover represents amounts derived from the principal activity of the Group which is telecommunication services. The majority of turnover is invoiced from the United Kingdom and a small amount invoiced from the United States. However, due to the nature of the Packaged Network Solutions provided by the Group, it is difficult to split accurately the turnover according to the location in which the service is provided. However in the opinion of the directors, of the total turnover for the year ended 31 January 2004, approximately £12.1 million (2003 - £9.2 million) relates to services provided outside the United Kingdom from continuing operations.

3. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the adoption of Application Note G to Financial Reporting Standard 5 in relation to revenue recognition with revenue now discounted to the present value of the related cash inflows. The unwinding of the discount is credited to Finance Income.

Group

The prior year adjustment, which has the effect of decreasing reserves by £253,147, has the effect of decreasing revenue by £131,548 and increasing finance income by £68,006 in the year ended 31 January 2003 and of decreasing prepayments and accrued income by £253,147 as at 31 January 2003.

The impact in the current year of the change in accounting policy is to reduce revenue by £360,708 and to increase finance income by £111,220 and of decreasing prepayments and accrued income by £249,488 as at 31 January 2004.

Company

The prior year adjustment has the effect of decreasing reserves and of decreasing prepayments and accrued income by £233,039 in the Company Balance Sheet as at 31 January 2003.

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

4. OPERATING PROFIT

	2004	2003
	£	£
Operating profit is arrived at after charging:		
Depreciation - leased assets	2,765,567	1,542,196
- owned assets	521,717	274,655
Amortisation intangible fixed assets	435	436
Auditors' remuneration		
- Group audit fees	67,500	26,000
- Company audit fees	40,000	16,400
- other services	5,556	9,333
Rentals under operating leases		
- hire of plant and machinery	548,789	448,951
- other	535,019	469,368
Finance lease charges included within cost of sales	665,184	534,744
	<u>665,184</u>	<u>534,744</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employees

The average number of people employed by the Group during the year (including directors) was 220 (2003 - 191).

The costs incurred in respect of these employees were:

	2004	2003
	£	£
Wages and salaries	8,360,218	7,962,229
Social security costs	1,028,206	977,894
Other pension costs	444,124	101,581
	<u>9,832,548</u>	<u>9,041,704</u>

Directors' emoluments were as follows:

	2004	2003
	£	£
Remuneration	122,760	123,050
Pension contributions	4,553	1,625
	<u>127,313</u>	<u>124,675</u>

The emoluments of the highest paid director were £127,313 (2003 - £124,675).

Pension contributions amounting to £4,553 (2003 - £1,625) were made into personal pension schemes in respect of one (2003 - one) of the directors.

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

Directors remunerated by the Group

S J Hargreaves and E A Timpany are executives of the ultimate parent company, Vanco plc, and are also directors of the majority of the other companies within the Vanco plc group. A J Nester is an executive of the ultimate parent company, Vanco plc, and the intermediate parent company, Vanco Group Limited, and Vanco International Limited and Vanco Global Limited, both fellow subsidiary undertakings of Vanco UK Limited. W W Churchill is an executive of the ultimate parent company, Vanco plc, the immediate parent company, Vanco Group Limited, and of Vanco e-Business Limited and Vanco Business Solutions Limited, both fellow subsidiary undertakings of Vanco Group Limited.

The directors, other than D B Perez, received total emoluments of £850,206 from Vanco plc during the year, but it is not practicable to allocate this between their services as executives of Vanco plc and their services as directors of the other companies stated above. In addition, the four directors other than D B Perez are members of money purchase schemes into which contributions are paid by Vanco plc in respect of their services to the above companies.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 as restated £
Finance income	111,220	68,006
Foreign exchange gains	340,564	373,915
	<u>451,784</u>	<u>441,921</u>

Finance income represents the unwinding of the discount accounted for on recognition of revenue in respect of long term debtors, as these debtors are paid, as described in note 3.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Bank overdraft repayable on demand	109,100	84,816
Finance lease interest	409,160	200,030
Foreign exchange losses	1,448,009	500,762
	<u>1,966,269</u>	<u>785,608</u>

During the year the Group also paid finance lease interest of £665,184 (2003 - £534,744) relating to networking equipment. This is included within cost of sales.

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
United Kingdom corporation tax	106,608	278,996
Group relief payable - current year	204,789	159,598
- prior year	-	76,493
Under/(over) provision in prior years	42,524	(76,066)
	<u>353,921</u>	<u>439,021</u>
Deferred taxation		
timing differences, origination and reversal	129,511	189,531
prior year overprovision	-	(2,732)
	<u>483,432</u>	<u>625,820</u>

Factors affecting the tax charge for the current year

The tax assessed for the current year is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2003 – 30%). The differences are explained below:

	2004	2003
	£	restated £
Profit on ordinary activities before taxation	1,305,571	1,469,127
	<u>391,671</u>	<u>440,738</u>
Tax at 30% thereon		
Effects of:		
expenses not deductible for tax purposes	48,353	189,865
capital allowances in excess of depreciation	(127,931)	(192,009)
sundry	(696)	-
prior year adjustments	42,524	427
	<u>353,921</u>	<u>439,021</u>
Current tax charge for year		

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

9. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's profit before tax for the financial year amounted to £756,479(2003- £1,051,159).

10. INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 February 2003 and at 31 January 2004	10,453
Amortisation	
At 1 February 2003	436
Charge for the year	435
At 31 January 2004	871
Net book value	
At 31 January 2004	9,582
At 31 January 2003	10,017

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

11. TANGIBLE FIXED ASSETS

Group	Leasehold improve- ments £	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 February 2003	976,632	18,450,879	1,223,124	210,849	20,861,484
Additions	37,731	6,735,594	188,504	-	6,961,829
At 31 January 2004	<u>1,014,363</u>	<u>25,186,473</u>	<u>1,411,628</u>	<u>210,849</u>	<u>27,823,313</u>
Depreciation					
At 1 February 2003	299,513	9,922,899	585,230	74,933	10,882,575
Charge for the year	135,081	2,859,050	246,643	46,510	3,287,284
At 31 January 2004	<u>434,594</u>	<u>12,781,949</u>	<u>831,873</u>	<u>121,443</u>	<u>14,169,859</u>
Net book value					
At 31 January 2004	<u>579,769</u>	<u>12,404,524</u>	<u>579,755</u>	<u>89,406</u>	<u>13,653,454</u>
At 31 January 2003	<u>677,119</u>	<u>8,527,980</u>	<u>637,895</u>	<u>135,915</u>	<u>9,978,909</u>

At 31 January 2004 the Group held assets under finance lease agreements with a net book value of £9,385,641 (2003 - £6,713,523).

At 31 January 2004 the Group had capital commitments of £350,000 (2003 - £680,000).

Company	Leasehold improve- ments £	Computer equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 February 2003	937,515	15,678,782	1,186,389	210,849	18,013,535
Additions	37,731	6,044,959	178,359	-	6,261,049
At 31 January 2004	<u>975,246</u>	<u>21,723,741</u>	<u>1,364,748</u>	<u>210,849</u>	<u>24,274,584</u>
Depreciation					
At 1 February 2003	293,643	8,144,133	577,351	74,933	9,090,060
Charge for the year	130,444	2,461,669	229,904	46,510	2,868,527
At 31 January 2004	<u>424,087</u>	<u>10,605,802</u>	<u>807,255</u>	<u>121,443</u>	<u>11,958,587</u>
Net book value					
At 31 January 2004	<u>551,159</u>	<u>11,117,939</u>	<u>557,493</u>	<u>89,406</u>	<u>12,315,997</u>
At 31 January 2003	<u>643,872</u>	<u>7,534,649</u>	<u>609,038</u>	<u>135,916</u>	<u>8,923,475</u>

At 31 January 2004 the Company held assets under finance lease agreements with a net book value of £8,833,937 (2003 - £5,698,675).

At 31 January 2004 the Company had capital commitments of £350,000 (2003 - £430,000).

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

12. INVESTMENTS

Group	Shares in fellow undertakings £
Cost and net book value	
At 1 February 2003 and at 31 January 2004	<u>7,794</u>

The investments relate to a 3% ordinary share holding in Vanco Srl and a 0.4% ordinary share holding in Vanco GmbH. As these are minority shareholdings the results of these companies have not been consolidated.

Company	Shares in fellow undertakings £
Cost and net book value	
At 1 February 2003 and at 31 January 2004	<u>9,398,584</u>

At the year end the Company held the following investments:

	Country of operation/ incorporation	Ordinary shares %
Vanco International Limited	England	100.0
Vanco ROW Limited	England	100.0
Vanco Global Limited	England	100.0
Vanco US LLC *	USA	100.0
Vanco GmbH	Germany	0.4
Vanco Srl	Italy	3.0

* denotes held by Vanco ROW Limited

The remainder of the share capital in both Vanco GmbH and Vanco Srl is held by Vanco Group Limited, which is the immediate parent Company of Vanco UK Limited. Vanco International Limited, Vanco Global Limited, Vanco US LLC, Vanco GmbH and Vanco Srl are involved in the provision of Packaged Network Services. Vanco ROW Limited is a vehicle for the Group's Global Partner agreements.

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

13. DEBTORS

	2004		2003	
	Group	Company	Group as restated	Company as restated
	£	£	£	£
Due within one year				
Trade debtors	11,135,461	8,036,272	8,157,217	5,518,111
Amounts owed by fellow undertakings	10,182,438	9,008,885	8,430,036	4,673,465
Other debtors	1,066,474	551,676	947,566	447,692
Prepayments and accrued income	10,472,078	7,852,615	7,153,093	5,726,542
	<u>32,856,451</u>	<u>25,449,448</u>	<u>24,687,912</u>	<u>16,365,810</u>
Due after more than one year				
Prepayments and accrued income	12,589,824	9,081,607	7,541,374	6,090,848
	<u>12,589,824</u>	<u>9,081,607</u>	<u>7,541,374</u>	<u>6,090,848</u>

14. OTHER CREDITORS

	2004		2003	
	Group	Company	Group	Company
	£	£	£	£
Loans	177,676	170,520	332,061	309,977
Obligations under finance leases and hire purchase agreements	3,634,665	3,182,479	2,768,807	2,444,230
Amounts owed to fellow undertakings	20,247,453	17,899,912	13,272,089	9,091,013
Corporation tax	166,313	43,126	-	-
Group relief payable	434,949	239,596	107,543	107,543
Other creditors	5,203	2,370	-	-
Other taxation and social security	1,744,486	1,044,299	1,389,194	708,049
	<u>26,410,745</u>	<u>22,582,302</u>	<u>17,869,694</u>	<u>12,660,812</u>

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004		2003	
	Group £	Company £	Group £	Company £
Due in more than one year but not more than two years				
Loans	78,097	73,326	308,206	286,122
Obligations under finance leases and hire purchase agreements	<u>2,781,799</u>	<u>2,468,046</u>	<u>2,443,727</u>	<u>2,095,261</u>
	<u>2,859,896</u>	<u>2,541,372</u>	<u>2,751,933</u>	<u>2,381,383</u>
Due more than two years but not more than five years				
Loans	10,667	10,667	410,222	358,297
Obligations under finance leases and hire purchase agreements	<u>2,771,496</u>	<u>2,409,156</u>	<u>1,763,187</u>	<u>1,763,186</u>
	<u>2,782,163</u>	<u>2,419,823</u>	<u>2,173,409</u>	<u>2,121,483</u>
Total due within one to five years	<u>5,642,059</u>	<u>4,961,195</u>	<u>4,925,342</u>	<u>4,502,866</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

Group	£
At 1 February 2003	405,399
Charge for the year	<u>129,511</u>
At 31 January 2004	<u>534,910</u>

The amounts of deferred tax provided in the accounts (which represents a full provision) comprised:

	2004 £	2003 £
Capital allowances in excess of depreciation	<u>534,910</u>	<u>405,399</u>

Company

	£
At 1 February 2003	403,842
Charge for the year	<u>114,325</u>
At 31 January 2004	<u>518,167</u>

NOTES TO THE ACCOUNTS
Year ended 31 January 2004

16. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

The amounts of deferred tax provided in the accounts (which represents a full provision) comprised:

	2004 £	2003 £
Capital allowances in excess of depreciation	518,167	403,842

17. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
Ordinary shares of 0.1p each (2004 and 2003 – 40,000,000)	40,000	40,000
Deferred ordinary shares of 0.1p each (2004 and 2003 – 5,000,000)	5,000	5,000
Cumulative redeemable preference shares of £1 each (2004 and 2003 – 430,000)	430,000	430,000
	<u>475,000</u>	<u>475,000</u>
Called up, allotted and fully paid		
Ordinary shares of 0.1p each (2004 and 2003 – 34,081,770)	34,082	34,082
Deferred ordinary shares of 0.1p each (2004 and 2003 – 2,607,960)	2,608	2,608
	<u>36,690</u>	<u>36,690</u>

The deferred ordinary shares carry no voting rights and therefore have been classified as non-equity shares with no share of reserves being attributable to them. They carry the same rights as the ordinary shares in the event of the sale, listing or liquidation of the Company. Subject to the Company having the necessary reserves, these shares carry a discretionary non-cumulative dividend of 5% of their value.

18. OPERATING LEASE COMMITMENTS

At 31 January 2004 the Group and Company were committed to making the following payments during the next year in respect of operating leases:

Group	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	120,403	-	69,360
Within 2 to 5 years	524,000	178,229	507,278	371,556
After 5 years	6,330	-	6,330	-
	<u>530,330</u>	<u>298,632</u>	<u>513,608</u>	<u>440,916</u>

Company	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	120,403	-	69,360
Within 2 to 5 years	464,000	178,229	452,400	370,003
After 5 years	6,330	-	6,330	-
	<u>470,330</u>	<u>298,632</u>	<u>458,730</u>	<u>439,363</u>

NOTES TO THE ACCOUNTS

Year ended 31 January 2004

19. BANK OVERDRAFT, BANK LOANS AND FINANCE LEASES

The company is part of the UK group that has an undrawn, committed bank overdraft facility of £5,000,000 available at 31 January 2004 (2003: £2,600,000). The overdraft is secured by a fixed and floating charge over all assets of Vanco plc, Vanco Group Limited, Vanco International Limited and Vanco UK Limited.

The bank loan incurs interest at the rate of 1.75% above LIBOR. The bank loan is arranged under a revolving facility which is renewable in November 2006.

The bank loans are secured by a fixed and floating charge over all assets of Vanco plc, Vanco Group Limited, Vanco International Limited and Vanco UK Limited. Finance lease obligations are secured by retention of title to the related assets.

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	2004	2003
	£	restated £
Operating profit	2,820,056	1,812,814
Depreciation	3,287,284	1,816,851
Amortisation of intangible fixed assets	435	436
Increase in debtors	(13,455,935)	(9,541,163)
Increase in creditors	8,336,321	9,438,852
Increase in accruals and deferred income	2,885,326	1,858,561
	<u>3,873,487</u>	<u>5,386,351</u>

21. ANALYSIS OF NET DEBT

	31 January 2003	Cash flow £	Exchange movements £	Other movements £	31 January 2004
Cash at bank and in hand	3,645,919	(1,881,619)	(27,843)	-	1,736,457
Loans due within one year	(332,061)	296,659	-	(142,274)	(177,676)
Loans due after one year	(718,428)	-	-	629,664	(88,764)
Finance leases and hire purchase agreements	(6,975,721)	3,190,028	35,417	(5,437,684)	(9,187,960)
	<u>(4,380,291)</u>	<u>1,605,068</u>	<u>7,574</u>	<u>(4,950,294)</u>	<u>(7,717,943)</u>

During the year the Group entered into finance lease and hire purchase arrangements in respect of assets with a total capital value of £5,437,684 (2003 - £4,383,365) at the inception of the arrangements.

22. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company's immediate parent company and controlling entity is Vanco Group Limited. The ultimate parent company and controlling entity is Vanco plc. Both companies are registered in England and Wales. The parent undertaking of the smallest and largest group that includes the Company and for which group financial statements are prepared is Vanco plc. Copies of these companies' financial statements are available from the Company Secretary, John Busch House, 277 London Road, Isleworth, Middlesex, TW7 5AX.

23. RELATED PARTY TRANSACTIONS

In accordance with FRS 8 "Related Party Disclosures", transactions with other Group undertakings within and investee related parties of, the Vanco plc group have not been disclosed in these financial statements.

EXHIBIT F

PROPOSED TARIFF

Schedule of Rates, Rules and Regulations
Governing Resale of Local Exchange and Interexchange Services
Provided in the State of South Dakota

OFFERED BY

Vanco Direct USA, LLC

Business Office:
1420 Kensington Road, Suite 103
Oak Brook, Illinois 60523

Phone: 1-866-578-2626

Issued:

Effective:

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SYMBOLS

Whenever tariff sheets are revised, changes will be identified by the following symbols:

- (C) To signify a change in regulation.
- (D) To signify deleted or discontinued rate, regulation or condition.
- (I) To signify a change resulting in an increase to a customer's bill.
- (M) To signify material moved from or to another part of tariff with no change in text, rate rule or condition.
- (N) To signify new rate, regulation, condition or sheet.
- (R) To signify a change resulting in a reduction to a customer's bill.
- (T) To signify change in text but no change in rate, rule or condition.

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TARIFF FORMAT SHEET

A. Page Numbering. Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added, the page appears as a decimal. For example, a new page added between pages 34 and 35 would be 34.1.

B. Page Revisions Numbers. Revision numbers also appear in the upper-right corner of the page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 34 cancels the 3rd revised Page 34. Because of deferrals, notice periods, etc., the most current page number on file with the Commission is not always the tariff page in effect. Subscriber should consult the check page for the page currently in effect.

C. Paragraph Numbering Sequence. There are various levels of paragraph coding. Each level of coding is subservient to its next higher level of coding. For example:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a)
- 2.1.1.A.1.(a).I.
- 2.1.1.A.1.(a).I.(i)
- 2.1.1.A.1.(a).I.(i)(1)

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1 **TECHNICAL TERMS AND ABBREVIATIONS**

Certain terms used throughout this Tariff are defined below.

Access Code

“Access Code” means a sequence of numbers that, when dialed, connects a Customer to the Carrier associated with that sequence.

Authorized User

“Authorized User” means a person, firm, company, corporation, or other entity who is authorized by the Customer to take Service under this Tariff.

Automatic Number Identification (ANI)

“Automatic Number Identification” or “ANI” refers to the calling telephone number identification which will be forwarded to the Carrier’s network by the Local Exchange Company (“LEC”) as a call is placed. Feature Group D interconnections are used to gain access to a Carrier’s switched telecommunications service.

Carrier

“Carrier” means a communications common carrier authorized by the Commission or the FCC to provide communications service to the public.

Commission

“Commission” refers to the Public Utilities Commission of South Dakota.

Connection Fee

“Connection fee”, also “Processing Fee”, means the fee charged to the Company by the Underlying Carrier and the fee charged by the Company to the Customer to connect the Customer to the local switched network.

Credit(s)

“Credit(s)” has the meaning set forth in Section 2.24 hereof.

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1 **Technical Terms and Abbreviations (cont.)**

Credit Allowances

“Credit Allowances” has the meaning set forth in Section 2.24 hereof.

Customer

“Customer” means the person, firm, company, corporation, or other entity who, pursuant to a Service Order orders Service(s) under this Tariff. Customer shall include both residential and business customers.

FCC

“FCC” means the Federal Communications Commission.

Governmental Authority

“Governmental Authority” means any judicial, administrative, or other federal, state or municipal governmental authority (including without limitation the Commission and the FCC) having jurisdiction over the Company or the provision of Services hereunder.

Holidays

“Holidays” means all Company-specified holidays: New Year’s Day (January 1), Independence Day (July 4), Labor Day, Thanksgiving Day and Christmas Day (December 25).

Interruption

“Interruption” means the disruption of, or removal of a circuit from, Service such that the Service becomes unusable by subscriber for a continuous period of thirty (30) minutes or more.

Local Calling

“Local calling” means a completed call or telephone communication between a calling station and any other station within the local service area of the calling station.

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1 Technical Terms and Abbreviations (cont.)**Local Access and Transport Area ("LATA")**

"Local Access and Transport Area" ("LATA") means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192, within which an LEC provides communications service.

Local Exchange Carrier ("LEC")

"LEC" means any person that is engaged in the provision of local exchange service or exchange access service. However, such term does not include any person insofar as such person is engaged in the provision of commercial mobile radio service.

Local Service Area

"Local service area" means that area within which a customer to exchange service can make telephone calls at exchange rates. A local service area may consist of one or more central office or exchange areas.

Minimum Service Period

"Minimum Service Period" (or "MSP") means the minimum period of time during which Customer takes local service under this Tariff, which is 30 days.

Non-recurring Charges

"Non-recurring Charges" means the one-time initial charges for service or facilities, including but not limited to charges for processing and installation, for which the Customer becomes liable at the time the application for service is executed and paid.

Other Providers

"Other Providers" means any carriers or other service providers, whose services or facilities are connected to the Services.

Performance Failure

"Performance Failure" means any disruption, degradation, or failure of Service, including without limitation any Interruption (but excluding Scheduled Interruptions), any installation failure or delay, or any mistake, delay, omission, error or other defect in the Service or in the provision thereof.

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1 Technical Terms and Abbreviations (cont.)**Processing Fee**

“Processing Fee” means a fee charged by the Company at the time service is ordered to process the customer’s application for local service, also called a Service Order. It includes the connection fee.

Recurring Charge

“Recurring charge” means the monthly charges to the Customer for services, facilities, and/or equipment, which continue for the agreed upon duration of service.

Regulation(s)

“Regulation(s)” means any and all law(s), rule(s), regulation(s), (including without limitation those set forth in this Tariff), order(s), policy or policies, ruling(s), judgment(s), decree(s) or other determination(s) which are made by the Commission or any other Governmental Authority or which arise under any federal, state or local statute, utility code, or ordinance, and which are applicable to the Services or to any provision of this Tariff.

Resale Tariff(s)

“Resale Tariff(s)” means the tariff(s) of one or more Underlying Carriers.

Scheduled Interruption

“Scheduled Interruption” means an Interruption which has been scheduled by the Company in advance for maintenance, testing, or other administrative purposes.

Service(s)

“Service(s)” means the Company’s regulated, communications common carrier service(s) provided under this Tariff.

1 **Technical Terms and Abbreviations (cont.)**

Service Commencement Date

“Service Commencement Date” means either (i) the first day following the date on which the Company notifies the Customer that the requested Service is available for use, (ii) in the event Customer lawfully refuses to accept such Service, the date of Customer’s acceptance of such Service, or (iii) another, mutually agreed upon date.

Service Order

“Service Order” means (i) an agreement between the Company and Customer, or (ii) a Company designated form used from time to time by Customer for purposes of ordering Services hereunder.

Sign Up Fee

Same as “Processing Fee”.

Subscriber

“Subscriber” means a person, firm, company, corporation, or other entity who is authorized by the Customer to use Service under this Tariff.

Termination (Terminate)

“Termination” (or “Terminate”) means discontinuance of (to discontinue) Services, either at Customer’s request, or by the Company in accordance with Regulations.

Underlying Carrier(s)

“Underlying Carrier(s)” means the LEC(s) or other Carrier(s) whose services are resold by the Company pursuant to this Tariff.

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2 **RULES AND REGULATIONS**

The Company is a reseller of regulated local and interexchange services. The Services described in Section 3 of this Tariff are provided to Customers by the Company pursuant to one or more applicable resale agreements which are on file with, and have been approved by, the Commission.

2.1 Undertaking of the Company

2.1.1 Obligation to Provide Service. The Company shall exercise its best efforts to provide Services to Subscribers pursuant to the terms and conditions of this Tariff. The Company shall exercise reasonable efforts to make such Services available for Subscribers' use on either the installation date set for in a Service Order (or, if no date is specified) as soon as practicable after execution of a Service Order, subject to Customer's compliance with Regulations. In addition to the Service Order, Customer shall also execute such other documents as the Company may reasonably require. In the event of a conflict or inconsistency between (i) the terms of a Service Order (or of any other document executed by the Customer) and (ii) those of this Tariff, the latter shall govern. The Service Order becomes a contract upon the establishment of service or provision of any ordered facilities.

2.1.2 Conditions to Company's Obligations. The obligations of the Company to provide Services are subject to the following: (i) availability, procurement, construction, and maintenance of facilities required to meet the Service Order; (ii) the provision of Services to the Company for Resale by the Underlying Carrier; (iii) interconnection to Other Providers' services or facilities as required; and (iv) any applicable Credit Limit.

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2.2 Responsibility and Use

2.2.1 Services may be used by Customer or Subscriber for any lawful purpose, twenty-four (24) hours per day, seven (7) days per week, subject to the terms and conditions set forth herein and in any applicable Service Order. Customer is solely responsible for (i) prevention of unauthorized, unlawful or fraudulent, use of or access to Services, which use or access is expressly prohibited.

2.2.2 The Customer has no property right in the telephone number or any other call number designation associated with the Company's Services. The Company may change such numbers, or the central office code designation associated with such numbers, or both, assigned to the Customer, whenever the Company, in its sole discretion, deems it necessary to do so in the conduct of its business.

2.3 Transmission

The Services are suitable for the transmission of voice, data, or other communications.

2.4 Interconnection

2.4.1 Services or facilities furnished by the Company may be connected with services or facilities of Other Providers subject to any technical limitations set forth in said Other Providers' tariffs (if any); provided, however, such service furnished by the Company is not part of a joint undertaking with any Other Provider.

2.4.2 Interconnection with the facilities or services of Other Providers is subject to (i) the availability of said Other Providers' facilities; and (ii) the applicable terms and conditions of the Other Providers' tariffs (if any). Customer shall be solely responsible for satisfying all legal requirements for interconnecting Customer-provided terminal equipment or communications systems with Other Providers' facilities, including, without limitation, application for all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection. Satisfaction of all legal requirements, any interface equipment or any other facilities necessary to interconnect the facilities of the Company and Other Providers must be provided at the Customer's sole expense.

2.5 Equipment

2.5.1 The Company's facilities or Services may be used with or terminated to Customer Premises Equipment ("CPE"), such as a private branch exchange, key system or pay telephone. CPE is the sole responsibility of the Customer and the Company has no responsibility whatsoever for the installation, operation, and maintenance of such CPE. The Customer is solely responsible for all costs of installing, maintaining or repairing CPE, including without limitation personnel charges, wiring costs, and costs associated with routing of electrical power, incurred in the attachment to and use of the Company's facilities or Services.

2.5.2 The Customer is responsible for ensuring that all attached CPE conforms to the Federal Communications Commission's registration requirements set forth in Part 68 of the Code of Federal Regulation (as amended), and the Company may discontinue the provision of Services to any location where CPE fails to conform to such Regulations.

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2.5.3 The Customer will be responsible for payment of service charges at the Company's standard, hourly rates in effect from time to time for visits by Company personnel to the Customer's premises in response to any Service difficulty or trouble report determined to be caused, in whole or in part, by the use of any CPE, Services, facilities, or other equipment which is not provided by the Company.

2.6 Title

Title to any and all equipment or facilities provided by Company under this Tariff will remain in the Company.

2.7 Customer Premises

Customer shall provide, without cost to Company, all equipment, space, conduit, and electric power required to terminate the Services at the Subscriber's premises. The Customer shall arrange for the Company, or other Carriers as required, to have access to the Subscriber's premises at all reasonable times for purposes of Service installation, Termination, inspection and repair. Customer shall be solely responsible for any damage to or loss of Company equipment while in the premises of Subscriber, unless such damage is caused by the negligence or willful misconduct of the Company, its employees, subcontractors or agents.

2.8 Non-Routine Maintenance and Installation

At the Customer's request, the Company may perform installation or maintenance on weekends or times other than during normal business hours: provided, however, Customer may be assessed reasonable, additional charges based on the Company's actually incurred labor, material or other costs for such non-routine installation or maintenance.

2.9 Interruption

The Company, without incurring any liability whatsoever, may make Scheduled Interruptions at any time (i) to ensure compliance by the Customer or Subscriber with Regulation (including without limitation the provisions of this Tariff), (ii) to ensure proper installation and operation of the Customer's and the Company's equipment and facilities, (iii) to prevent fraudulent use of or access to the Services, or (iv) to perform any other maintenance, testing or inspection reasonably required for the provision of Services hereunder.

2.10 Service Commencement

Billing for Services will commence as of the Service Commencement Date. The Company shall notify the Customer when Services ordered pursuant to an accepted Service Order are ready for use.

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2.11 Reserved for Future Use.

2.12 Service Order Cancellation and Refund of Processing Fee and MSP Recurring Charges

If a Customer cancels the Service Order, the Processing Fee and the recurring charges for the MSP are subject to refund at any time before Service is commenced pursuant to the Customer's Service Order.

2.13 Billing and Payments

2.13.1 Except as otherwise limited by Regulation, Customer shall be responsible for payment of all charges, whether authorized or not, for any and all use of or access to Services provided to Subscribers, including without limitation any unauthorized, unlawful or fraudulent use or access.

2.13.2 All amounts stated on each local service monthly bill are due and payable as set out in Paragraph 2.13.4

2.13.3 Customers may pay for any service by credit card, money order, or cash at a Company authorized Agent or payment center location. Payments for service mailed to the Company must be in the form of a Money Order or Certified Check. Credit card payments are accepted by the Company by telephone.

2.13.4 Charges for Prepaid Local Service will be due on a monthly (30 days) basis, in advance. The Customer will pay each month for the service beginning 30 days after service is connected.

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2.13 Billing and Payment (cont.)

- 2.13.5 The Company mails monthly invoices to Customers, which indicate the Customer's service and charges, plus applicable federal, state and local charges and taxes, for local service.
- 2.13.6 The Company will not alter the billing cycle for local service unless affected customers are sent a bill insert or other written notice explaining the alteration not less than 30 days prior to the effective date of the alteration. Such notification is not required with a Customer requests a number or billing change or when the Customer disconnects and reconnects service or transfers service from one premises to another.
- 2.13.7 The Company allows customers at least 14 days to pay bill charges.

The Company may set forth the following on monthly local service invoices:

- A. the number of access lines for which charges are stated;
- B. the beginning or ending dates of the billing period;
- C. the date the bill becomes delinquent if not paid on time;
- D. the unpaid balance (if any);
- E. the amount for basic service and an itemization for the amount due for toll service, if applicable, including the date and duration of each toll call;
- F. an itemization of the amount due for taxes, franchise fees, 911 surcharges (if applicable) and other surcharges as may be necessary and appropriate;
- G. the total amount due; and
- H. a telephone number where inquires may be made.

2.14 Customer Cancellation of Service

The Company shall have 10 days to connect service before a refund will be considered.

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2.15 Deposits

The Company does not require a deposit.

2.16 Taxes

The Customer is responsible for payment of any applicable federal, state, municipal taxes or surcharges, including without limitation franchise fees, excise taxes, sales taxes, or municipal utilities taxes. Taxes and surcharges for local Prepaid Service will be billed by the Company on Customer's invoice and are included in the flat rate monthly charge for prepaid local service. Taxes and surcharges for prepaid long distance are included in the per minute price.

2.17 Denial of Service without Notice

The Company may discontinue service without notice for any of the following reasons: hazardous conditions on customer's premises; where customer's use of the equipment adversely affects the Company's equipment or service to others; if customer tampers with equipment furnished and owned by the Company; if the customer engages in the unauthorized use of the service by any method which causes hazardous signals over the Company's network; and/or if the customer engages in a use of the service or equipment that violates the law.

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2.18 Denial of Service with Notice

- 2.18.1 Service may be discontinued upon 14 days notice for any of the following reasons:
- 2.18.1.A nonpayment of an undisputed delinquent charge;
 - 2.18.1.B failure to substantially comply with terms of regulations or a settlement agreement;
 - 2.18.1.C refusal after reasonable notice to permit inspection, maintenance or replacement of telephone utility equipment;
 - 2.18.1.D failure to comply with municipal ordinances, and/or as approved by federal or state law.
- 2.18.2 Service may not be discontinued by the Company for failure to pay charges not subject to Commission's jurisdiction unless specifically authorized in this tariff.
- 2.18.3 Residential service may be discontinued during normal business hours on or after the date specified in the notice of discontinuance. Service shall not be discontinued on a day when the office of the Company are not available to facilitate reconnection of service or on a day immediately preceding such day.
- 2.18.4 Customers shall have at least 14 days from the rendition of a bill to pay the charges stated. The Company will provide at least 10 days written notice to Customer prior to disconnection for nonpayment.

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2.19 Restoration of Local Services

The customer's telephone service is subject to suspension and disconnection for any of the reasons listed in Section 2.18. If the customer does not resolve the reason for suspension or disconnection, the customer's service will first be suspended. If service is suspended, the customer's telephone number is reserved for 21 days, and if the customer is reconnected within that time, the customer will be charged a \$20.00 restoration fee as set out in Section 4.2. If the reason for suspension has not been resolved within the 21day period of suspension, the customer's service will be disconnected. If service is disconnected, a new telephone number will be assigned and the customer will be again required to pay the applicable Connection Fee. Prior to any reconnection the customer must pay any unpaid charges that are undisputed.

2.20 Limitation of Liability

- 2.20.1 Except if caused by the Company's willful misconduct or negligence, the Company's liability with respect to any claim, damages, or expense (i) brought by a Customer, Subscriber, or any other party regarding the installation, provision, preemption, termination, maintenance, repair or restoration of Service (including without limitation 911 Service and Directory Listing Service) or (ii) arising from any Performance Failure shall be determined in accordance with SDCL 49-13-1, 49-13-1.1, and any other applicable law.
- 2.20.2 To the extent permitted by an applicable Regulation, the Company's liability for negligence will also be limited to the amount described in Section hereof.
- 2.20.3 Reserved for future use.
- 2.20.4 Except as caused by the Company's willful misconduct or negligence, the Company will not be liable for defacement of or damages to Subscribers' premises or for any personal injury or death arising, directly or indirectly, from the furnishing of Services (including 911 Service and Directory Listing Service), including without limitation the installation or removal of any facilities, equipment or wiring associated therewith. Customer is solely responsible for connecting any and all apparatus, equipment and associated wiring on Subscribers' premises to the Services, and no other Carrier or third party engaged in such activity is to be deemed to be an agent or employee of the company.
- 2.20.5 Any action or claim against the Company arising from any of its alleged acts or omission in connection with this Tariff will be deemed waived if not brought or made in writing within 180 days from the date that the alleged act or omission occurred.

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2.21 Disclaimer

The Company will have no liability whatsoever to Customer, its employees, agents, subcontractors, or assignees, or to any other person for (i) damages arising out of any Underlying Carriers' or Other Providers' Performance Failure, (ii) any act or omission of any third party furnishing equipment, facilities or service to any Subscriber in connection with this Tariff or with the Services, or (iii) any other act or omission of any Other Provider, Subscriber or third party related to the use or provision of Services hereunder.

2.22 Complaints

Customer complaints will be handled in accordance with applicable South Dakota law and Commission rules.

Complaints regarding billings should be made to the Company either in writing to Vanco Direct USA, LLC, 1420 Kensington Rd., Suite 103, Oak Brook, Illinois 60523, via the Company's toll-free number at (866) 578-2626, or via e-mail at info@vanco-us.com.

Complaints may also be directed to the South Dakota Public Utilities Commission, State Capitol Building, 500 E. Capitol Avenue, Pierre, SD 57501-5070, or via the Commission's toll-free number at (800) 332-1782. TTY Through Relay South Dakota: (800) 877-1113.

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2.23 Indemnification by Customer

Customer shall defend, indemnify and hold the Company (together with its officers, directors, employees, and agents) harmless from any and all actions, claims, judgments, damages, demands, liabilities, and expenses, arising from or in connection with:

- 2.23.1 libel or slander resulting from Subscriber's use of the Services;
- 2.23.2 any loss damage, or destruction of any property or any personal injury (including death) not due to the Company's negligence or willful misconduct and caused, directly or indirectly, from the installation, operation, or other use (or failure to use) of the Services or any Company supplied facilities (i) in combination with the service or equipment supplied by the Subscriber or any third party, or (ii) in an explosive or otherwise hazardous environment;
- 2.23.3 infringement of any patent, copyright, trademark, trade name, service mark or trade secret arising from: (i) the transmission of any material transmitted (a) by and Subscriber or (b) by any other person using the Services provided to any Subscriber, Subscriber location, or Authorization Code; or (ii) from the combination of Subscriber's use of Services with CPE or with other Subscriber-provided facilities or services; and
- 2.23.4 except as otherwise provided by applicable Regulation, any unauthorized, unlawful, or fraudulent use of or access to the Services provided to Subscribers.

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2.24 Credits and Credit Allowances

- 2.24.1 Credit ("Credit(s)") to the Customer's fixed charges, if any, for Interruptions (other than Scheduled Interruptions or Interruptions caused by Other Providers for which a Credit Allowance is due the company as described in Section 2.24 hereof) which (i) exceed in the aggregate twenty-four (24) hours per month, (ii) are directly caused by the Company, and (iii) are not due to the negligence or willful misconduct of the Subscriber, its employees, subcontractors, agents, or assignees, will be applied to Customer's account with the Company. Such credits are to be calculated by multiplying the monthly recurring rate for the affected Service by the ratio that the number of hours the Interruption bears to 720 hours. (For the purpose of this computation, each month is deemed to have 720 hours). An Interruption is measured from the time the Company detects, or the Customer notifies the Company of, its occurrence until such time as the Interruption is cured. Each Interruption is to be considered separately for the purposes of this calculation and is being rounded to the nearest hour.
- 2.24.2 In the event of an Interruption caused by Other Providers for which a credit or allowance ("Credit Allowance") becomes due to the Company, the Company shall apply such Credit Allowance to Customer's account, less an administration fee, subject to the Company's collection of such Credit Allowance from the Underlying Carrier obligated to provide same. In no event will the Company be obligated to credit Customer any amounts in excess of any Credit Allowance allocable to Customer's Interruption(s) which Company receives from the Underlying Carrier. Any other provision of this Section 2.24 notwithstanding, Company will have no obligation to apply any credit to Customer's account for Interruptions caused by an Underlying Carrier for which no Credit Allowance is due to the Company.
- 2.24.3 Except as otherwise set forth herein, Customer's sole and exclusive remedy for any and all Performance Failures which consist of or give rise to Interruptions are Credits or Credit Allowances to the extent available under this Section 2.24; for any other Performance Failures or in the event Credits or Credit Allowances are unavailable (due to the facts, for example, that the Customer does not incur any fixed month charges), Customer's sole and exclusive remedy in lieu of said Credits or Credit Allowances will be an immediate right to Terminate Services prior to the expiration of the Minimum Service Period.
- 2.24.4 For credits to a customer's prepaid long distance account for incompleting or calls to incorrect numbers, the customer may contact the Company toll free (866-578-2626) to obtain account credit information.

2.25 Local Calling Area

The Company will provide Services from all exchanges of its Underlying Carrier, in conformance with that Underlying Carrier's existing local exchange boundary maps as approved by the Commission. Local exchange areas are listed in Section 5.

2.26 Access to Telephone Relay Service

Where required by the Commission, the Company will participate in telephone relay services for handicapped or hearing impaired Customers, and will comply with all regulations and requirements related thereto.

2.27 Compliance

The Company and Customer shall (and Customer shall cause Subscriber to) comply with all Regulations.

2.28 Force Majeure

The Company is excused from any Performance Failure due to causes beyond its reasonable control, including but not limited to acts of God, fire, floods, other catastrophes, insurrections, national emergencies, wars, strikes, work stoppages or other labor disputes, unavailability of rights-of-way, disconnection or unavailability (through not fault of the Company) of any Underlying Carriers' facilities or services, or any Regulation or other directive, action or request of any Governmental Authority.

2.29 Full Force and Effect

Should any provision or portion of this Tariff be held by a court or administrative agency of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining provision of this Tariff will remain in full force and effect.

2.30 Cooperation

Customer shall cooperate with the Company to the extent necessary for the Company to discharge its obligations hereunder and as reasonably requested by the Company.

2.31 Governing Law

This Tariff is to be governed by and construed in accordance with the rules and orders of the Commission and the laws of the State of South Dakota.

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2.32 Assignment

- 2.32.1 By Customer. The Customer may not transfer or assign its rights or obligations associated with any Service Order without the Company's prior written consent. The Company will permit a Customer to transfer its Service to another party only upon payment of all Charges due through the date of transfer. Such a transfer will be treated as a discontinuation, followed by an installation of new Services, subject to any applicable installation or other non-recurring Charges.
- 2.32.2 By Company. The Company may, in accordance with Regulations, assign its rights or delegate its obligations under this Tariff to any affiliate or successor in interest.

2.33 Operator Services

The Company blocks access to Operator Services by prepaid service customers.

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3 DESCRIPTION OF SERVICES**3.1 Private Line Data Services**

Private Line service is an interLATA high-speed digital communications service using a physical fiber optic connection between two intrastate locations. Private Lines are non-switchable connections that can provide a constant and committed availability of capacity (for a single Customer) on a transmission path only between fixed, customer-specified locations. Private Line transmission speeds range from the DS-0 level up to and including OC-n speeds. Provision of Private Line circuits are subject to facilities and capacity availability.

DS1 Service: is a dedicated, high capacity, full duplex channel with a line speed of 1.544 Mbps isochronous serial data having a line signal format of either Alternate Mark Inversion (AMI) or Binary 8 Zero Substitution (B8ZS) and either Superframe (D4) or Extended Superframe formats. DS1 Service has the equivalent capacity of 24 Voice Grade (VG) services or 24 DS0 Services. AMI can support 24 each 56 Kbps channels and B8ZS can support 24 each 64 Kbps channels.

DS3 Service: is a dedicated, high capacity, full duplex channel with a line speed of 44, 736 Mbps isochronous serial data having a line code of bipolar with three zero substitution (B8ZS). DS3 Service has the equivalent capacity of 28 DS1 Services at 1.54 Mbps or 672 Voice Grade (VG) services or 672 DS0 Services at 56/64 Kbps.

OC3 Service: is a SONET level of transmission speed. It is capable of transporting three DS3 signals, which is equal to 255.520 Mbps.

OC12 Service: is a SONET level of transmission speed. It is capable of transporting twelve DS3 signals, which is equal to 622.08 Mbps.

OC48 Service: is a SONET level of transmission speed capable of transporting forty-eight DS3 signals, which is equal to 2.488 Gbps.

The Company shall invoice the Customer on a monthly basis at the Customer's designated location in accordance with the following schedule: (i) one (1) month in advance for all recurring MRC charges due under this Agreement, in addition to the retroactive billing for the first billing invoice of a service; and (ii) in the month preceding the applicable usage (i.e. month of contract execution) for all NRC charges. Failure of the Company to timely invoice the Customer for any amounts due hereunder shall not be deemed a waiver by the Company of its rights to payment for such charges.

Rates set forth herein for services requiring dedicated access do not include access and access-related charges (including, without limitation, installation charges, inside wiring charges assessed by the local exchange carrier ("LEC"), construction charges assessed by the LEC and distance and termination charges assessed by the LEC). Therefore access and access related charges are additional charges.

Private Line Rates and Charges described in this tariff are based on the commitment of the Customer to utilize the Private Line circuits or facility for a specified minimum period of time. Therefore, notwithstanding anything in this tariff to the contrary and in addition to other charges set forth in the tariff, the Customer will be billed and required to pay all rates, fees and charges which accrue for each circuit and for all associated local access during the entire Circuit Minimum Service Term applicable to each circuit plus all NRC charges applicable to such circuit that were previously waived, regardless of whether or not Customer utilizes all or any part of such circuit during all or any part of the Circuit Minimum Service Term applicable to the circuit.

The Circuit Minimum Service Term shall be a minimum period of one (1) year, beginning from the date of service order fulfillment.

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4. RATES**4.1 Return Check Charge**

If the Company accepts a personal check from the Customer, the Customer will be charged \$15 dollars or the applicable statutory return check charge (if any), whichever is greater, whenever is a check or draft presented for payment of Service is dishonored by the institution upon which it is drawn. The Company will not seek attorneys fees from customer for collection of nonpayment.

4.2 Reconnection Fee

A customer will be charged a fee of \$20.00 for restoration after suspension of service. If the Customer is reconnected after disconnection of service the Customer shall be assigned a new telephone number and shall pay the applicable connection fee (which includes the first month of service) prior to reconnection. Prior to any reconnection allowed under this Tariff the customer must pay any unpaid charges that are undisputed.

4.3 Promotions

Company may from time to time engage in special promotional service offerings designed to attract new customers or to promote existing services. Such promotional service offerings shall be subject to specific dates, time (not to exceed one year), and/or locations, and shall be subject to prior notification to and approval by the Commission.

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4. RATES (contd.)

4.1 Rates for Private Line Data Services

4.1.1 Private Line Rates

(1) Type 1 Rates

(i) DS-1 Service

	<u>MRC</u>
Zero Mile	\$177.60
Each Additional Mile	\$33.84

\$500.00 non-recurring charge.

1 year Minimum Service Term commitment required.

(ii) DS-3 Service

	<u>MRC</u>
Zero Mile	\$1,703.52
Each Additional Mile	\$354.24

\$750.00 non-recurring charge.

1 year Minimum Service Term commitment required.

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4. **RATES (contd.)**

4.1 Rates for Private Line Data Services (contd.)

4.1.1 Private Line Rates (contd.)

(1) Type 1 Rates (contd.)

(iii) OC-3 Service

	<u>MRC</u>
Zero Mile	\$3,049.92
Each Additional Mile	\$275.76

\$1,500.00 non-recurring charge.

1 year Minimum Service Term commitment required.

(iv) OC-12 Service

	<u>MRC</u>
Zero Mile	\$5,582.16
Each Additional Mile	\$537.84

\$2,000.00 non-recurring charge.

1 year Minimum Service Term commitment required.

(v) OC-48 Service

	<u>MRC</u>
Zero Mile	\$28,800.00
Each Additional Mile	\$551.52

\$3,000.00 non-recurring charge.

1 year Minimum Service Term commitment required.

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4. **RATES (contd.)**

4.1 Rates for Private Line Data Services (contd.)

4.1.1 Private Line Rates (contd.)

(2) Type II Rates

(i) DS-1 Service

	<u>MRC</u>
Zero Mile	\$170.80
Each Additional Mile	\$39.36

\$1,503.90 non-recurring charge.

1 year Minimum Service Term commitment required.

(ii) DS-3 Service

	<u>MRC</u>
Zero Mile	\$1,977.60
Each Additional Mile	\$411.84

\$1,150.20 non-recurring charge.

1 year Minimum Service Term commitment required.

(3) Long Haul Rates

	<u>Minimum</u>	Per <u>DS-0 Mile</u>	<u>NRC</u>
DS-1	\$200.00	\$0.0710	\$500.00
DS-3	\$1,371.00	\$0.0204	\$750.00
OC-3	\$3,145.00	\$0.0159	\$1,500.00
OC-12	\$9,676.80	\$0.0120	\$2,000.00
OC-48	\$27,095.00	\$0.0092	\$3,000.00

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5 LOCAL EXCHANGE SERVICE AREAS

The Company provides resold local service in every area in which Qwest is authorized to provide such service. Qwest has filed maps of its operating areas with the Commission. The Company concurs in those operating areas and maps and incorporates them herein by reference.

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EXHIBIT G

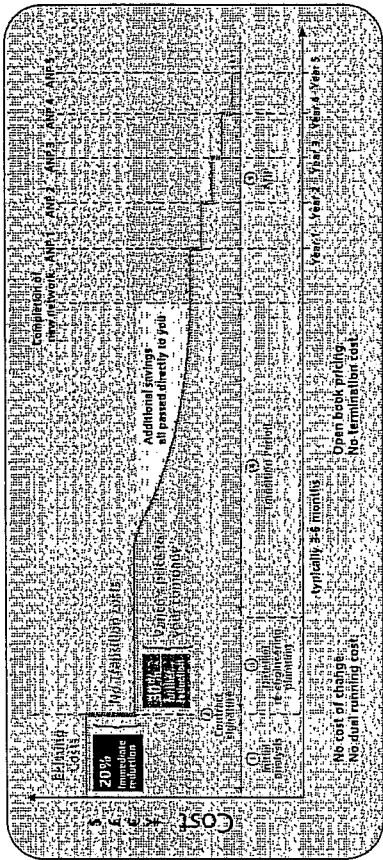
SAMPLE BROCHURE

vanco

global Virtual Network Operator

'Drive more cost out of your network through Vanco than with any carrier'

Achieve immediate data network cost savings from Day One (no installation cost), and lowest total cost of ownership.



The main stages in Vanco's engagement in delivering cost saving to your business are:

- 1 Initial analysis prior to contract signature for Vanco to assess likely cost saving potential
- 2 Written contractual commitment to you from Vanco to deliver immediate cost saving on Day One, with no install charge or cost of change. Vanco's experience is that this delivers an immediate 20-30% saving. Vanco is now operating your telecoms environment
- 3 Re-engineering of the network technology and carrier infrastructure, to typically deliver a further total cost saving of 40-65% of the existing network fee
- 4 Transition to the new network environment at no cost to you
- 5 Lowest cost of ownership and year-on-year price reductions for the lifetime of the contract through Vanco's Active Negotiating Process (ANP). Vanco is contractually incentivized to achieve maximum price reductions through ANP

For further information please contact:

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The leading global Virtual Network Operator

Vanco designs, builds and manages global corporate networks by integrating the best fit technology and carrier services on a country-by-country and region-by-region basis, to deliver the optimum solution for its customers based on price and performance.

- 16 years experience and profitable revenue growth, listed on London Stock Exchange (LSE:VAN)
- 12,500 locations managed worldwide, with service available across 230 countries and territories
- Global blue chip client base including Ford Motor Company, CSC, Avis, Pilkington, Accor, Laura Ashley, Smiths Group, RMC Group and Virgin
- Global deployment of Network Management Centres including Chicago, Singapore, Sydney and EMEA

Active Negotiating Process (ANP)

The principle behind ANP is very simple: infrastructure prices have a general downward trend, and Vanco believes that our customers should have access to these decreasing costs. Through wholesale and bulk purchase arrangements, Vanco can further maximise these savings.

By taking an independent position in the global carrier market, Vanco is able to access these cost reductions and new technologies. We maintain and continually develop relationships with hundreds of carriers in every country, and have compiled the world's most sophisticated knowledge base of network suppliers and technologies. This information is interpreted by our consultants and used to continually benchmark these suppliers to ensure we are using the most competitive cost and service providers in each territory, for each customer.

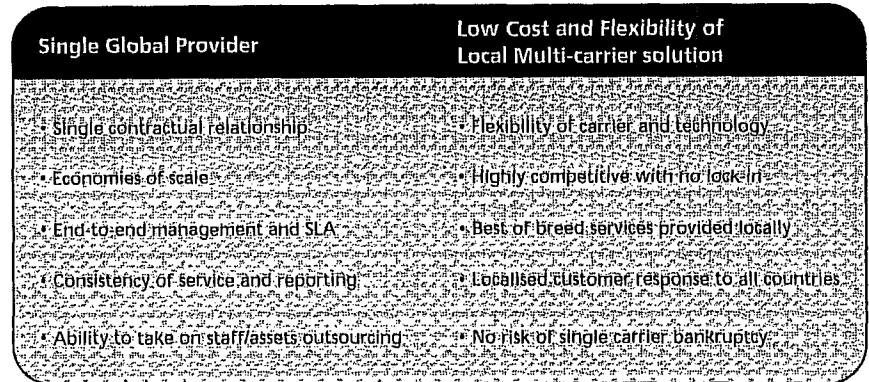
Vanco buys bandwidth on short term contracts, and we are therefore able to continually assess the competitiveness of the solution and offer our customers the potential to refresh the network annually to achieve their business goals, whether these are increased functionality and/or decreasing costs. This unique procurement based benchmarking process ensures that the Vanco service is always market competitive throughout the client contract lifecycle.

Crucially, Vanco is actually incentivised to do this. Through a contractual agreement, clients retain 70% of all cost savings, and Vanco retains 30%, it is therefore in Vanco's interests to perform ANP to achieve the maximum advantage for our customers.



Global Provider with Flexibility and Low Cost of Local Presence

The VNO model builds a portfolio of appropriate technologies and suppliers, that are customized to meet your business critical network requirements at the optimum price. This is achieved through Vanco, a single global provider, with the benefits and flexibility of multiple local providers.



Vanco integrates all of the above to deliver an end-to-end, managed network, with contractual SLA, immediate cost savings to the client and industry leading service levels. The Vanco service boundary is client-end location to client-end location. Vanco is contractually responsible for all operational aspects of the end-to-end service.

Case study

Cookson Group Plc.

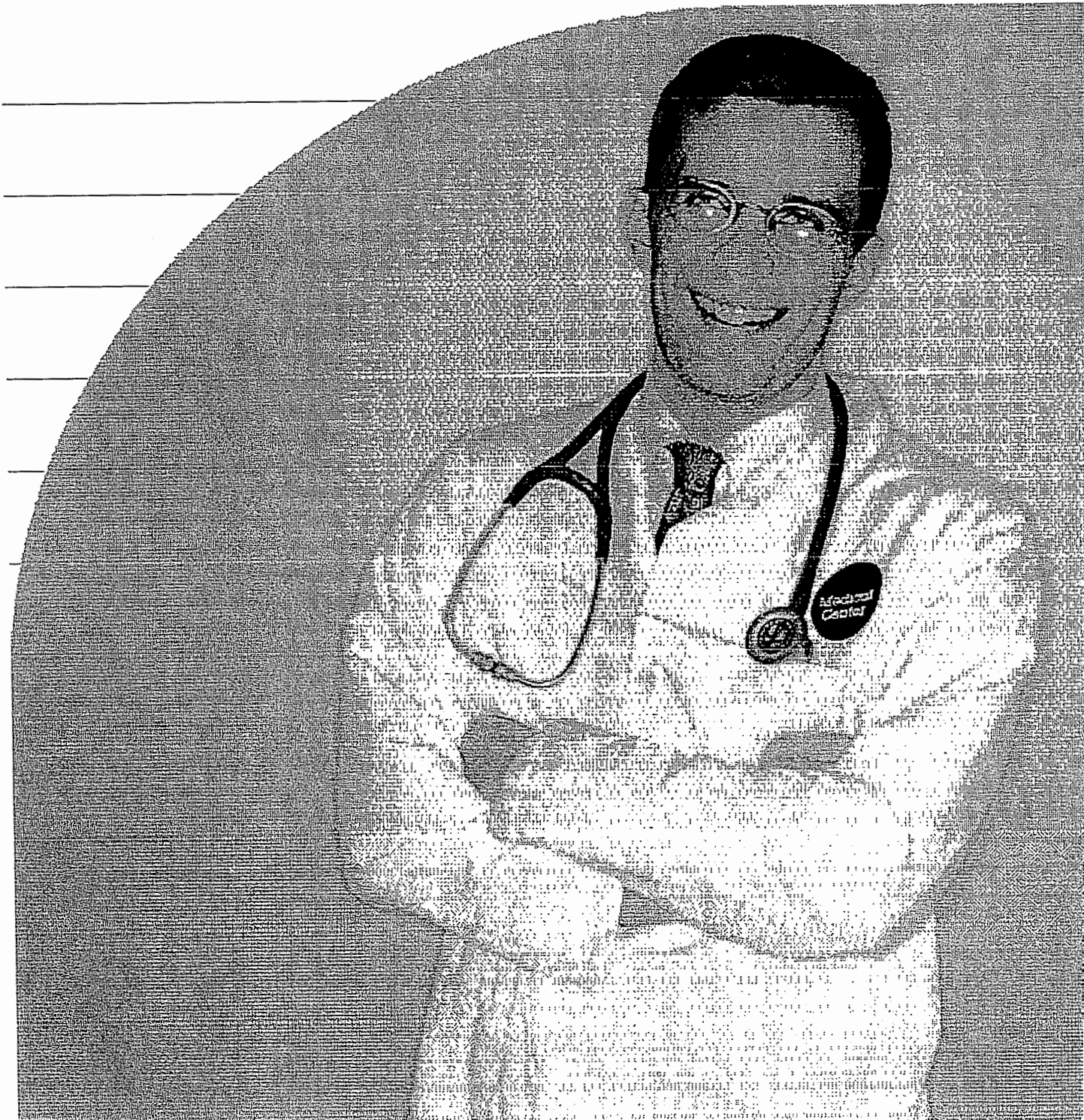
Vanco North America has signed contracts with two divisions of Cookson Group Plc, the leading global materials technology company. This is to network 185+ sites across 20 countries. The first, with Cookson Electronics, a leading manufacturer and supplier of materials and services to the electronics industry covers 95 sites, including a significant number in China. The second, with Vesuvius, the world leader in the supply of advanced flow control refractory products and systems to the iron and steel industry covers 90 sites in countries as diverse as Brazil, Singapore and South Korea as well as the UK and USA.

"We do not wish to be restricted to a single carrier's infrastructure, technology and partners. We want to be able to use the very best the global telecoms market has to offer to find the most appropriate solutions as and when our business needs evolve. Vanco, as a Virtual Network Operator, with its absolute global reach and total knowledge of the market, makes this possible." said John Heuvelman, IT Director, Vesuvius.

vanco

Your Personal Health Plan

10 step service guide
to a healthier network



Common ailments



Are your current network costs giving you a headache?



Is a slow and ineffective response to faults and network changes causing you stress?



Is your existing network service provider giving you sleepless nights?

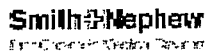
Previous patients...

Introduction

Leading companies cured by Vanco...



SAATCHI & SAATCHI

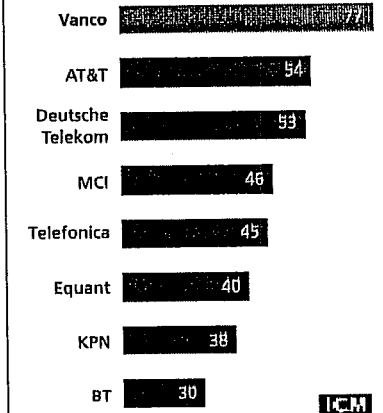


Network Service Provider of the Year

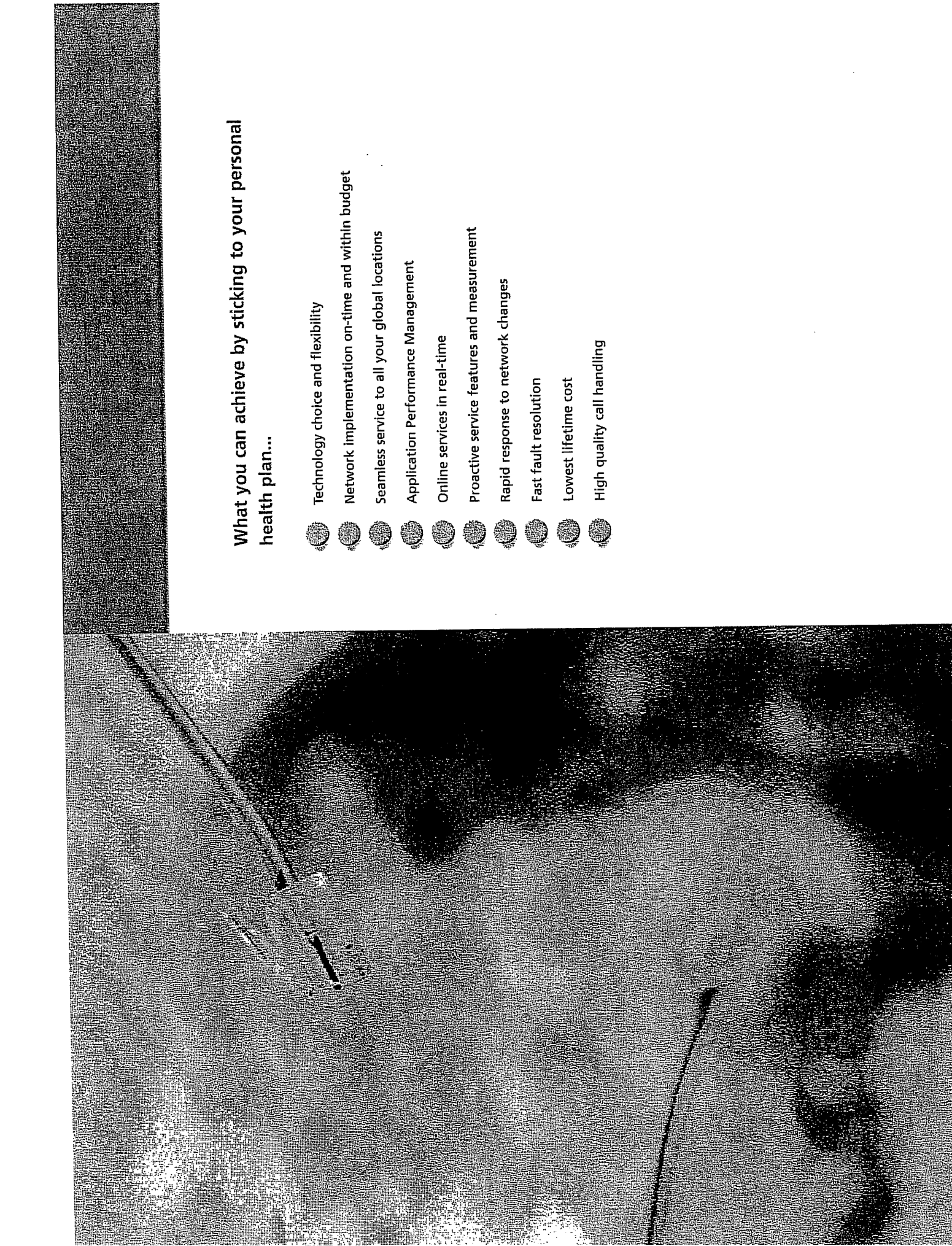
Vanco is the leading global virtual network operator. This includes the design, implementation, operation, security and management of business critical corporate networks. We are selected by major global organisations including Avis, Ford Motor Company, CSC, Virgin Retail and Pilkington.

Unencumbered by building infrastructure we are 100% focused on delivering the highest quality customer service. Our success in achieving this is evidenced by our strong customer references, the highest levels of customer retention in the industry, awards won and independent market research.

Overall satisfaction out of 10
% scoring 8 - 10



ICM recently conducted a research study into the relative customer satisfaction of the major network service providers. Approximately 400 senior IT decision makers of major European companies were interviewed. The results are an impressive endorsement of our customer service focus.



What you can achieve by sticking to your personal health plan...

- Technology choice and flexibility
- Network implementation on-time and within budget
- Seamless service to all your global locations
- Application Performance Management
- Online services in real-time
- Proactive service features and measurement
- Rapid response to network changes
- Fast fault resolution
- Lowest lifetime cost
- High quality call handling



Technology choice and flexibility

Industry ailment

"You can have any solution you like, as long as it's the one we've invested billions in"

Vanco remedy

Vanco owns no infrastructure, is completely independent, listens to your requirements and designs the most appropriate solution using the best combination of carriers and technologies.

We have successfully designed solutions using various technologies including MPLS, IP Sec, VoIP, DSL, Frame, ATM. We select the technology or combination of technologies that are most appropriate for your requirements, and refresh this on an annual basis to ensure your network is getting the best possible solution throughout the contract.





Network Implementation on-time and within budget

Industry ailment

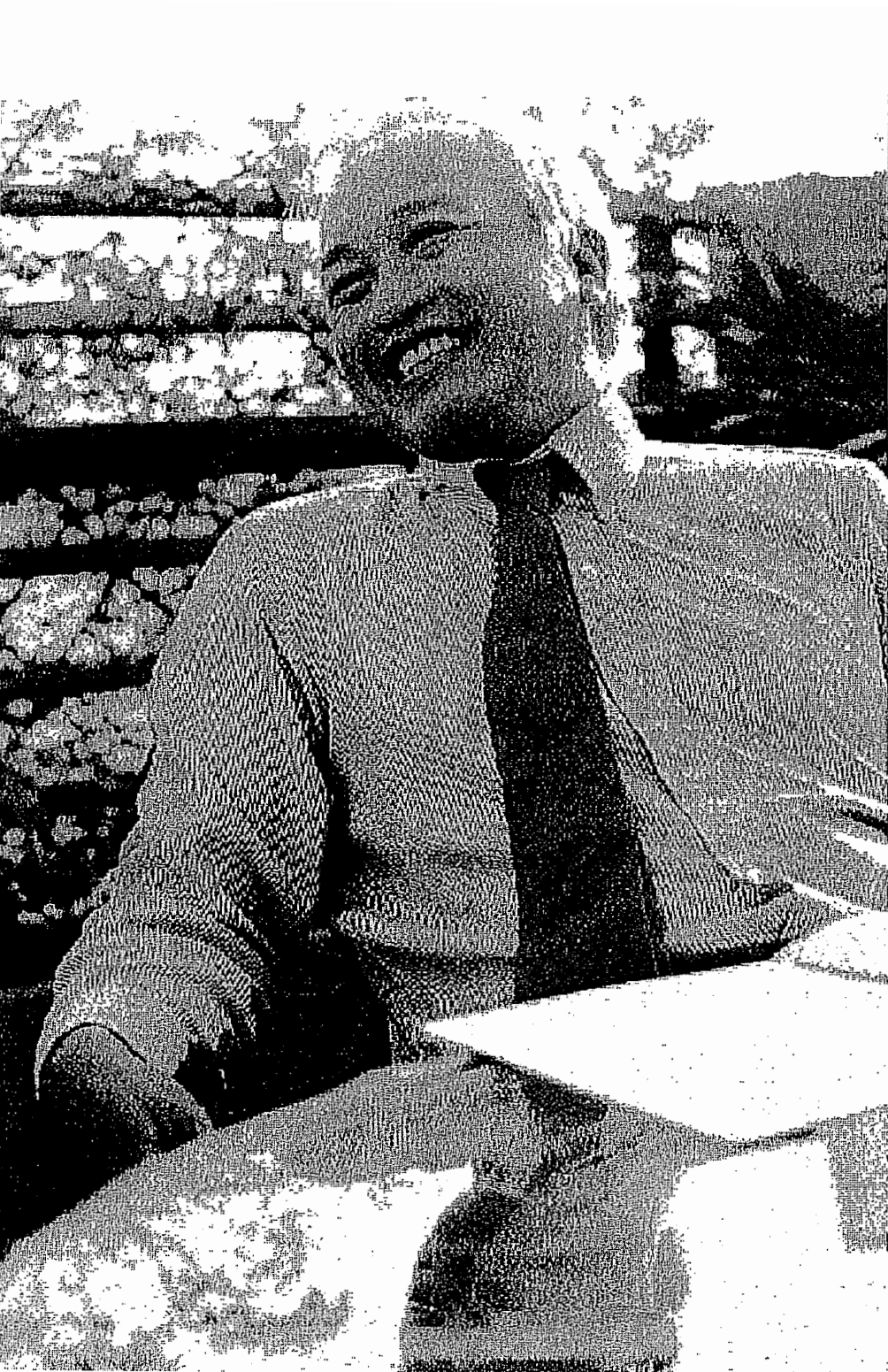
"I know we promised to install the circuit by today, but it will take another 6 weeks"

Vanco remedy

Vanco's expertise is successfully implementing large, complex, international networks on-time, within budget and with minimum disruption to the business.

We only employ experienced, professional Project Managers. They take full responsibility for testing, budget control, risk analysis and mitigation. They are experts at identifying solutions to problems and communicate regularly with progress updates. Ultimately Vanco provides a meaningful Project Implementation Guarantee, which is a tough SLA and real risk mitigation factor.





Seamless service to all your global locations

Industry ailment

All carriers, even the largest, are limited by the geography of their network, if you have sites where they don't - this is a problem.

Vanco remedy

As a Virtual Network Operator the reach of Vanco's network capability is unlimited. We have in-depth solutions available in 230 countries and territories.

We seamlessly integrate different providers into a single unified solution. You get one point of contact and one SLA. We have regional global service centres providing the local service support required by your disparate locations.





Application performance management

Industry ailment

"You say your core applications are too slow - you need more bandwidth". All carriers are incentivised to sell you more bandwidth, so the standard industry response to poor application performance is to sell you more bandwidth.

Vanco remedy

Vanco provides an integrated network management solution which provides visibility into and increased control over the performance of the critical applications that run across the network.

This enables Vanco to intelligently and efficiently allocate resources, as well as providing faster problem identification, reporting for different functional groups, and tracking of application performance against SLAs.





Online service in real-time

Industry ailment

Information and reporting on network status, performance, faults and changes is generally slow, inaccurate, and difficult to get hold of.

Vanco remedy

Through Vanco's world leading online network services portal you get unparalleled levels of online network analysis, statistics and performance monitoring information for your entire global network, end-to-end. Vanco's O-zone solution delivers a centralised management view, integrating best-of-breed services into a single, seamless monitoring solution via any internet enabled browser.

Benefits:

- Single access to the most comprehensive range of online network services
- Integration of the best and most powerful network management tools on the market
- Fully secure front end platform
- Comprehensive information provision on all aspects of the service
- Real-time and accurate information
- Simple and efficient processes for raising problems and making requests





Proactive service features and measurement

Industry ailment

Systems and processes are only established to respond to situations, events and problems.

Vanco remedy

Vanco has a proactive fault reporting process. Our target is to identify and inform you of 70% of faults before you call us. The onus of fault identification is therefore transferred to Vanco. No other provider offers this type of commitment.





Rapid response to network changes

Industry ailment

All organisations are dynamic and require the network provider to add, remove or upgrade sites quickly and cost-effectively. But generally the industry does not respond efficiently to meet changing business requirements.

Vanco remedy

Vanco provides a Service Level Agreement to respond to change requests in a timely and professional manner.

Smaller changes are resolved within 4 hours of receipt of the change request. More complex changes requiring new technologies, multiple sites, multiple carriers will be organised with the appropriate engineering resource and project plan.





Fast fault resolution

Industry ailment

Generally the customer experience is slow identification of faults, slow resolution of faults and lack of notification of the progress with fault resolution.

Vanco remedy

98% of faults are resolved remotely, 60% of networks are restored within 5 minutes. A Time to Fix guarantee is included in the SLA (not time to site). Through O-zone you will also get a summary view, in real-time, of the trouble ticket status and progress.

The information provided includes the location of the fault, a description of the problem, the time it was created, the effect on service, the status of the escalation and exactly who is dealing with the problem.





Lowest lifetime cost

Industry ailment

"We would really recommend you use another carrier, they are far cheaper than us" or "Why don't we give you access to the drastically reduced pricing we are bidding for new contracts".

Unfortunately you won't get this response from a carrier.

Vanco remedy

Vanco occupies an **Active Negotiating Position** with carriers to ensure your costs are brought down in line with the market price. By sharing in the cost savings Vanco has a positive incentive to reduce your ongoing infrastructure costs.





High quality call handling

Industry ailment

"I'm sorry I don't know anything about your network, I'll find someone who does and get them to call you back" - then no one does.

Vanco remedy

Vanco has designed a solution for customers called v.spond - which is a real-time, call-handling quality control system. We provide call back guarantees, proactive fault tracking targets, and an on-line real-time status view.



For immediate relief of your network ailments
contact Vanco and we will dispatch our
professional service responsive unit:

T. 020 8636 1720

E. info@vanco.info

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EXHIBIT H

CERTIFICATE OF SERVICE
NOTICE TO LOCAL CARRIERS IN PROPOSED SERVICE AREA
SERVICE LIST

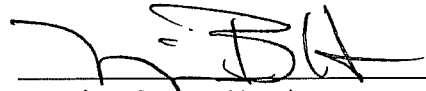
CERTIFICATE OF SERVICE

On behalf of Vanco Direct USA, LLC, the undersigned hereby certifies that the attached Notice of Filing was served on all local exchange companies holding a certificate of authority to provide local exchange service in the geographic area where the Applicant seeks to provide local exchange service in compliance with Public Utilities Article §20:10:32:04 and SDCL §49-31-70. Such Notice was distributed via US Mail to the companies listed in the attached Service List at their last known address.

Dated August 11, 2005.

VANCO DIRECT USA, LLC

By:



Monica Borne Haab
Nowalsky, Bronston & Gothard, APLLC
3500 N. Causeway Blvd.
Suite 1442
Metairie, Louisiana 70002

ATTORNEY FOR APPLICANT

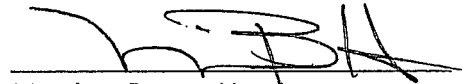
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF)
VANCO DIRECT USA, LLC FOR A CERTIFICATE)
OF AUTHORITY TO PROVIDE RESOLD INTEREXCHANGE)
AND LOCAL EXCHANGE TELECOMMUNICATIONS)
SERVICES AND RESOLD PRIVATE LINE SERVICES)
IN SOUTH DAKOTA)

Docket No. _____

NOTICE OF FILING

You are hereby notified that Vanco Direct USA, LLC has filed an Application for Issuance of Certificate of Authority to provide resold private line data service, interexchange and local exchange telecommunications services within the service areas of Qwest Corporation, f/k/a US WEST Communications, Inc. ("Qwest") within the State of South Dakota. The Applicant seeks authority to provide services on a resale basis.



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Metairie, LA 70002
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E-Mail: mhaab@nbglaw.com

Dated: August 11, 2005

SOUTH DAKOTA INCUMBENT LOCAL EXCHANGE COMPANIES AFFECTED

Qwest Corporation
Colleen Sevoid
125 South Dakota Ave.
Sioux Falls, SD 57194