

Second Round Capital Business Plan



the Creator of



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EXECUTIVE SUMMARY

1.1 Purpose

The purpose of this business plan is to provide the information necessary for investors to evaluate the business and for the Company to supplement its original equity investment of \$1,500,000 with a second round of equity financing of \$5,000,000 to accelerate growth.

1.2 Introduction

WorldTel XChange (“the Company”) is the creator of the new dawn in the communications industry. It is the next worldwide provider of local, domestic and international voice connectivity through the integration of its patented and patent-pending design, software applications, chip sets and network infrastructure.

The Company’s “1 Button to Wi-Fi” solution is the first and only, consumer product to use a voice over internet protocol (“VoIP”) switch that enables both wire line and wireless calling. By 2011, there are expected to be more than 200 million VOIP users, while there were less than 20 million at the end of 2006.

WorldTel XChange solutions provide substantial customer savings by providing over 1 billion wire line customers and over 3 billion cell phone customers in over 130 countries the easiest way to make VOIP calls from both fixed VoIP (Home Wire line) and Cellular VoIP (Wireless Cell phone) from anywhere in the world. In addition, instead of relying on expensive, older generation services or complex Wi-Fi technologies which only permit calls within a 300 feet range, WorldTel XChange customers can make calls with the push of one button from thousands of miles from any home or office internet connection. Moreover, customers don’t require computers, laptops, adapters, headsets, Wi-Fi phones, downloads or expensive data plans.

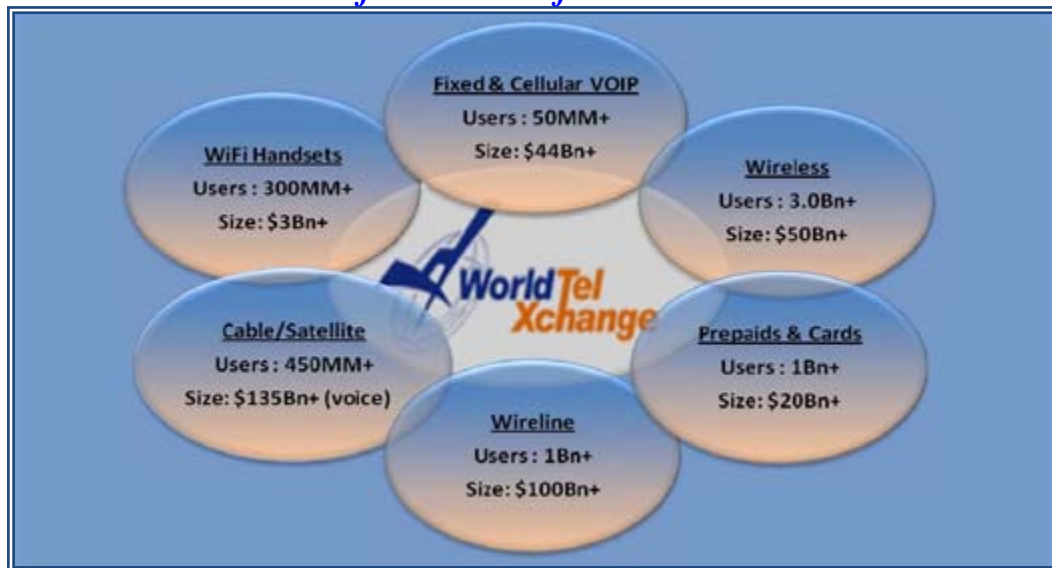
As of January 2008, the Company has been capitalized with \$1.5 million of investment funds. WorldTel XChange has already accepted several hundred customers, developed a 30 minute infomercial, plus built an entire Telecom Network and brought on several Tier 1 carriers. The Company is fully ready and has begun expanding into the international marketplace.

WorldTel XChange – 1 Button to Wi-Fi Overview



1.3 Market Opportunity: Telecommunication Trends and Growth

WorldTel's proprietary technology enables integration of the most valuable telecom components and services into a comprehensive solution for billions of users.



- **Wire line and Wireless Markets:** Currently over 1 billion wire line customers worldwide and 3.25 billion cellular customers worldwide
- **Voice Over Internet Protocol (“VoIP”) Adoption and Growth:** Industry research suggests that VOIP lines are expected to increase from under 16 million in 2005 to over 55 million by 2009, representing a compound annual growth rate of 85%.
- **Voice and Media Convergence and New Entrants (Cable, Satellite and Media):** Industry research suggests that there are over 450 million worldwide cable or satellite subscribers which may ultimately be able to subscribe to voice services potentially representing a \$130 billion opportunity.

1.4 The Customer Need and the WorldTel Solution

Need

Simply stated the need is for low cost, easy to use, available anywhere, reliable wireless connectivity.

Solution

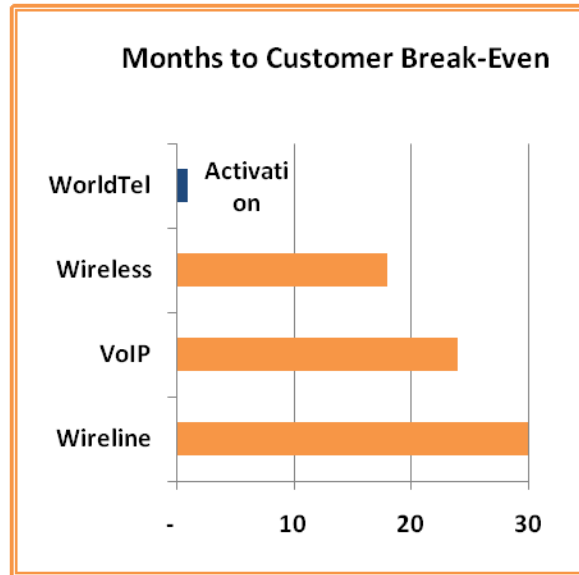
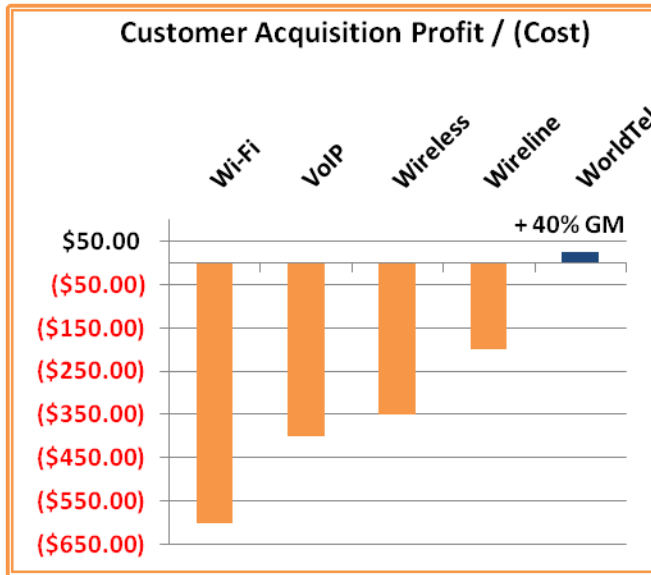
WorldTel XChange provides local, domestic and international voice connectivity through the integration of its patent-pending technology and network infrastructure in over 130 countries. By creating unique, patent-pending solutions that integrates the best features of various wire line, wireless and VOIP technologies and addresses the deficiencies of such alternatives, the company provides a unique value proposition for the broadest array of customers located around the world. WorldTel is uniquely positioned to capitalize on each segment of the multi-billion dollar voice market.

The graphic illustration below represents the various segments of telecommunications as well as their positive (green) and negative (red) attributes. WorldTel XChange’s cost-effective solution capitalizes on the various positive attributes, while overcoming the negative attributes (blue).



Customers can utilize the Company’s “1ButtontoWi-Fi” solution and with the touch of one button from any wire line phone or cell phone, from anywhere in the world, they can be connected to WorldTel XChange’s worldwide VOIP network. WorldTel XChange’s network enables customers to make calls around the world for pennies, without ever requiring a Wi-Fi signal.

The value creation of WorldTel XChange’s comprehensive offering has created demand by customers which have been willing to pay more than \$200 for the solution, prior to activation. Upon activation, customers pre-pay for minutes which never expire. Therefore, the company not only eliminates customer acquisition costs, but also creates customer acquisition profit and eliminates the recovery period. By providing customers with a unique solution, with high visibility and certainty on billing, WorldTel XChange earns the trust of its customers and increases retention probability. An economic model comparison between WorldTel and various alternatives clearly illustrates the benefits and is reflected in the charts below:



1.5 Sales and Marketing Strategy

WorldTel XChange has initiated a unique, direct and indirect sales and marketing strategy which is designed to pursue the highest number of user activations without generating any customer acquisition cost. By combining various direct and indirect media sources such as long and short form television, Print Media campaigns set for full page ads in USA Today and the Wall Street Journal. WorldTel has also established relationships with Leading Edge Marketing, a Worldwide Affiliate Internet Program with 53,000 network affiliates. The Company's experience has shown that for every \$100 invested to sponsor a direct ad, it obtains \$200 in revenue; unlike other companies that spend \$300-\$500 for each customer.

In the last 12 weeks the Company's aggressive public relations efforts have netted appearances on over a half a dozen newscast and morning shows on CBS, NBC and ABC affiliates along with front page Newspaper Articles and Magazine stories.

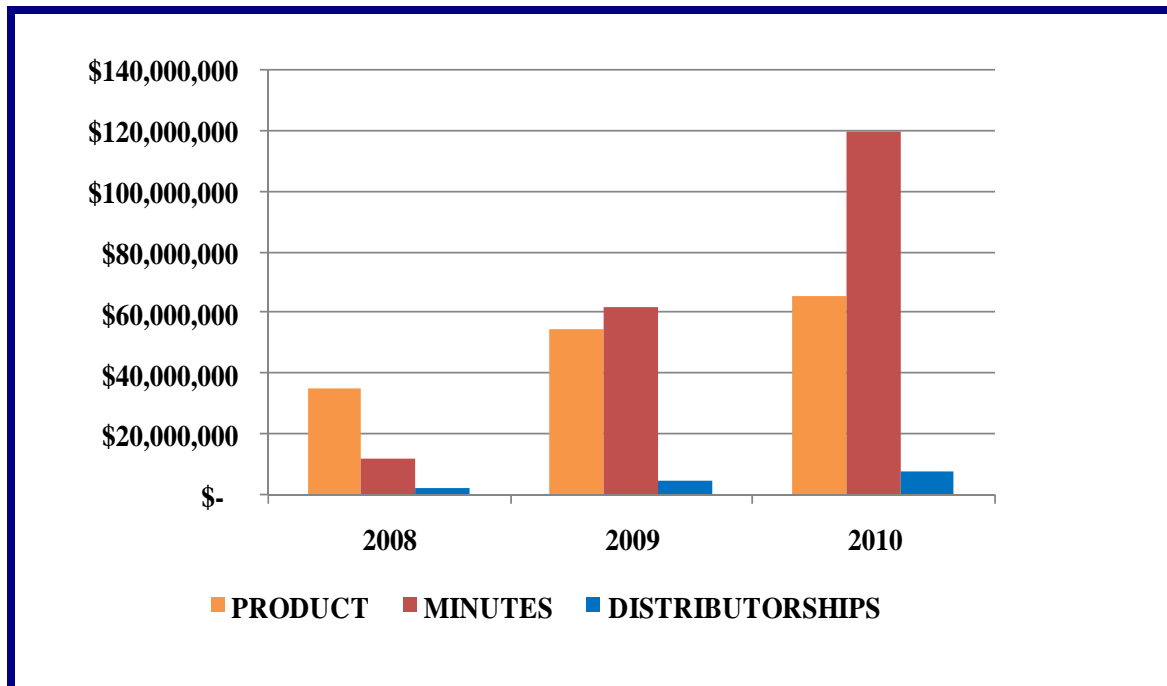
The Company continues to receive orders through its radio advertising and through its special sales program to military personnel. In addition, the Company's strategy has generated significant interest in international distribution agreements, in New Zealand, Australia, China and Hong Kong, representing potential customer orders of hundreds of thousands of devices over the next twelve months. A preliminary order has already been received and shipped for distribution in the Far East. Importantly, these distribution agreements should also produce material per minute service revenue potential associated with customer orders and activations. It is important to note that none of the distribution agreements are guaranteed and there is no assurance that the Company will sell devices through these particular distributors or in the amounts set forth above.

1.6 Financial Highlights

Below is the Company's profit and loss statement during the first three years of operations. It should be noted that 2008 is a ramp up year generally containing twelve months expenses and only nine months revenues. Annual operating profit percentages are more projected to be at the levels reflected in years two and three.

Financial Highlights			
	2008	2009	2010
GROSS REVENUE	\$ 49,639,206	\$ 121,916,889	\$ 193,339,856
DIRECT COSTS + BAD DEBT ALLOWANCE	\$ 34,548,579	\$ 75,793,233	\$ 113,248,988
GROSS PROFIT	\$ 15,090,627	\$ 46,123,656	\$ 80,090,868
EXPENSES	\$ 7,268,480	\$ 13,222,023	\$ 19,331,373
OPERATING PROFITS	\$ 7,822,147	\$ 32,901,633	\$ 60,759,495
OPERATING PROFITS (AS PERCENTAGE)	16%	27%	31%
PROFIT AFTER TAXES	\$ 5,475,503	\$ 23,031,143	\$ 42,531,646

The chart below reflects growth of revenue by revenue stream.



THE TECHNOLOGY

2.1 The Hardware

Simply put, WorldTel XChange's 1 Button Wi-Fi technology is revolutionary. There is no other product in the market that allows customers to connect to a VoIP through a regular cell phone. The process of using the service is very easy. For example, a customer needs to place a call to London. They are located in Miami, and their home is in New York City. The customer has a 1 Button Wi-Fi box in their home. With their cell phone, the customer presses one button which tells the phone to route the call to the customer's 1 Button Wi-Fi box in New York. The user places the call, and WorldTel XChange connects the call to London. Since VoIP is far less expensive than directly calling internationally, the customer saves a tremendous amount of money. It should be noted that the quality of the call is no different than using a traditional land line or cellular phone. Additionally, WorldTel XChange is one of the only companies to have the technology to route VoIP calls from cell phones. There are a number of Wi-Fi handset companies that provide products that must be within range of a wireless hotspot. 1 Button Wi-Fi technology can be used anywhere in the world, hundreds even thousands of miles away from your internet connection at home, no hotspots required.



The product model was inspired from the design of the Burj Al Arab seven-star hotel in Dubai. The elegant structure is considered to be the finest hotel in the world. Its building budget exceeded \$3 billion dollars. The elegance of this design was used during the development of the 1 Button Wi-Fi box.



The next step was to begin to eliminate some of the difficulties and reasons people were not switching to VoIP. Management first eliminated the need for computers to connect to the internet for VoIP service; next the need for software downloads, WiFi Phones, WiFi hotspots, computer cables, and computer disk were eliminated; and finally the need for 20 pages of instructions were eliminated. Just plug it on.

WorldTel made it simple to install. Together with the software they developed you can now ship "1 Button to WiFi" to Japan, London, Russia, India, Brazil, Costa Rica, Jamaica, the Philippines and connect 1 high speed internet cable in the back of the "1 Button to WiFi" control center and be connected to WorldTel's Network at 1 Wilshire in Los Angeles in 30 seconds. Customers make phone calls and pay WorldTel for both long distance minutes from their home and long distance minutes from their cell phone. This will allow WorldTel XChange unlimited access within 130 international markets



Once the Company resolved the installation problems in the VoIP marketplace, it focused its attention on resolving the other negatives from a customer's perspective; contracts and monthly service fees. These were some of the final issues and road blocks to being able to quickly acquire new customers. A pre-paid billing platform would have to be created that would eliminate the need for customers to sign contracts and commit to monthly payments, whether they use the service or not. The billing platform would also have to handle the billing for both Fixed VoIP and Cellular VoIP at different price levels. Once accomplished, management focused on designing a competitively priced product.

The result was a product that could be produced for approximately \$40. The product selling price is set at \$199.95 to cover the cost of production, the cost of direct sponsorship of advertisements and a \$40 gross profit. This pricing structure allows WorldTel XChange to become profitable from the onset of operations (unlike many VoIP telecommunications companies). It also provides a mechanism that will allow Management to ramp up its customer base by simply reducing the price in the future (if necessary).

2.2 WorldTel XChange's VoIP Service

As described above, when a user connects to their 1 Button Wi-Fi unit, they will place a call using WorldTel XChange's VoIP network. For each call, the Company charges approximately \$.04 per minute with most calls generating a gross profit of \$.02 per minute for domestic calls and \$.02 to \$.25 per minute for international calls. These prices are radically lower than land line or cellular phone fees. Now that WorldTel XChange is in operation, the business has all the necessary carrier agreements and billing procedures in place to manage network usage and customer service issues.

WorldTel has brought together two telecom worlds; THE WORLDWIDE INTERNET and WIRELESS CELLULAR. This means that the existing infrastructure to support WorldTel's patented technology already existed. The company does not need to spend millions putting up telecom towers, or worldwide networks, everything is in place and ready today for world distribution of WorldTel's "1 Button to WiFi" patented technology to over 130 countries. Neither does WorldTel have to wait for government approvals or forge agreements with the local Telco's in foreign countries. The company has spent the last two years developing, testing and perfecting the formula for the most profitable Telecom model possible.

In addition to low cost phone calls, customers (both businesses and home users) have access to many special features including:

- Caller ID
- Call Forwarding
- Call Screening
- 3 Way Calling
- Voicemail
- Integration with Email
- Private Calling Features

Based on the Company's carrier agreements, WorldTel XChange has the capacity to handle up to 2 million customers. In the future, the Company will be able to easily expand its scalable network infrastructure.



STRATEGIC ANALYSIS

3.1 External Environment Analysis

The business of telecommunication services is an extremely complex business that has significantly difficult operations to manage. This section of analysis will detail the overall economic climate, the VoIP/telecommunications industry, the customer profile of people/businesses that will use WorldTel XChange's 1 Button Wi-Fi technology, and the competition that the Company will face as it progresses through its business operations.

Currently, the economic outlook in the United States is moderate. The recent fallout in the sub prime mortgage market has led to a general slowdown of the economy. While interest rates have remained low, business investment has slightly slowed. Additionally, higher energy costs have caused many economists to predict that the US economy may head towards an economic recession. However, WorldTel XChange does not expect that these deleterious changes in the economy will impact the Company's ability to do business. The product (1 Button Wi-Fi) and the VoIP services offered by the Company will save individuals and businesses a substantial amount of money. As such, the business may actually see an increase in revenues as customers seek ways to reduce their telecommunications costs.

In regards to the interest rate and lending environment, credit standards have become substantially tighter. For the last six months, the shortage of the capital in the lending market has been a large aspect as to why economists expect an economic recession. This business plan does not assume that the Company will solicit debt financing within the next five years of operation. However, if WorldTel XChange needs to fuel growth with additional capital, the business would be an excellent candidate for debt. The highly predictable stream of per minute VoIP billing revenues coupled with the profits immediately generated from the sale of the 1 Button Wi-Fi product will allow WorldTel XChange to easily satisfy debt obligations or lending covenants if necessary.

3.2 Industry Analysis

Wire line and Wireless Markets

The worldwide telecommunications market consists of various geographic regions, technology infrastructures, and service models which collectively represent billions of dollars of worldwide annual spending. The evolution of wire line and wireless infrastructure/technologies has enabled unprecedented worldwide availability and mobility. Industry research suggests that there are currently over 1 billion wire line customers worldwide and 3.25 billion cellular customers worldwide. WorldTel XChange has the "first mover" advantage because unlike other alternatives, the Company can terminate calls from both Fixed VoIP (Home line) and Cellular VoIP (Wireless VoIP).



Voice Over Internet Protocol (“VoIP”) Adoption and Growth

The proliferation of the internet and the availability of low-cost voice internet protocol create a significant cost reduction opportunity for voice service providers and customers. In addition to wireless migration, industry research indicates that voice traffic data transmission is also likely to migrate from legacy wire line and wireless infrastructures to VOIP networks. Industry research suggests that VOIP lines are expected to increase from under 16 million in 2005 to over 55 million by 2009, representing a compound annual growth rate of 85%.

Furthermore, the evolution of cellular-VOIP is expected to explode during the next decade. While analysts believe that less than 1% of existing voice traffic is delivered through cellular-VOIP, by 2015, it is expected to reach 23% and 28% in just the U.S and Western Europe, respectively, representing an annual growth rate of more than 400%.

The Chart below compares the life cycles of cell phones, internet access and recently available VOIP. In summary the data highlights two key themes: 1) The world is in the very early phases of VOIP adoption and 2) VOIP adoption is accelerating much more quickly than both cell phone and internet access adoption. This could very well indicate that the growth curve on VOIP will be much steeper than cell phone and internet access adoption have (and are) experiencing.

Technology Market Penetration Rates (Americas, Europe and Asia)

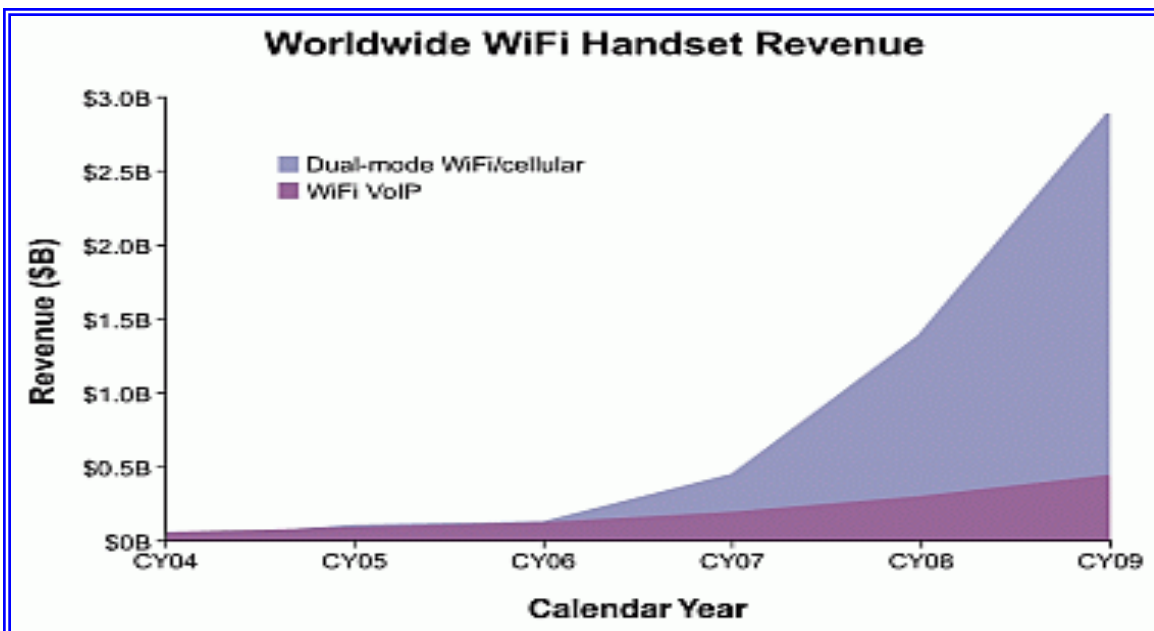
	Annual Growth First 5 Yrs	Multiple of Users Mature Stage vs. Adoption Stage
Cell Phones	49%	228x
Internet Access	54%	655x
VoIP	65%	800x – 1000x+

Voice and Media Convergence and New Entrants (Cable, Satellite and Media)

The recent VoIP infrastructure deployment not only enables significant cost reductions, but also provides access to the voice market for non-traditional carriers such as cable and satellite providers. Industry research suggests that there are over 450 million worldwide cable or satellite subscribers which may ultimately be able to subscribe to voice services potentially representing a \$130 billion opportunity. As a result, significant competition exists for customers between traditional and non-traditional service providers.

Over the next five to ten years, it is expected that this new technology will completely negate standard telephone lines. However, there are certain drawbacks from both an operating and a regulatory standpoint. VoIP phones must be connected to a broadband connection that is subject to failure should electricity lines go down. Additionally, the regulations regarding the VoIP phone industry is beginning to become more complex. It is difficult to determine the future regulations and taxes that may someday be associated with the VoIP telecommunications industry. The telecommunications industry is one of the largest industries in today's global economy. In the United States, the industry generates more than \$623 billion dollars a year of revenue.

According to a report published in by the Federal Communications Commission, 19% of US businesses are expected to have some form of voice over internet protocol service by the end of 2007. The report went on to state that more than 73% of wire line service providers and 31% of wireless service companies have begun testing or implementing services/products related to VoIP. Finally, in a study conducted by the FCC, more than 50% of households are aware of VoIP, its capabilities, and its costs. By 2011, there are expected to be more than 211 million VoIP users.





VoIP technology has led to a rapid expansion of new phone technologies and electronics. Companies, like WorldTel XChange are entering the market with products that compliment the rapid expansion and acceptance of VoIP services. Below is a statistic graph from IT Facts that showcases the expected sales of Wi-Fi based handsets on a worldwide basis. However, it should be noted that the 1 Button Wi-Fi product may actually cause a shift in this market as WorldTel XChange's technology can be used with any cellular or wireless phone without the need for traditional WiFi single or hotspot. This is a huge competitive advantage over companies that only produce products that can be used with traditional short range Wi-Fi based broadband.

As 1 Button Wi-Fi works with any cell phone, WorldTel XChange is in a position to market its product to the 3.2 billion cell phone users in the world (according to CNN Money in an article dated June 27th, 2007). The mass production of cell phone technology on a worldwide basis has allowed everyone in a developing or developed country to afford a cell phone. In many households, cell phones even replace traditional landlines.

3.3 Customer Profile

As VoIP use has become prevalent, many households and businesses are now beginning to replace land line technology with broadband based VoIP. As discussed above, the use of this technology is expected to explode over the next five years as broadband technology becomes more prevalent throughout North America, Europe, and Asia. Within the United States, broadband penetration has reached 53% (approximately 61 million households). As such, the potential user demographics of 1 Button Wi-Fi are vast. However, Management has developed an average user demographic profile that it will continue to use in conjunction with its marketing campaigns (discussed in the seventh section of the business plan). Among households, Management expects that the average user will have the following characteristics:

- Between the ages of 25 to 65
- Consumers with cell phone bills over \$200 per month
- The 55 million foreign nationals here in the US that make international calls
- Customers with at least 1 major credit card
- Has digital cable and broadband access
- Will spend \$25 or more on their home phone service

Based on demographic information provided by the FCC, Management anticipates that that current use for the Company's product exceeds 100,000,000 people.

According to VoIP studies, businesses were the first to aggressively adopted VoIP technology and now households are beginning to follow. Which means WorldTel is in the right place at the right time. As stated above, at the end of 2008, 19% of businesses are expected to use some form of VoIP technology. Any business, ranging from a small home based business to a multinational corporation, can afford and use the technology offered by WorldTel XChange.

3.4 Competition

Below is a description of the major competitors that WorldTel XChange will face as it progresses through its business operations.

Skype: Skype can be a free call with a software download that enables users to make certain free calls (with lots of exceptions) anywhere in the world. Skype users must have a computer, a special phone to hook up to the computer, speakers, an Internet connection, and the user and listening must be on the same website at the same time to complete a VoIP call from home. The business was recently acquired by EBay for \$2.4 Billion. After a year and a half of trying to convert non paying customers to paying customers, E-Bay finally gave up. Once someone receives a service for free, they are highly unlikely to pay for it in the future. Skype's business model has had many flaws, and they are expected to lag as time continues.

Vonage: This company offers a service where users can make VoIP calls throughout North America as well as a few overseas countries for \$24.95 per month with a one or two year contract. With Vonage, a customer must have a high speed Internet connection so calls can be made from home or office. Vonage recently had an IPO, but it has struggled to reach profitability, which is not expected for another two years. This business is currently losing \$80 million per quarter. With customer acquisition cost still

around \$400 per new customer, and now they are trying to sign two year agreements so they can amortize each new customer over 24 month period. This business model will not work in the long run as customers are not expected to sign long term contracts with outside market agents.

PennyTalk: PennyTalk is a prepaid calling card service. There is a minimum initial deposit of \$25. They also requires dialing into the service, entering a 10 digit account number, then a 4 digit PIN, and finally the number that a user is trying to reach. There is a \$.49 connection fee for every call from any phone. PennyTalk is a service with no easy way to market to the consumer. Their business model is not very appealing to either the home or business user. They are expected to have a minimal competition effect on the business.

Packet8: \$29.99 Set-up fee plus \$24.99 per month. Packet8 requires a compatible digital cell phone. This is typically achieved through a software application download and a synchronization of the cell phone/PDA with a home PC. Only a select number of phones are compatible with this service. With Sprint service, Packet8 only works on 8 different models of PDA's and one cellular phone despite the fact that Sprint maintains an inventory of 50 models.

3.5 Competitive Advantage

WorldTel XChange and its 1 Button Wi-Fi product have substantial advantages over its competition. Foremost, and unlike other VoIP companies, WorldTel XChange does not take a loss as a result of acquiring a new customer. From the moment that a person enrolls in a WorldTel XChange program, the Company earns a profit.



There are 4 - \$100 Billion Cellular Phone company's here in the US, selling the exact same products and service, Sprint, Verizon, AT&T and T-Mobile. Within the next 3 to 4 years there will be 4 or 5 Billion Dollar VoIP companies in the world. WorldTel is in the perfect position by having the first mover advantage and first profitable model that provides a patented product and service allowing consumers worldwide long distance savings for both fixed VoIP (Home landline) and Cellular VoIP (From any wireless Cell Phone, PDA, Blackberry including the iPhone) plus a simple to use one button solution.

Within the next 24 months 35 million people worldwide are switching to VoIP, 80% will be fixed VoIP from a landline at home. WorldTel is only capable of handling between 1 to 2 million of those 35 million consumers that will be switching to a cost effective VoIP solution.

With the Cellular VoIP marketplace virtually untapped and 3.25 billion people worldwide paying outrageous prices from as much as \$3.00 per minute, WorldTel's potential opportunity to tap into this market first is enormous today. Not even AT&T or Verizon have the same advantage in the Worldwide market as WorldTel. Verizon and AT&T, 2 - \$100 Billion phone company's can not solicit or connect customers to their network from countries around the world such as Brazil, Russia, Spain, Japan, China, Jamaica, Australia, Philippines, India, Malaysia, Switzerland, **but WorldTel can!**

The Company will be able to maintain successful business operations because of the following:

- WorldTel XChange will be one of the only company's in the world that allows cell phone users to connect to a VoIP network for low cost international calling.
- The infrastructure and towers are up and ready worldwide to support WorldTel XChange's patented technology.
- No need for Government or Local Telco's approval in over 130 countries.
- Patent protection of the 1 Button Wi-Fi method of streamlining cellular and VoIP communications.
- WorldTel XChange's marketing and worldwide distribution plan centered around a product with no contracts or monthly payments has made it possible to acquire VoIP customers through TV, Shopping Channels, Radio, Newspapers, Magazines, Mail Order, Retail and the Internet more cost effectively than most VoIP company's.
- WorldTel XChange has already launched its operations, developed its marketing materials (including an infomercial), subscribed several hundred clients, and has acquired contracts to produce more than 250,000 units throughout 2008.
- The sale of a service that will offer its clients the ability enjoy high quality VoIP services that will allow homes and businesses to save money on their monthly phone bill without sacrificing communications quality.
- The ability to market a product and not a service with 1 plug installation anywhere in the world.
- A pricing structure that offers customers the ability to only pay for the minutes they use with no monthly base charges or contracted billing plans.

The competitive advantage in table form.

	Dual Band Wi-Fi Handsets and Service	Skype	
Available on all existing cell and land devices	✗	✗	✓
Cellular-VoIP enabled without wi-fi or data signal	✗	✗	✓
Carrier-based, Tier 1 mission-critical voice quality	Cellular ✓ Wi-Fi ✗	✗ Software Dependent	✓
WW Penetrable Market of Existing Cell Phones	<100M	<100M	More than 3 billion
Activation Cost Comparison			
Handsets or Devices	\$300+	\$300+	\$199 Device
Contracts Required	\$500/year	\$30/year	\$0
Data Plans Required	\$360 / year	\$360 / year	\$0
Initial Investment/ Person	\$1,200+ - Year 1	\$700+ - Year 1	\$39.50 (5 people)
Per 5 person Family	\$6,000+	\$3,500+	\$199
Land Line Contracts	\$600 / year	\$600 / year	\$0
Usage Cost Comparison			
Cost per Number or Country Calling Plan	\$3.95 Per Handset	\$3.00 Per Handset	\$0
Long distance per minute rate outside of Wi-Fi or Data Signal	\$0.25 - \$4.00 Per Minute	\$0.021 - \$1.80 Per Minute	\$0.02+ Per Minute



MARKETING PLAN

4.1 Marketing Objectives

- Implement large scale marketing campaigns that showcase the ease of use for cell phones to be used as Wi-Fi phones coupled with the affordability of 1 Button Wi-Fi technology.
- Distribute WorldTel XChange's infomercial throughout several markets worldwide.
- Aggressively develop public relations campaigns that will showcase the unique and patented technology employed by WorldTel XChange while be endorsed by third parties.
- Within marketing campaigns, showcase the cost-benefit of using WorldTel XChange's service versus traditional land lines and/or other VoIP providers
- Introduce new products that expand on the Company's existing technology

4.2 Marketing and Sales Strategy

Infomercial

Management has developed a highly comprehensive marketing strategy that will ensure a maximum return on investment. With the \$400,000 invested by the Company, Management developed a highly powerful infomercial that clearly illustrates the uses, benefits, and low cost to a potential audience. This is one of the primary marketing strategies that will be used by the Company. The infomercial was filmed and developed by Eric Stilson, the mastermind behind such shows as the BowFlex, Healthrider and Abdoer which in total grossed over \$2 Billion on TV. WorldTel XChange's infomercial was filmed with 35MM motion picture film in 14 locations with 45 extras on set for weeks.

WorldTel XChange's 1 Button to WiFi infomercial was presented at the ERA show in Las Vegas in October 2007, (Electronic Retail Association). It was also featured on the front page of the Las Vegas Daily Review Journal which stated "One Button to Wi-Fi was the star Monday Morning...The product is an infomercials dream because it has all the important features to make it the next Popeil Pocket Fisherman or George Foreman Grill. (Each franchise currently grossing more than \$2 billion annually)."

The 30 minute show offers the product for \$199, which seems to completely pay for itself in the first 4 to 6 weeks of use on international calling. Also in the show there are no monthly fees and no contracts to sign, plus easy 1 plug installation and finally 300 minutes or 5 hours of free talk time from a cell phone anywhere in the world, a \$600 value. (also equal to 5- 1 hour phone cards at \$40 apiece)

WorldTel XChange is also in the process of developing a 30 minute and 60 minute commercial for major networks, which are interested in airing a short form spot that gives



a quick demonstration showing a consumers reaction to pushing 1 button on a cell phone and receiving a dial tone, then dialing the UK for \$.04 cents a minute instead of \$1.10. The excitement from the consumer to be able to make an internet phone call (a Wi-Fi call) from hundreds of miles away from an Internet connection (not 300ft.) is the “WOW” factor and next step in showing how simple, easy and cost effective it is to use 1 Button to Wi-Fi.

The focus of the WorldTel XChange’s marketing plan has been to explain to the TV audience that the combination of offering no contracts, no monthly fees, 1 plug installation, and even opportunity to connect 5 cells phones to every 1 Button to Wi-Fi

Public Relations

Ever since WorldTel began running the 30 minute infomercial on Television, CBS, NBC and ABC talk shows, news stations, and morning shows have been calling to be the first to break the news about “ 1 Button To WiFi ”. Steve Lipman, the Company’s CEO, has made 9 guest appearances in the past few months on such shows as CBS News stations KPSP, KGET an NBC affiliate station, KESQ an ABC news station, KTVK Good Morning Arizona, KSEE an NBC affiliate station, AM Arizona Live, KUSI San Diego Morning Show, KNTV Tech Now on NBC in Los Angeles, KMAX a CBS Affiliate Station in Sacramento, and finally the CyberGuy on KTLA channel 5 in Los Angeles.

Mr. Lipman has also given press interviews with such publications as PC World, Las Vegas Review Journal, Fresno Business Journal, Phoenix Business Journal, Inland Empire Business Journal. (articles enclosed)

As WorldTel plans to roll out their 30 minute television show again in the #1 Infomercial month of the year, January 2008, they will be working with one of the top PR firms in the U.S. out of Chicago, SSPR with CEO and Founder Steve Simon and Mindy Franklin.

SSPR has been in business since 1978 and has relationships with some of the top TV shows in the country. They also have ongoing PR relationships with most of the important and influential magazines/newspapers in the technology industry. These relationships include Business Week, Fortune, Time, CNET, Parade, Newsweek, Good Morning America, Harpo/Oprah, CBS Morning Show, Montel Williams, USA Today, Forbes, NY Times, Wall Street Journal, PC Magazine, plus over 100 major Newspapers. Their website is www.sspr.com

Online Based Marketing

WorldTel XChange also intends to use an online based marketing campaign to develop its sales and product visibility. Primarily, the Company will use search engine optimization techniques that will increase the Company’s visibility when selected key words are used among major search engines. For instance, when a person does a Google search for VoIP service or VoIP information, the Company will appear on the first page of the search. This strategy is technically complicated, and the Company will use a search engine optimization firm to develop the Company’s visibility on a non-paid basis.

Management expects that a SEO firm will place large amounts of linking data and text specific keywords into the business's website, which will allow the Company to appear more frequently among search engines. A majority of web portal and search engine companies use very complicated algorithms to determine a website's relevance in relation to a specific keyword. SEO firms place text and tags on the website to increase the rank of a specific website.

4.3 Distribution Channels

Company Sponsored Infomercials

Phase one, writing, producing and filming the infomercial has been completed, tested, and has already received a 2.0 average rating. What this means is that when WorldTel spends \$100,000 on media running the 30 minute infomercial they will make approximately \$200,000, they can double their money each and every time.

Phase two begins now that filming and testing is complete with Marcum Media (Phoenix, AZ www.marcummedia.com), the Infomercial Marketing Specialists, and purchaser of more than \$400 million of Infomercial media time since 1984, beginning a nationwide television marketing campaign focused on major metropolitan areas in the first quarter of 2008. .

Home Shopping Networks

In addition to direct sales from infomercials, other distribution channels include The Home Shopping Network, QVC and Shop NBC (online sales network) and should begin by April 2008. Mr. Lipman has already been a host on HSN and Shop NBC. WorldTel will continue establishing the brand and technology to millions through television, demonstrating and explaining what makes us so different and easy to use while gaining market penetration. With up to 50 million viewers seeing these channels daily, WorldTel XChange will begin to develop the US market here as well as on home shopping channels in countries throughout the world.

Spanish Television

With over 40 million Latin speaking foreign nationals here in the US, another huge market for WorldTel will be Spanish Television. VIVA Telecompras is about to be the largest Home Shopping Channel with 13.5 million Latino households. We have been in final discussions with Greg Martin and Frank Celecia Chairman and CEO of VIVA Telecompras to launch "1 Button to WiFi" in the second quarter of 2008.

Exclusive Master Distribution Agreements

Another major distribution channel is through Exclusive Master Distribution Agreements which have already been signed in countries like New Zealand and Australia. Commitments have been made for exclusive rights fees and minimum quantities for hundreds of thousands of units. The New Zealand company now called 1ButtontoWiFi.NZ is run by a group of market savvy distributors and entrepreneur's which was spearheaded by Gene Andrews.



With PCT patents filed and 1 Button to WiFi only needing one DSL or high speed internet plug connection in the unit to find WorldTel's Network at one Wilshire in Los Angeles, WorldTel is ready to market and set up distribution partners in over 130 countries. As of December 15, 2007 WorldTel XChange is currently in discussions with distribution partners including Saadin Solah for Ecuador and Spain, Louis Vigdon for China and Japan, Henry Strzeletz for Germany, Miguel Carvalho for Brazil and Portugal, Mary La Chapelle for Jordan and Russia, Vinod Agrawal for India, Jorge Salama for Paraguay, Javier Goic for Argentina and Peru, Ysmael De Los Santos for the Caribbean Islands, Andres Sunnah for Chile, Ken Thubei for Kenya and Jose Paternostro for Colombia and Panama.

E-Commerce

Another channel for worldwide distribution is Internet Marketing. WorldTel has just signed an agreement with one of the largest Internet Affiliate distributors in the world. LEM Marketing is now set to begin worldwide Internet distribution of the first and only patented VoIP product in the first quarter of 2008 to more than 53,000 of their affiliated websites. Sales are estimated at around 8,000 to 10,000 per month by the second quarter

Print Media

Magazines and Newspapers will be another highly important avenue for US and Worldwide distribution. Over the last year, WorldTel has a relationship with Scott Ramm, Director of Novus Media Network. The Company has been approved for special pricing with 2 of the biggest selling Newspapers in the US, The Wall Street Journal and USA Today. USA Today is read by approximately 2.5 million people daily and charges over \$190,000 for a full page per day. The Wall Street Journal is seen daily by 1.9 million people and charges \$175,000 for a full page per day. WorldTel has been able to arrange full page exposure in USA Today for only \$21,000 per day and only \$20,000 for a full page in The Wall Street Journal per day. What this essentially means is that WorldTel can have exposure to more than 2.5 million people per day in USA Today and see a breakeven in advertising costs by only selling 130 1 button Wi-Fi units. The Wall Street Journal with 1.9 million people would only need 110 units to breakeven.

Management has also begun developing the full page ads with one of the most successful creative marketing teams in Los Angeles, Rainmaker and Sun. Mr. Lipman has worked with Brent Perlmutter, CEO and Executive Creative Director, Rena Conner, President and Chris Cowles. This marketing firm was founded in 1995 and has created print campaigns for such companies as Johnson and Johnson, Disney, FOX Television, Universal Pictures, Unocal, Nestle, Nissan, Paul Mitchell, Blue Cross, Lipton Foods, CIGNA Healthcare, and Cedars-Sinai Medical Center



Premium Incentive Market

The premium incentive market can be a huge market for 1 Button to Wi-Fi. Fortune 1000 companies are always seeking in demand products which can be branded with a corporate logo. With WorldTel products, a company's can imprint a logo on both sides of the product, then as an extra benefit collect a percentage of the monthly residual income from every minute used from each unit distributed. Management has identified several companies including, American Express, FedEx, Discover Card, Allstate Insurance, Starwood Hotels, and American Airlines that have expressed interest for co-branding campaigns and strategic relationships

Mass Retailers

Best Buy, Circuit City, Wal-Mart, Target and Costco will be the first retail chains to have the opportunity to provide purchase orders to WorldTel in May and June of 2008 for fourth quarter delivery. Once a product has been on TV, the expected sell through ratio is expected to be 11 times greater at retail. At the same time WorldTel is gaining exposure and market share here in the US, by producing the tools necessary to market and distribute the product around the world. The Company is now fully prepared on a worldwide basis to distribute the infomercial, produce worldwide internet marketing campaigns, acquire full page ads in major daily newspapers, and expand the Company's public relations campaigns.

4.4 Customer Service and Support

The Company's control center, staffed by as many as one technical support person for every 2500 to 3500 customers, will eliminate all the barriers to entry to help the consumer switch to VoIP. With the Company's technology, consumers worldwide can have the freedom of using both fixed VoIP and Cellular VoIP from the only patented product available on the market. With WorldTel Change's technology, customers can now make long distance phone calls from their home or their cell phone. Both of these operations are available with the push of one button from 1,000, 5,000 even 10,000 miles away from a customer's home internet connection at home from any Cell phone, PDA or Blackberry, even the I-Phone from Apple.

4.5 Pricing Strategy

- The selling price of the 1 Button Wi-Fi device is \$199.95. The direct manufacturing cost of the product is approximately \$40 dollars plus the advertising sponsorship costs associated with the sale. There is room for future reduction in product price to drive further enrollment in its VoIP service, or based on the rapid return on investment an elasticity to increase price in certain markets.
- Per minute charges typically range from \$.02 to \$.15. A full list is available on request. The company adds \$.02 to its incurred rate which then generates an average of \$.04 to the customer.
- Exclusive international geographic distribution rights will be sold for \$500,000 to \$1,000,000. The company will continue to collect \$.02 per minute from those areas.



4.6 Sales Strategies and Assumptions

Year 1

- In 2008, the Company will aggressively implement its marketing strategies. By the end of the next twelve months of revenue generating operations, WorldTel XChange will have 177,000 customers.
- Revenues will reach \$49.6 million in the next twelve months of operations.
- Profits from operations will exceed 16%.

Year 2

- In 2009, the Company customer base will grow to over 453,000. WorldTel XChange's VoIP service and 1 Button Wi-Fi technology will be world wide.
- Expected sales will reach \$129.1 million dollars.
- Profits from operations reach 28%.

Years 3

- By the end of 2010, revenues will grow to over \$193 million.
- The customer base will exceed 782,000 users.
- Profits from operations exceed 34%.

At this point management anticipates a liquidity event by the end of year three, but WorldTel XChange will continue to develop and integrate new technologies that will ensure a competitive advantage and an industry leader position.

4.7 Sales Forecasts

Revenue Forecast			
Product Sales	YEAR 1	YEAR 2	YEAR 3
Cumulative Products Sold	177,006	453,629	782,973
Revenue (\$199 per new unit)	\$ 35,124,694	\$ 55,047,977	\$ 65,539,456
Service Revenue			
Number of Customers	177,006	453,629	782,973
Revenue (\$16/Customer/Month)	\$ 11,914,512	\$ 61,968,912	\$ 119,800,400
Licensing Revenue			
Cumulative Agreements	5	8	11
Revenue from Licensing	\$ 2,600,000	\$ 4,900,000	\$ 8,000,000
Gross Revenue	\$ 49,639,206	\$ 121,916,889	\$ 193,339,856
Direct Costs			
Product Sales	\$ 28,064,454	\$ 43,983,057	\$ 52,365,696
Service Revenue	\$ 5,957,256	\$ 30,984,456	\$ 59,900,200
Total Direct Costs	\$ 34,021,710	\$ 74,967,513	\$ 112,265,896
Allowances (1.5%)	\$ 526,869	\$ 825,720	\$ 983,092
Net Revenue	\$ 15,090,627	\$ 46,123,656	\$ 80,090,868



ORGANIZATION OVERVIEW

5.1 Registered Name

WorldTel XChange, Inc. The business is registered as a C corporation in the State of Delaware.

5.2 Location

The Corporate office address is WorldTel Xchange, Inc. Steve Lipman /President, 17555 Ventura Blvd.Suite #200, Encino, CA 91316

5.3 Intellectual Property

Patents: "1buttontowifi" is PATENTED with additional patents pending.

Trademarks: "WorldTel Xchange" and "1buttontowifi" are registered trademarks.

Copyrights: "WorldTel Xchange" and "1buttontowifi" logos copy written.

5.4 History

The Company began operations two years ago when Management had VoIP and Wi-Fi in their home, but lacked the ability to connect via VoIP when not in proximity to a traditional broadband connection. After 4 months, and with the addition of special computer chips from the Silicon Valley coupled with chips from Taiwan, Digital-Analog-Digital technology was born. Utility patents with 19 claims were filed immediately in August of 2005. Design patents were filed in July of 2006 and granted in May of 2007. Trademarks for the name "WorldTel XChange" and "1 Button to Wi-Fi" were filed in January 2007.

WorldTel Xchange Inc. is headquartered in Encino California specializing in the marketing of its patented VoIP technology. WorldTel is also a phone company that owns and operates their own telecom network complete with state of the art stackable syster soft switches for easy expansion to over 2 million customers. In order to ensure the best possible quality service the company has connected only tier 1 carriers including Level 3, Bandwidth and Primus to the WorldTel Network and then developed a comprehensive billing platform that supports both fixed and wireless VoIP termination worldwide.

WorldTel's telecommunications network is located 30 minutes away at 1 Wilshire in Los Angeles, the largest telecom hub in the Western US with over 200 carriers aligned and waiting for immediate connectivity to WorldTel's network.

The company has been in full operation with hundreds of customers using the WorldTel Network since the summer of 2007. Customers have been able to order the product through television and off the Internet which is shipped from the largest Direct TV warehouse on the west coast, Moulton Logistics located 15 minutes from WorldTel XChange's headquarters in Van Nuys, California. Since its initial launch a few months ago the company just finished manufacturing and receiving 5,000 1 Button to Wi-Fi units from China in the past few weeks for its January 2008 television and print campaign.



5.5 Mission Statement

Even though the company owns and operates their own telephone network the real passion and main focus of management is on marketing and educating the world to low cost VoIP (Voice of Internet Protocol). It is all about setting up the right telecom model from the start. A model that allows easy adoption, simplicity of use, profitability from the moment you acquire a new customer as well as monthly revenue; and finally, the freedom to use the service from anywhere, even when you are thousands of miles away from your high speed internet connection at home.

Once you have the right model, you need separate yourself as far as possible from the others. In order to do that you need two very important elements, you need what's called "THE WOW " factor and you need the " HOOK ".

The WOW factor is two fold, no one gets a dial tone on their cell, with "1 Button to WiFi" we can. The second WOW factor is that you can make a WiFi call from a moving car 3000 miles away from your internet connection at home. WiFi only goes 300ft. maximum, so to make a high speed internet call from thousand of miles away, not feet is pretty amazing and surprises many people.

The HOOK is the simplicity of pushing just 1 button on either your wireless home phone or your cell phone to get the dial tone so you can now dial 011 to the world for pennies.

5.6 Vision Statement

Through their diverse areas of expertise and knowledge, the Founders of WorldTel XChange expect to build a business that will achieve approximately \$200 million dollars of revenue by the third year and develop a liquidity event at that time.



MANAGEMENT AND PERSONEL

6.1 Management

NAME	POSITION
Steve Lipman	Chief Executive Officer, President and Founder
Ron J. Houle	Director, Operations and International Sales
Bryan Aamot	Senior IT Manager
John De George	Director, Network Operations
Steve Hsu	Vice President, Manufacturing and Quality Control
Michael Valera	Director, Engineering
John Reid	Vice President, Finance
Bobbie Lipman	Secretary and Finance Manager

Steve Lipman: President, CEO, Chairman of the Board. Mr. Lipman is a senior executive experienced in leading companies through mergers and acquisitions, strategic planning, operations, sales and marketing. He has structured six companies, raised millions of dollars and secured major buying contracts in the hi-tech industry. Previously, Mr. Lipman was the President and minority shareholder of Y-Tel, a wholesale telecom company that was controlled by a board and shareholders that wanted to focus telecom wholesale minutes. Mr. Lipman sought to pursue opportunities in the VoIP / Wi-Fi markets and he parted ways with the Company in 2005. Mr. Lipman also helped 5G Wireless; a last mile solution company raise the seed capital necessary to develop their Wi-Fi transmission technology. Earlier, he was president of Allied Voice Tech, Inc., a \$15 million re-recordable microchip company responsible for developing, manufacturing re-recordable products for Television and retail distribution. He was the former President and Chairman of Satellite Control Tech, Inc., an \$80 million wireless technology company specializing in GPS recovery. He has also held the position of President of Carrosell, Inc., a \$20 million airport advertising company.

Ron J. Houle: Director of Operations and International Sales. In 1988 Mr. Houle became Vice president of Technology for Intermedia Inc. where he managed the development of the Cinivision editing system which then sold to NASA and Cornell University as well as the introduction of a “plasma driven teleprompter” for the broadcast industry. In 1994 Mr. Houle with a group of investors formed the AMPSC Group of Companies, where he was President of “The Greater Regional Technical Institute” a Technical Training College as well as an Internet Access (ISP) company, In 1998 Mr. Houle founded Metronome Internet Technologies (MIT) Services in Toronto, Ontario, in 2000 Mr. Houle sold the AMPSC Group of Companies to Core Strategic Technologies LLC, (USA). Mr. Houle remains Vice President of The Metronome Canada Foundation www.metronomecanada.com (in Toronto, Ontario) and currently sits on the board of directors and continues to contribute his organizational and liaison skills to bring this exciting project, the world’s first music city, to fruition.



Bryan Aamot: Senior IT Manager

Mr. Aamot has over 20 years of software development including 10 years in lead management roles. He was the Senior Technical Manager for America on Line, (AOL) for 8 years leading the development team into AOL Mobile Devices, AOL for Blackberry and Palm, You've got Pictures, Image Animation and Vector Graphics Software. Mr. Aamot has also been the lead developer for embedded software for in flight Entertainment systems, several web service projects, cross platform client engines, (UI, storage, network, script interpreter) 2d/3d graphic engines: Google maps like software, and web content management software. Specialties include, Enterprise Website Development / Management, Server Architecture, Mobile Applications, Usability, Web site Optimization, Web Services, Synchronization, Search Engine Optimization, Content Management, Security, Scalability, Reliability, Testability. Technologies include: Web 2.0 (UI and Web Services), C++, Java, Javascript, PHP, I18N, MySql, HTML, CSS, and AJAX.

John DeGeorge: Director of Network Operations

Mr. DeGeorge is responsible for optimizing voice network and billing matters. He has over 19 years of experience with complex IT and telecommunication environments including nationwide IXC strategic sourcing (voice and data) and telecom hardware and maintenance. Mr. DeGeorge was the senior IT specialists with Disney for the last 2 years before coming to work with WorldTel Xchange. He also worked with several industry leaders such as Cisco, Verizon and Ernst & Young.

Steve Hsu: Vice President of Product Manufacturing and Quality Control.

Mr. Hsu has extensive experience in hardware and software integration and has worked with WorldTel XChange over the last three years to develop a cost effective, high quality technology which incorporates WorldTel's patented and patent-pending technologies and call handling processing.

Michael Valera: Director of Engineering

Mr. Valera has been involved in the VoIP & telecommunications industry for over five years. Previously, he was a Senior VoIP Engineer for a leading VoIP Enterprise solution provider in Northern California before joining WorldTel Xchange. Mr. Valera has worked both domestically and internationally to launch several VoIP infrastructures and installed over 100 Platforms. In addition, he has trained over two dozen C.E.O.s, executives & engineers on VoIP matters.

John Reid: Vice President of Finance

Mr. Reid has more than 30 years experience in directing the accounting and financial operations in software, newspaper and construction industries. He served as Vice President of Finance & Administration for Xytech Systems and as Chief Financial Officer/Controller for Neasi-Weber International. He also served as General Manager/Controller for Gannett and as an Assistant Controller for the *Los Angeles Times*.



Bobbie Lipman: Corporate Secretary and Vice-President-Administration. Ms. Lipman has been a Director of the Company since April 2006. She is a senior executive with years of experience bringing innovative products from early stage development to retail. Her relationships are with some of the largest retailers in the country. They include HSN, QVC, Shop NBC, Target, Walmart and Federated Department Stores. These relationships produced millions of dollars in retail sales throughout the country. In addition to her marketing and sales background Ms. Lipman brings a variety of management and operational experience to WorldTel XChange

Robert C. Norton: Director

Mr. Norton joined the Board in September 2007. Mr. Norton is of counsel to the firm of Stone, Rosenblatt & Cha, A Professional Law Corporation. He represents all forms of business entities, including limited liability companies, corporations (both Subchapter C and S), general and limited partnerships, and limited liability partnerships, from start-up to exit strategy. He has particular expertise in mergers and acquisitions, including leveraged buy-outs, and the organization, operation, governance, financing and dissolution of business entities. Mr. Norton is a graduate of Golden Gate University School of Law (San Francisco), received his Master of Laws degree in taxation from Georgetown University Law School (Washington, D.C.) and has over twenty-five years experience in helping his clients structure business transactions, negotiate and draft merger and acquisition documents, establish and fund new business entities, and engage in commercial transactions, including equipment and real estate leases and real estate sales and acquisitions. Mr. Norton is a frequent speaker on business and tax matters. Mr. Norton is a member of the State Bars of California and Texas, and a member of the American and Los Angeles County Bar Associations. Prior to joining Stone, Rosenblatt & Cha, Mr. Norton was a principal in the law firm of Rodi, Pollock, Pettker, Galbraith & Cahill (Los Angeles, 1986-2003), and an associate with Tobin & Tobin (San Francisco, 1984-1986), Anderson, Ablon, Maseda & Lewis (Los Angeles, 1982-1984) and Miller, MacDonald, Bush & Ackerman (Fullerton, 1981-1982)

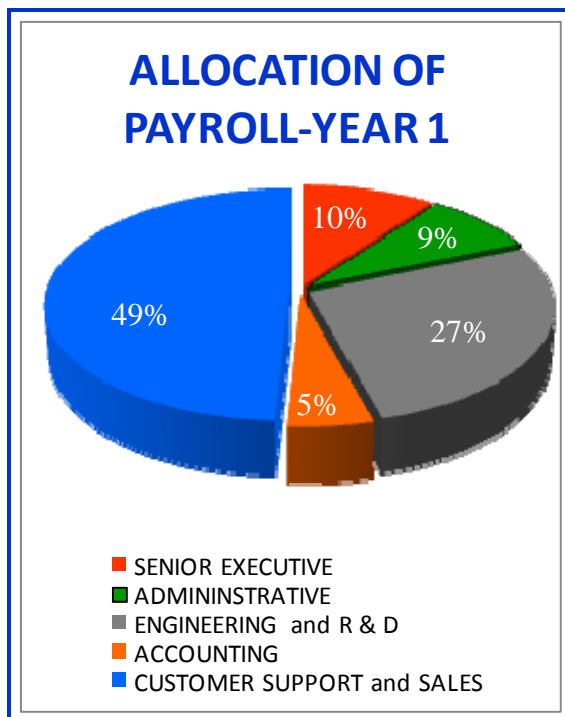
6.3 Board of Directors

Mr. Steve Lipman, Chairman
Ms. Bobbie Lipman, Secretary
Mr. Robert Norton, Director

6.4 Personnel Plan and Compensation Levels

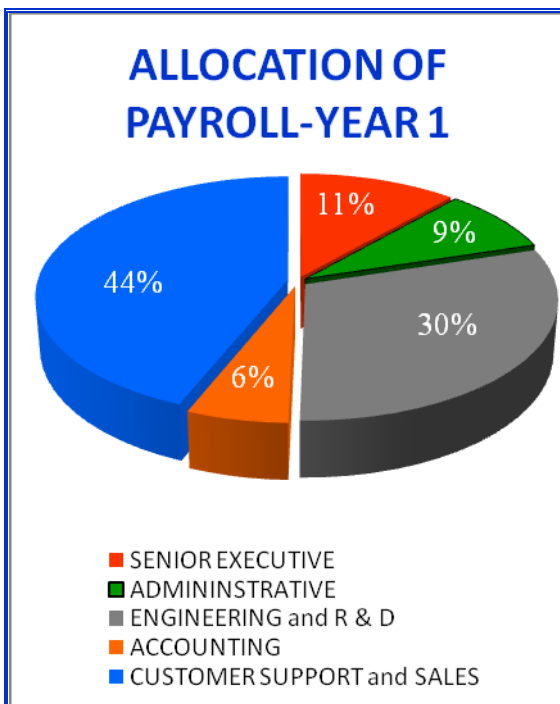
The personal plan will focus on a strong base of engineering and technical expertise; experienced sales and marketing management directing the advertising and public relations agencies; and a major emphasis on customer service and technical support to insure a customer friendly start and a high retention percentage. The charts below reflect the attention to the customer as the company grows.

Staffing and Payroll Expenses			
Position	2008	2009	2010
CEO: Steve Lipman	\$ 180,000	\$ 180,000	\$ 180,000
Senior IT Mgr.: Bryan Aamot	\$ 60,000	\$ 63,000	\$ 66,156
Dir.-International Sales: Ron Houle	\$ 60,000	\$ 63,000	\$ 66,156
VP-Mfg. & QC: Steve Hsu	\$ 60,000	\$ 63,000	\$ 66,156
VP-Finance: John Reid	\$ 90,000	\$ 94,500	\$ 99,228
Director-Network Operations: John DeGeorge	\$ 60,000	\$ 63,000	\$ 66,156
Director-Engineering: Michael Valera	\$ 96,000	\$ 100,800	\$ 105,840
Network Engineers (5 @ \$6250/Mth. Ea.)	\$ 206,250	\$ 433,500	\$ 658,500
Secretary & Finance Manager: Bobbie Lipman	\$ 60,000	\$ 63,000	\$ 66,156
Administrative Assistants (\$2250/Mth.Ea.)	\$ 74,250	\$ 599,250	\$ 730,500
Technical Support (\$2000/Mth. Ea.)	\$ 780,000	\$ 2,928,000	\$ 5,568,000
Total Payroll	\$ 1,726,500	\$ 4,651,050	\$ 7,672,848



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RISK ASSESSMENT

7.1 Development Risk – Moderate

Mr. Lipman and his team have already developed WorldTel XChange. The technology associated with 1 Button Wi-Fi and the Company's marketing campaigns (which includes an infomercial) is complete. Mr. Lipman successfully secured \$1.5 million of capital for these purposes, and the Company is now seeking an additional \$5 million which will be used towards the acquisition of greater inventories while concurrently expanding the visibility of WorldTel XChange.

7.2 Financing Risk – Low/Moderate

Currently, the Company is seeking its second round of capital, which will bring the operations of the business to profitability in 2008. The capital sought in this business plan is now to be used to expand the operational and sales capacity of WorldTel XChange. As such, the risks associated with this level of capital are low/moderate as the business is expected to reach profitability shortly after the Company receives its capital infusion.

7.3 Marketing Risk – Moderate

WorldTel XChange intends to use a diverse number of marketing strategies to ensure that the Company receives maximum visibility among traditional marketing methods, online sales channels, and through news media outlets. These marketing strategies are expensive, and may not yield the financial results anticipated in this business plan. However, the Company has already received a tremendous amount of press, including nationally recognized print news sources, and Mr. Lipman feels that the uniqueness of the product will continue to draw press support.

7.4 Management Risk – Low

The Company's Founders are experienced and knowledgeable regarding all aspects of the Company's operations and services. An experienced team of industry professionals has been assembled.

7.5 Valuation Risk – Low

The risk that an investor pays too much for the venture is offset by:

- Investor funds will be in a Company that generates high margin revenue from telecommunications service.
- Moderate overhead and operating expenses.
- WorldTel's Founder, Steve Lipman, has worked diligently to develop a business model and its associated patents that will provide a predictable and recurring stream of income from the sale of 1 Button Wi-Fi and its associated VoIP service programs.
- Profitability occurring at the moment that a customer acquires a 1 Button Wi-Fi device.
- WorldTel XChange's business operations reach the size predicted in this business plan, the Company will be able to sell the Company for a substantial premium in either the private or public markets.



THE OFFER

8.1 Funds Required

WorldTel XChange has already secured \$1.5 million of investment funds which has been used to finish the development, complete the BETA testing, finalize the market strategies for the initial operations and propel the Company to a revenue generating position. The table below represents the accomplishments of the Company from the first round of funding.

First Round	
<u>SOURCE</u>	<u>AMOUNT</u>
Investor Equity	\$ 1,500,000
TOTAL	\$ 1,500,000
 <u>USES</u>	
Los Angeles Switching Equipment	\$ 17,880
Molds Fabrication	\$ 23,100
Billing Software	\$ 27,900
Control Center Software	\$ 24,500
Website Design	\$ 1,400
Infomercial Development	\$ 400,000
Computers	\$ 4,620
Security Deposits	\$ 3,800
Legal, Accounting, and Misc. Operating Costs	\$ 40,600
Inventory Acquisitions	\$ 262,780
Carrier Deposits	\$ 13,500
Media Deposits	\$ 5,000
Direct Dial Numbers	\$ 5,500
Media Costs	\$ 48,400
Public Relations Fees	\$ 10,000
Telemarketing Costs	\$ 6,975
Payroll	\$ 115,000
Professional Fees (Consultants)	\$ 286,250
Administrative Consulting	\$ 50,000
Rent Expenses	\$ 50,000
Costs Related to Raising Capital	\$ 85,970
Other Costs	\$ 16,825
TOTAL	\$ 1,500,000



At this time, Management is seeking to raise \$5,000,000 via a private placement. This capital will be used directly for product acquisition, marketing, and distribution.

Second Round		
<u>SOURCE</u>	<u>WHERE CAPTURED</u>	<u>AMOUNT</u>
	0	
	Cash Flow	\$ 5,000,000
TOTAL		\$ 5,000,000
 <u>USES</u>		
Product (38,750 pieces @ \$40)	Cash Flow	\$ 1,550,000
Network Equipment (Switches)	Cash Flow	\$ 550,000
Advertising (General)	P & L	\$ 1,500,000
Marketing/Public relations	P & L	\$ 350,000
Personnel (Technical & Customer Service)	P & L	\$ 150,000
Travel	P & L	\$ 200,000
Office Furnishings and Equipment	Cash Flow	\$ 400,000
Contingencies and Working Capital	Cash Flow	\$ 300,000
TOTAL		\$ 5,000,000

8.2 Investor Equity

Management, via the Company's private placement memorandum, is seeking to sell 1,562,500 shares of WorldTel XChange stock. Each share is offered at a price of \$3.20. Before the completion of this offering, the total number of shares outstanding is 7,511,500. After the capital raising period is complete, there will be an aggregate of 9,074,000 outstanding. The total equity percentage sold in this second round capital offering is 17.21%.

8.3 Management Equity

At this time, the first round capital investors and Management retain a 100% interest in WorldTel XChange, Inc. The current ownership of WorldTel XChange is as follows:

Name	Shares Beneficially Owned	Percentage of Outstanding Shares	
		Prior to Offering	After Offering (5)
Steve Lipman, Officer/Director	3,772,570	49.9%	41.4%
Bobbie Lipman, Officer/Director	-	-	-
Robert C. Norton, Director	21,440	.3%	.2%
William B. Barnett	800,000	10.6%	8.8%
Officers & Directors (Group of 3)	3,794,010	50.2%	41.6%



8.5 Exit Strategies

WorldTel is prepared to move forward in many different directions in the next 12 to 18 months. What ever becomes most beneficial for the WorldTel shareholders is the direction the company plans to pursue. Management is prepared to go into the public market as they have had years of experience in running public company's in the past. The company does however see the quickest and most profitable way for the shareholders is a purchase or acquisition of WorldTel's customers, assets and patents.

WorldTel XChange's plan today is to simply bring on as many customers as possible from the US Market as well as 5 or 6 additional markets. Set up all markets with Television, Print and Internet for the greatest exposure in each market. This will insure the greatest opportunity for product sell through at the retail level so we can begin taking orders for hundreds of thousands of units in May and June for Christmas 2008.

By that time we will be releasing our next product into the marketplace which is ready and waiting. There has never been a VoIP product like this to put on retail store shelves, Vonage and Skype just sell a service. Once we have major orders from 5 or 6 of the large retailer for Christmas 2008, plus a significant subscriber base, we would be in a position to begin receiving offers from Internet, cellular or telecom companies.

WorldTel believes that the company that gets WorldTel Xchange and 1 Button to WiFi could become the largest phone company in the world someday by capturing the long distance revenue from both fixed home VoIP and Cellular VoIP worldwide.

8.6 Valuation

Telecom reoccurring revenue companies can get anywhere from 30 to 50 times multiple from a company's revenue base plus monthly long distance revenue, provided that the company is private and not public which then would be determined from the stock price. What determines the multiple is how many customers are using the network, revenue, patent protection, profitability, first mover advantage, world distribution options, how much infrastructure or tower transmission requirements for expansion are necessary, cost for expansion, size of the market, and finally customer acquisition cost. A very conservative valuation with only a 10 times appears below.

YEAR	PROFIT FROM OPERATIONS	MULTIPLIER	VALUATION
2008	\$ 7,822,147	40	\$ 312,885,880
2009	\$ 32,901,633	40	\$ 1,316,065,320
2010	\$ 60,759,495	40	\$ 2,430,379,800

8.7 Investor Divestiture

An investor could receive dividends and capital appreciation (from the execution of one of the aforementioned marketing strategies). Please review WorldTel XChange's private placement memorandum for more information regarding the sale/redemption of the Company's stock.

FINANCIAL PLAN

9.1 Underlying Assumptions

The Company has based its proforma financial statements on the following:

- The owners have invested \$400,000
- The Company received \$1,500,000 in order to launch the venture.
- The Company is requesting a second round equity investment of \$5,000,000.
- Revenue Projections are in accordance with Revenue Matrix provided below.
- Expenses:
 - WorldTel XChange shall settle most short term payables at the end of each month
 - Payroll: In accordance with Staffing and Payroll Matrix
 - Payroll Burden: Projected at 29%. Includes FICA & Medicare (15%); Workers Comp. (2%); Health Insurance (8%).
 - Professional Fees - Attorney: \$4500 per month retainer.
 - Travel and Entertainment-Mostly CEO and Director of International Sales.
- Profit and Loss Projections include a line for estimated tax burden.

9.2 Revenue Matrix

MATRIX		
REVENUE STREAMS		
Product Sales	Service Revenue	Licensing Revenue
REVENUE ASSUMPTIONS		
<p><u>Product Sales</u> Selling Price of each unit = \$199 Projected that there will be 160,000 sold in 2008; 200,000 sold in 2009; 275,000 sold in 2010</p>		
<p><u>Service Revenue</u> Average selling price of a minute at \$.04 (4 cents). Average per customer billing of \$16 per month (based on Company experience to date).</p>		
<p><u>Licensing Revenue</u> \$500,000 to \$1,000,000 for exclusive rights to a country Anticipated that there will be 4 in 2008; 7 in 2009; 10 in 2010</p>		
<p><u>DIRECT COSTS</u></p>		
<p><u>Product Sales</u> Cost of the product = \$40 + Cost of Advertisement (Infomercial) =\$119 (avg.). Total = \$159</p>		
<p><u>Service Revenue</u> 50% of revenue</p>		
<p><u>Licensing Revenue</u> None</p>		



9.3 ANNUAL FINANCIAL OVERVIEWS

Revenue Forecast

Revenue Forecast - Three Year Annual			
Product Sales	YEAR 1	YEAR 2	YEAR 3
New Products Sold	176,506	276,623	329,344
Cumulative Products Sold	177,006	453,629	782,973
Revenue (\$199 per new unit)	\$ 35,124,694	\$ 55,047,977	\$ 65,539,456
Total Product Revenue	\$ 35,124,694	\$ 55,047,977	\$ 65,539,456
Service Revenue			
Number of Customers	177,006	453,629	782,973
Revenue (\$16/Customer/Month)	\$ 11,914,512	\$ 61,968,912	\$ 119,800,400
Total Pay Per Click Revenue	\$ 11,914,512	\$ 61,968,912	\$ 119,800,400
Licensing Revenue			
New Agreements	4	7	10
Cumulative Agreements	5	8	11
Revenue	\$ 2,600,000	\$ 4,900,000	\$ 8,000,000
Total Licensing Revenue	\$ 2,600,000	\$ 4,900,000	\$ 8,000,000
Gross Revenue	\$ 49,639,206	\$ 121,916,889	\$ 193,339,856
Direct Costs			
Product Sales	\$ 28,064,454	\$ 43,983,057	\$ 52,365,696
Service Revenue	\$ 5,957,256	\$ 30,984,456	\$ 59,900,200
Total Direct Costs	\$ 34,021,710	\$ 74,967,513	\$ 112,265,896
Bad Debt Allowance (1.5%)	\$ 526,869	\$ 825,720	\$ 983,092
Net Revenue	\$ 15,090,627	\$ 46,123,656	\$ 80,090,868

Profit and Loss Projections

Profit and Loss Projections-Three Year Annual			
	2008	2009	2010
REVENUE	\$ 49,639,206	\$ 121,916,889	\$ 193,339,856
DIRECT COST	\$ 34,021,710	\$ 74,967,513	\$ 112,265,896
BAD DEBT	\$ 526,869	\$ 825,720	\$ 983,092
GROSS PROFIT	\$ 15,090,627	\$ 46,123,656	\$ 80,090,868
EXPENSES			
Payroll	\$ 1,726,500	\$ 4,651,050	\$ 7,672,848
Payroll Burden (29%)	\$ 500,688	\$ 1,348,803	\$ 2,225,127
Advertising/Marketing	\$ 2,280,000	\$ 3,000,000	\$ 3,600,000
Credit Card Fees	\$ 496,392	\$ 1,219,170	\$ 1,933,398
Equipment Maintenance	\$ 720,000	\$ 720,000	\$ 960,000
Insurance-General	\$ 120,000	\$ 180,000	\$ 240,000
Postage & Shipping	\$ 135,000	\$ 240,000	\$ 240,000
Professional Fees-Acct.	\$ 20,000	\$ 30,000	\$ 30,000
Professional Fees-Atty.	\$ 54,000	\$ 60,000	\$ 120,000
Office Supplies & Expenses	\$ 225,400	\$ 435,000	\$ 600,000
Public Relations Firm	\$ 360,000	\$ 360,000	\$ 360,000
Rent	\$ 175,000	\$ 360,000	\$ 390,000
Telephone	\$ 94,000	\$ 162,000	\$ 180,000
Travel & Entertainment	\$ 200,000	\$ 240,000	\$ 480,000
Utilities	\$ 17,500	\$ 36,000	\$ 60,000
Miscellaneous	\$ 144,000	\$ 180,000	\$ 240,000
TOTAL EXPENSES	\$ 7,268,480	\$ 13,222,023	\$ 19,331,373
PROFIT FROM OPERATIONS	\$ 7,822,147	\$ 32,901,633	\$ 60,759,495
Tax Burden	\$ 2,346,644	\$ 9,870,490	\$ 18,227,849
PROFIT AFTER TAXES	\$ 5,475,503	\$ 23,031,143	\$ 42,531,646

Cash Flow Projections

Cash Flow Projections-Three Year Annual			
	2008	2009	2010
Operating Activities			
Net Income (after tax distribution)	\$ 5,475,503	\$ 23,031,143	\$ 42,531,646
Adjustments to Reconcile			
Change In Inventories	\$ (1,550,000)	\$ (800,000)	\$ (1,200,000)
Cash Provided by Operating Activities	\$ 3,925,503	\$ 22,231,143	\$ 41,331,646
Investing Activities			
Capital Expenditures	\$ 950,000	\$ 600,000	\$ 1,050,000
Investing Activities	\$ 950,000	\$ 600,000	\$ 1,050,000
Financing Activities			
Sale of Stock/Ownership (Equity Infusion)	\$ 5,000,000	\$ -	\$ -
Financing Activities	\$ 5,000,000	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ 7,975,503	\$ 21,631,143	\$ 40,281,646
Cash, Beginning of Year	\$ -	\$ 7,975,503	\$ 29,606,646
Cash , End of Year	\$ 7,975,503	\$ 29,606,646	\$ 69,888,291
*Office furntiure & equipment plus network switching equipment.			



9.4 Monthly Detail

Revenue Forecasts

Revenue Forecast for Year One (2008)													
Product Sales	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
New Products Sold	250	250	250	5,323	14,904	16,394	18,033	19,836	21,820	24,002	26,402	29,042	176,506
Cumulative Products Sold	750	1000	1250	6,573	21,477	37,871	55,904	75,740	97,560	121,562	147,964	177,006	177,006
Revenue (\$199 per new unit)	\$ 49,750	\$ 49,750	\$ 49,750	\$ 1,059,277	\$ 2,965,896	\$ 3,262,406	\$ 3,588,567	\$ 3,947,364	\$ 4,342,180	\$ 4,776,398	\$ 5,253,998	\$ 5,779,358	\$ 35,124,694
Total Product Revenue	\$ 49,750	\$ 49,750	\$ 49,750	\$ 1,059,277	\$ 2,965,896	\$ 3,262,406	\$ 3,588,567	\$ 3,947,364	\$ 4,342,180	\$ 4,776,398	\$ 5,253,998	\$ 5,779,358	\$ 35,124,694
Service Revenue													
Number of Customers	750	1000	1250	6,573	21,477	37,871	55,904	75,740	97,560	121,562	147,964	177,006	177,006
Revenue (\$16/Customer/Month)	\$ 12,000	\$ 16,000	\$ 20,000	\$ 105,168	\$ 343,632	\$ 605,936	\$ 894,464	\$ 1,211,840	\$ 1,560,960	\$ 1,944,992	\$ 2,367,424	\$ 2,832,096	\$ 11,914,512
Total Pay Per Click Revenue	\$ 12,000	\$ 16,000	\$ 20,000	\$ 105,168	\$ 343,632	\$ 605,936	\$ 894,464	\$ 1,211,840	\$ 1,560,960	\$ 1,944,992	\$ 2,367,424	\$ 2,832,096	\$ 11,914,512
Licensing Revenue													
New Agreements	0	0	0	1	0	0	1	0	1	0	0	1	4
Cumulative Agreements	1	1	1	2	2	2	3	3	4	4	4	5	5
Revenue (Avg. \$650,000)	\$ -	\$ -	\$ -	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ -	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ 2,600,000
Total Licensing Revenue	\$ -	\$ -	\$ -	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ -	\$ 650,000	\$ -	\$ -	\$ 650,000	\$ 2,600,000
Gross Revenue	\$ 61,750	\$ 65,750	\$ 69,750	\$ 1,814,445	\$ 3,309,528	\$ 3,868,342	\$ 5,133,031	\$ 5,159,204	\$ 6,553,140	\$ 6,721,390	\$ 7,621,422	\$ 9,261,454	\$ 49,639,206
Direct Costs													
Product Sales	\$ 39,750	\$ 39,750	\$ 39,750	\$ 846,357	\$ 2,369,736	\$ 2,606,646	\$ 2,867,247	\$ 3,153,924	\$ 3,469,380	\$ 3,816,318	\$ 4,197,918	\$ 4,617,678	\$ 28,064,454
Service Revenue	\$ 6,000	\$ 8,000	\$ 10,000	\$ 52,584	\$ 171,816	\$ 302,968	\$ 447,232	\$ 605,920	\$ 780,480	\$ 972,496	\$ 1,183,712	\$ 1,416,048	\$ 5,957,256
Total Direct Costs	\$ 45,750	\$ 47,750	\$ 49,750	\$ 898,941	\$ 2,541,552	\$ 2,909,614	\$ 3,314,479	\$ 3,759,844	\$ 4,249,860	\$ 4,788,814	\$ 5,381,630	\$ 6,033,726	\$ 34,021,710
Bad Debt Allowance (1.5%)	\$ 746	\$ 746	\$ 746	\$ 15,889	\$ 44,488	\$ 48,936	\$ 53,829	\$ 59,210	\$ 65,133	\$ 71,646	\$ 78,810	\$ 86,690	\$ 526,869
Net Revenue	\$ 15,254	\$ 17,254	\$ 19,254	\$ 899,615	\$ 723,488	\$ 909,792	\$ 1,764,723	\$ 1,340,150	\$ 2,238,147	\$ 1,860,930	\$ 2,160,982	\$ 3,141,038	\$ 15,090,627

Revenue Forecast for Year Two (2009)

Product Sales	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
New Products Sold	21,211	21,529	21,852	22,180	22,513	22,851	23,194	23,542	23,895	24,253	24,617	24,986	276,623
Cumulative Products Sold	198,217	219,746	241,598	263,778	286,291	309,142	332,336	355,878	379,773	404,026	428,643	453,629	453,629
Revenue (\$199 per new unit)	\$ 4,220,989	\$ 4,284,271	\$ 4,348,548	\$ 4,413,820	\$ 4,480,087	\$ 4,547,349	\$ 4,615,606	\$ 4,684,858	\$ 4,755,105	\$ 4,826,347	\$ 4,898,783	\$ 4,972,214	\$ 55,047,977
Total Product Revenue	\$ 4,220,989	\$ 4,284,271	\$ 4,348,548	\$ 4,413,820	\$ 4,480,087	\$ 4,547,349	\$ 4,615,606	\$ 4,684,858	\$ 4,755,105	\$ 4,826,347	\$ 4,898,783	\$ 4,972,214	\$ 55,047,977
Service Revenue													
Number of Customers	198,217	219,746	241,598	263,778	286,291	309,142	332,336	355,878	379,773	404,026	428,643	453,629	453,629
Revenue (\$16/Customer/Month)	\$ 3,171,472	\$ 3,515,936	\$ 3,865,568	\$ 4,220,448	\$ 4,580,656	\$ 4,946,272	\$ 5,317,376	\$ 5,694,048	\$ 6,076,368	\$ 6,464,416	\$ 6,858,288	\$ 7,258,064	\$ 61,968,912
Total Pay Per Click Revenue	\$ 3,171,472	\$ 3,515,936	\$ 3,865,568	\$ 4,220,448	\$ 4,580,656	\$ 4,946,272	\$ 5,317,376	\$ 5,694,048	\$ 6,076,368	\$ 6,464,416	\$ 6,858,288	\$ 7,258,064	\$ 61,968,912
Licensing Revenue													
New Agreements	0	1	0	1	1	0	1	0	1	1	0	1	7
Cumulative Agreements	1	2	2	3	4	4	5	5	6	7	7	8	8
Revenue (Avg. \$700,000)	\$ -	\$ 700,000	\$ -	\$ 700,000	\$ 700,000	\$ -	\$ 700,000	\$ -	\$ 700,000	\$ 700,000	\$ -	\$ 700,000	\$ 4,900,000
Total Licensing Revenue	\$ -	\$ 700,000	\$ -	\$ 700,000	\$ 700,000	\$ -	\$ 700,000	\$ -	\$ 700,000	\$ 700,000	\$ -	\$ 700,000	\$ 4,900,000
Gross Revenue	\$ 7,392,461	\$ 8,500,207	\$ 8,214,116	\$ 9,334,268	\$ 9,760,743	\$ 9,493,621	\$ 10,632,982	\$ 10,378,906	\$ 11,531,473	\$ 11,990,763	\$ 11,757,071	\$ 12,930,278	\$ 121,916,889
Direct Costs													
Product Sales	\$ 3,372,549	\$ 3,423,111	\$ 3,474,468	\$ 3,526,620	\$ 3,579,567	\$ 3,633,309	\$ 3,687,846	\$ 3,743,178	\$ 3,799,305	\$ 3,856,227	\$ 3,914,103	\$ 3,972,774	\$ 43,983,057
Service Revenue	\$ 1,585,736	\$ 1,757,968	\$ 1,932,784	\$ 2,110,224	\$ 2,290,328	\$ 2,473,136	\$ 2,658,688	\$ 2,847,024	\$ 3,038,184	\$ 3,232,208	\$ 3,429,144	\$ 3,629,032	\$ 30,984,456
Total Direct Costs	\$ 4,958,285	\$ 5,181,079	\$ 5,407,252	\$ 5,636,844	\$ 5,869,895	\$ 6,106,445	\$ 6,346,534	\$ 6,590,202	\$ 6,837,489	\$ 7,088,435	\$ 7,343,247	\$ 7,601,806	\$ 74,967,513
Bad Debt Allowance (1.5%)	\$ 63,315	\$ 64,264	\$ 65,228	\$ 66,207	\$ 67,201	\$ 68,210	\$ 69,234	\$ 70,273	\$ 71,327	\$ 72,395	\$ 73,482	\$ 74,583	\$ 825,720
Net Revenue	\$ 2,370,861	\$ 3,254,864	\$ 2,741,636	\$ 3,631,217	\$ 3,823,647	\$ 3,318,966	\$ 4,217,214	\$ 3,718,431	\$ 4,622,657	\$ 4,829,933	\$ 4,340,342	\$ 5,253,889	\$ 46,123,656



Revenue Forecast for Year Three (2010)

Product Sales	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
New Products Sold	23,873	24,470	25,082	25,709	26,352	27,011	27,686	28,378	29,087	29,814	30,559	31,323	329,344
Cumulative Products Sold	477,502	501,972	527,054	552,763	579,115	606,126	633,812	662,190	691,277	721,091	751,650	782,973	782,973
Revenue (\$199 per new unit)	\$ 4,750,727	\$ 4,869,530	\$ 4,991,318	\$ 5,116,091	\$ 5,244,048	\$ 5,375,189	\$ 5,509,514	\$ 5,647,222	\$ 5,788,313	\$ 5,932,986	\$ 6,081,241	\$ 6,233,277	\$ 65,539,456
Total Product Revenue	\$ 4,750,727	\$ 4,869,530	\$ 4,991,318	\$ 5,116,091	\$ 5,244,048	\$ 5,375,189	\$ 5,509,514	\$ 5,647,222	\$ 5,788,313	\$ 5,932,986	\$ 6,081,241	\$ 6,233,277	\$ 65,539,456
Service Revenue													
Number of Customers	477,502	501,972	527,054	552,763	579,115	606,126	633,812	662,190	691,277	721,091	751,650	782,973	782,973
Revenue (\$16/Customer/Month)	\$ 7,640,032	\$ 8,031,552	\$ 8,432,864	\$ 8,844,208	\$ 9,265,840	\$ 9,698,016	\$ 10,140,992	\$ 10,595,040	\$ 11,060,432	\$ 11,537,456	\$ 12,026,400	\$ 12,527,568	\$ 119,800,400
Total Pay Per Click Revenue	\$ 7,640,032	\$ 8,031,552	\$ 8,432,864	\$ 8,844,208	\$ 9,265,840	\$ 9,698,016	\$ 10,140,992	\$ 10,595,040	\$ 11,060,432	\$ 11,537,456	\$ 12,026,400	\$ 12,527,568	\$ 119,800,400
Licensing Revenue													
New Agreements	1	1	0	1	1	0	1	1	1	1	1	1	10
Cumulative Agreements	2	3	3	4	5	5	6	7	8	9	10	11	11
Revenue (Avg. \$800,000)	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 8,000,000
Total Licensing Revenue	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 8,000,000
Gross Revenue	\$ 13,190,759	\$ 13,701,082	\$ 13,424,182	\$ 14,760,299	\$ 15,309,888	\$ 15,073,205	\$ 16,450,506	\$ 17,042,262	\$ 17,648,745	\$ 18,270,442	\$ 18,907,641	\$ 19,560,845	\$ 193,339,856
Direct Costs													
Product Sales	\$ 3,795,807	\$ 3,890,730	\$ 3,988,038	\$ 4,087,731	\$ 4,189,968	\$ 4,294,749	\$ 4,402,074	\$ 4,512,102	\$ 4,624,833	\$ 4,740,426	\$ 4,858,881	\$ 4,980,357	\$ 52,365,696
Service Revenue	\$ 3,820,016	\$ 4,015,776	\$ 4,216,432	\$ 4,422,104	\$ 4,632,920	\$ 4,849,008	\$ 5,070,496	\$ 5,297,520	\$ 5,530,216	\$ 5,768,728	\$ 6,013,200	\$ 6,263,784	\$ 59,900,200
Total Direct Costs	\$ 7,615,823	\$ 7,906,506	\$ 8,204,470	\$ 8,509,835	\$ 8,822,888	\$ 9,143,757	\$ 9,472,570	\$ 9,809,622	\$ 10,155,049	\$ 10,509,154	\$ 10,872,081	\$ 11,244,141	\$ 112,265,896
Bad Debt Allowance (1.5%)	\$ 71,261	\$ 73,043	\$ 74,870	\$ 76,741	\$ 78,661	\$ 80,628	\$ 82,643	\$ 84,708	\$ 86,825	\$ 88,995	\$ 91,219	\$ 93,499	\$ 983,092
Net Revenue	\$ 5,503,675	\$ 5,721,533	\$ 5,144,842	\$ 6,173,723	\$ 6,408,339	\$ 5,848,820	\$ 6,895,293	\$ 7,147,932	\$ 7,406,871	\$ 7,672,293	\$ 7,944,341	\$ 8,223,205	\$ 80,090,868



Profit and Loss Projections

Profit and Loss Projections for Year One (2008)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GROSS REVENUE	\$ 61,750	\$ 65,750	\$ 69,750	\$ 1814,445	\$ 3,309,528	\$ 3,868,342	\$ 5,133,031	\$ 5,159,204	\$ 6,553,140	\$ 6,721,390	\$ 7,621,422	\$ 9,261,454	\$ 49,639,206
DIRECT COST	\$ 45,750	\$ 47,750	\$ 49,750	\$ 898,941	\$ 2,541,552	\$ 2,909,614	\$ 3,314,479	\$ 3,759,844	\$ 4,249,860	\$ 4,788,814	\$ 5,381,630	\$ 6,033,726	\$ 34,021,710
BAD DEBT ALLOWANCE	\$ 746	\$ 746	\$ 746	\$ 15,889	\$ 44,488	\$ 48,936	\$ 53,829	\$ 59,210	\$ 65,133	\$ 71,646	\$ 78,810	\$ 86,690	\$ 526,869
NET REVENUE	\$ 15,254	\$ 17,254	\$ 19,254	\$ 899,615	\$ 723,488	\$ 909,792	\$ 1,764,723	\$ 1,340,150	\$ 2,238,147	\$ 1,860,930	\$ 2,160,982	\$ 3,141,038	\$ 15,090,627
EXPENSES													
Payroll	\$ 74,250	\$ 74,250	\$ 82,250	\$ 92,500	\$ 108,500	\$ 120,500	\$ 155,000	\$ 175,000	\$ 191,250	\$ 203,500	\$ 219,750	\$ 229,750	\$ 1,726,500
Payroll Burden (29%)	\$ 21,533	\$ 21,533	\$ 23,853	\$ 26,825	\$ 31,465	\$ 34,945	\$ 44,950	\$ 50,750	\$ 55,463	\$ 59,015	\$ 63,728	\$ 66,628	\$ 500,688
Advertising/Marketing	\$ 10,000	\$ 10,000	\$ 10,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 2,280,000
Credit Card Fees	\$ 618	\$ 658	\$ 698	\$ 18,144	\$ 33,095	\$ 38,683	\$ 51,330	\$ 51,592	\$ 65,531	\$ 67,214	\$ 76,214	\$ 92,615	\$ 496,392
Equipment Maintenance	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Insurance-General	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Postage & Shipping	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 135,000
Professional Fees-Acct.	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 7,500	\$ 20,000
Professional Fees-Atty.	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 54,000
Office Supplies & Expenses	\$ 4,800	\$ 4,800	\$ 4,800	\$ 17,000	\$ 17,000	\$ 21,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 30,000	\$ 30,000	\$ 225,400
Marketing/Public Relations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
Rent	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 175,000
Telephone	\$ 2,000	\$ 2,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 94,000
Travel & Entertainment	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 20,000	\$ 20,000	\$ 200,000
Utilities	\$ 500	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 17,500
Miscellaneous	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 144,000
TOTAL EXPENSES	\$ 256,201	\$ 256,241	\$ 272,101	\$ 562,969	\$ 603,560	\$ 644,628	\$ 704,780	\$ 730,842	\$ 770,744	\$ 783,229	\$ 823,192	\$ 859,993	\$ 7,268,480
PROFIT FROM OPERATIONS	\$(240,947)	\$(238,987)	\$(252,847)	\$ 336,646	\$ 119,928	\$ 265,164	\$ 1,059,943	\$ 609,308	\$ 1,467,403	\$ 1,077,701	\$ 1,337,790	\$ 2,281,045	\$ 7,822,147
Tax Burden	\$ (72,284)	\$ (71,696)	\$ (75,854)	\$ 100,994	\$ 35,978	\$ 79,549	\$ 317,983	\$ 182,792	\$ 440,221	\$ 323,310	\$ 401,337	\$ 684,314	\$ 2,346,644
PROFIT AFTER TAXES	\$ (168,663)	\$ (167,291)	\$ (176,993)	\$ 235,652	\$ 83,950	\$ 185,615	\$ 741,960	\$ 426,516	\$ 1,027,182	\$ 754,391	\$ 936,453	\$ 1,596,731	\$ 5,475,503



Profit and Loss Projections for Year Two (2009)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GROSS REVENUE	\$ 7,392,461	\$ 8,500,207	\$ 8,214,116	\$ 9,334,268	\$ 9,760,743	\$ 9,493,621	\$ 10,632,982	\$ 10,378,906	\$ 11,531,473	\$ 11,990,763	\$ 11,757,071	\$ 12,930,278	\$ 121,916,889
DIRECT COST	\$ 4,958,285	\$ 5,181,079	\$ 5,407,252	\$ 5,636,844	\$ 5,869,895	\$ 6,106,445	\$ 6,346,534	\$ 6,590,202	\$ 6,837,489	\$ 7,088,435	\$ 7,343,247	\$ 7,601,806	\$ 74,967,513
BAD DEBT ALLOWANCE	\$ 63,315	\$ 64,264	\$ 65,228	\$ 66,207	\$ 67,201	\$ 68,210	\$ 69,234	\$ 70,273	\$ 71,327	\$ 72,395	\$ 73,482	\$ 74,583	\$ 825,720
NET REVENUE	\$ 2,370,861	\$ 3,254,864	\$ 2,741,636	\$ 3,631,217	\$ 3,823,647	\$ 3,318,966	\$ 4,217,214	\$ 3,718,431	\$ 4,622,657	\$ 4,829,933	\$ 4,340,342	\$ 5,253,889	\$ 46,123,656
EXPENSES													
Payroll	\$ 234,025	\$ 254,025	\$ 274,025	\$ 298,525	\$ 318,525	\$ 338,525	\$ 364,775	\$ 384,775	\$ 404,775	\$ 573,025	\$ 593,025	\$ 613,025	\$ 4,651,050
Payroll Burden (29%)	\$ 67,867	\$ 73,667	\$ 79,467	\$ 86,572	\$ 92,372	\$ 98,172	\$ 105,785	\$ 111,585	\$ 117,385	\$ 166,177	\$ 171,977	\$ 177,777	\$ 1,348,803
Advertising/Marketing	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 3,000,000
Credit Card Fees	\$ 73,925	\$ 85,002	\$ 82,141	\$ 93,343	\$ 97,607	\$ 94,936	\$ 106,330	\$ 103,789	\$ 115,315	\$ 119,908	\$ 117,571	\$ 129,303	\$ 1,219,170
Equipment Maintenance	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Insurance-General	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Postage & Shipping	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
Professional Fees-Acct.	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 30,000
Professional Fees-Atty.	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
Office Supplies & Expenses	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 435,000
Marketing/Public Relations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
Rent	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
Telephone	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 162,000
Travel & Entertainment	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
Utilities	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 36,000
Miscellaneous	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
TOTAL EXPENSES	\$ 865,817	\$ 902,694	\$ 933,133	\$ 973,440	\$ 1,003,504	\$ 1,034,133	\$ 1,079,890	\$ 1,103,149	\$ 1,147,975	\$ 1,362,110	\$ 1,385,573	\$ 1,430,605	\$ 13,222,023
PROFIT FROM OPERATIONS	\$ 1,505,044	\$ 2,352,170	\$ 1,808,503	\$ 2,657,777	\$ 2,820,143	\$ 2,284,833	\$ 3,137,324	\$ 2,615,282	\$ 3,474,682	\$ 3,467,823	\$ 2,954,769	\$ 3,823,284	\$ 32,901,633
Tax Burden	\$ 451,513	\$ 705,651	\$ 542,551	\$ 797,333	\$ 846,043	\$ 685,450	\$ 941,197	\$ 784,585	\$ 1,042,405	\$ 1,040,347	\$ 886,431	\$ 1,146,985	\$ 9,870,490
PROFIT AFTER TAXES	\$ 1,053,531	\$ 1,646,519	\$ 1,265,952	\$ 1,860,444	\$ 1,974,100	\$ 1,599,383	\$ 2,196,127	\$ 1,830,697	\$ 2,432,277	\$ 2,427,476	\$ 2,068,338	\$ 2,676,299	\$ 23,031,143



Profit and Loss Projections for Year Three (2010)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GROSS REVENUE	\$ 13,190,759	\$ 13,701,082	\$ 13,424,182	\$ 14,760,299	\$ 15,309,888	\$ 15,073,205	\$ 16,450,506	\$ 17,042,262	\$ 17,648,745	\$ 18,270,442	\$ 18,907,641	\$ 19,560,845	\$ 193,339,856
DIRECT COST	\$ 7,615,823	\$ 7,906,506	\$ 8,204,470	\$ 8,509,835	\$ 8,822,888	\$ 9,143,757	\$ 9,472,570	\$ 9,809,622	\$ 10,155,049	\$ 10,509,154	\$ 10,872,081	\$ 11,244,141	\$ 112,265,896
BAD DEBT ALLOWANCE	\$ 71,261	\$ 73,043	\$ 74,870	\$ 76,741	\$ 78,661	\$ 80,628	\$ 82,643	\$ 84,708	\$ 86,825	\$ 88,995	\$ 91,219	\$ 93,499	\$ 983,092
NET REVENUE	\$ 5,503,675	\$ 5,721,533	\$ 5,144,842	\$ 6,173,723	\$ 6,408,339	\$ 5,848,820	\$ 6,895,293	\$ 7,147,932	\$ 7,406,871	\$ 7,672,293	\$ 7,944,341	\$ 8,223,205	\$ 80,090,868
EXPENSES													
Payroll	\$ 627,904	\$ 647,904	\$ 667,904	\$ 552,404	\$ 572,404	\$ 592,404	\$ 618,654	\$ 638,654	\$ 658,654	\$ 678,654	\$ 698,654	\$ 718,654	\$ 7,672,848
Payroll Burden (29%)	\$ 182,092	\$ 187,892	\$ 193,692	\$ 160,197	\$ 165,997	\$ 171,797	\$ 179,410	\$ 185,210	\$ 191,010	\$ 196,810	\$ 202,610	\$ 208,410	\$ 2,225,127
Advertising/Marketing	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 3,600,000
Credit Card Fees	\$ 13,908	\$ 137,011	\$ 134,242	\$ 147,603	\$ 153,099	\$ 150,732	\$ 164,505	\$ 170,423	\$ 176,487	\$ 182,704	\$ 189,076	\$ 195,608	\$ 1,933,398
Equipment Maintenance	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 960,000
Insurance-General	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
Postage & Shipping	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
Professional Fees-Acct.	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 30,000
Professional Fees-Atty.	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Office Supplies & Expenses	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
Marketn/Public Relations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
Rent	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 32,500	\$ 390,000
Telephone	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 180,000
Travel & Entertainment	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 480,000
Utilities	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
Miscellaneous	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 240,000
TOTAL EXPENSES	\$ 1,564,404	\$ 1,595,307	\$ 1,625,838	\$ 1,482,704	\$ 1,514,000	\$ 1,544,933	\$ 1,585,069	\$ 1,616,787	\$ 1,656,151	\$ 1,680,668	\$ 1,712,840	\$ 1,752,672	\$ 19,331,373
PROFIT FROM OPERATIONS	\$ 3,939,271	\$ 4,126,226	\$ 3,519,004	\$ 4,691,019	\$ 4,894,339	\$ 4,303,887	\$ 5,310,224	\$ 5,531,145	\$ 5,750,720	\$ 5,991,625	\$ 6,231,501	\$ 6,470,533	\$ 60,759,495
Tax Burden	\$ 1,181,781	\$ 1,237,868	\$ 1,055,701	\$ 1,407,306	\$ 1,468,302	\$ 1,291,166	\$ 1,593,067	\$ 1,659,344	\$ 1,725,216	\$ 1,797,488	\$ 1,869,450	\$ 1,941,160	\$ 18,227,849
PROFIT AFTER TAXES	\$ 2,757,490	\$ 2,888,358	\$ 2,463,303	\$ 3,283,713	\$ 3,426,037	\$ 3,012,721	\$ 3,717,157	\$ 3,871,801	\$ 4,025,504	\$ 4,194,137	\$ 4,362,051	\$ 4,529,373	\$ 42,531,646

Cash Flow Projections

Cash Flow Projections - Year One (2008)													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Operating Activities													
Net Income (after tax distribution)	\$ (168,663)	\$ (167,291)	\$ (176,993)	\$ 235,652	\$ 83,950	\$ 185,615	\$ 74,1960	\$ 426,516	\$ 1,027,182	\$ 754,391	\$ 936,453	\$ 1,596,731	\$ 5,475,503
Adjustments to Reconcile													
Change In Inventories	\$ (1,550,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,550,000)
Cash Provided by Operating Activities	\$ (1,718,663)	\$ (167,291)	\$ (176,993)	\$ 235,652	\$ 83,950	\$ 185,615	\$ 74,1960	\$ 426,516	\$ 1,027,182	\$ 754,391	\$ 936,453	\$ 1,596,731	\$ 3,925,503
Investing Activities													
Capital Expenditures*	\$ 500,000	\$ -	\$ 250,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,000
Investing Activities	\$ 500,000	\$ -	\$ 250,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,000
Financing Activities													
Equity Infusion	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Financing Activities	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Net Increase (Decrease) in Cash	\$ 2,781,337	\$ (167,291)	\$ (426,993)	\$ 235,652	\$ (16,050)	\$ 185,615	\$ 64,1960	\$ 426,516	\$ 1,027,182	\$ 754,391	\$ 936,453	\$ 1,596,731	\$ 7,975,503
Cash, Beginning of Month	\$ -	\$ 2,781,337	\$ 2,614,046	\$ 2,187,053	\$ 2,422,705	\$ 2,406,655	\$ 2,592,270	\$ 3,234,230	\$ 3,660,746	\$ 4,687,928	\$ 5,442,319	\$ 6,378,772	\$ -
Cash, End of Month	\$ 2,781,337	\$ 2,614,046	\$ 2,187,053	\$ 2,422,705	\$ 2,406,655	\$ 2,592,270	\$ 3,234,230	\$ 3,660,746	\$ 4,687,928	\$ 5,442,319	\$ 6,378,772	\$ 7,975,503	\$ 7,975,503
*Office furniture, fixtures, computer equipment, etc. needed as staff increases(\$400,000); Network Switching Equipment (\$550,000)													

Cash Flow Projections - Year Two (2009)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Operating Activities													
Net Income (after tax distribution)	\$ 1,053,531	\$ 1,646,519	\$ 1,265,952	\$ 1,860,444	\$ 1,974,100	\$ 1,599,383	\$ 2,196,127	\$ 1,830,697	\$ 2,432,277	\$ 2,427,476	\$ 2,068,338	\$ 2,676,299	\$ 23,031,143
Adjustments to Reconcile													
Change In Inventories	\$ (200,000)	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ (800,000)
Cash Provided by Operating Activities	\$ 853,531	\$ 1,646,519	\$ 1,265,952	\$ 1,660,444	\$ 1,974,100	\$ 1,599,383	\$ 1,996,127	\$ 1,830,697	\$ 2,432,277	\$ 2,227,476	\$ 2,068,338	\$ 2,676,299	\$ 22,231,143
Investing Activities													
Capital Expenditures	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
Startup Activities	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 600,000
Financing Activities													
Equity Infusion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ 803,531	\$ 1,596,519	\$ 1,215,952	\$ 1,610,444	\$ 1,924,100	\$ 1,549,383	\$ 1,946,127	\$ 1,780,697	\$ 2,382,277	\$ 2,177,476	\$ 2,018,338	\$ 2,626,299	\$ 21,631,143
Cash, Beginning of Month	\$ 7,975,503	\$ 8,779,034	\$ 10,375,553	\$ 11,591,505	\$ 13,201,949	\$ 15,126,049	\$ 16,675,432	\$ 18,621,559	\$ 20,402,256	\$ 22,784,533	\$ 24,962,009	\$ 26,980,347	\$ 7,975,503
Cash, End of Month	\$ 8,779,034	\$ 10,375,553	\$ 11,591,505	\$ 13,201,949	\$ 15,126,049	\$ 16,675,432	\$ 18,621,559	\$ 20,402,256	\$ 22,784,533	\$ 24,962,009	\$ 26,980,347	\$ 29,606,646	\$ 29,606,646
*Office furniture & equipment plus network switching equipment.													

Cash Flow Projections - Year Three (2010)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Operating Activities													
Net Income (after tax distribution)	\$ 2,757,490	\$ 2,888,358	\$ 2,463,303	\$ 3,283,713	\$ 3,426,037	\$ 3,012,721	\$ 3,717,157	\$ 3,871,801	\$ 4,025,504	\$ 4,194,137	\$ 4,362,051	\$ 4,529,373	\$ 42,531,646
Adjustments to Reconcile													
Change In Inventories	\$ (300,000)	\$ -	\$ -	\$ (300,000)	\$ -	\$ -	\$ (300,000)	\$ -	\$ -	\$ (300,000)	\$ -	\$ -	\$ (1,200,000)
Cash Provided by Operating Activities	\$ 2,457,490	\$ 2,888,358	\$ 2,463,303	\$ 2,983,713	\$ 3,426,037	\$ 3,012,721	\$ 3,417,157	\$ 3,871,801	\$ 4,025,504	\$ 3,894,137	\$ 4,362,051	\$ 4,529,373	\$ 41,331,646
Investing Activities													
Capital Expenditures	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,050,000
Investing Activities	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 1,050,000
Financing Activities													
Sale of Stock/Ownership (Equity Infusion)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase (Decrease) in Cash	\$ 2,382,490	\$ 2,813,358	\$ 2,388,303	\$ 2,908,713	\$ 3,351,037	\$ 2,937,721	\$ 3,317,157	\$ 3,771,801	\$ 3,925,504	\$ 3,794,137	\$ 4,262,051	\$ 4,429,373	\$ 40,281,646
Cash, Beginning of Month	\$ 29,606,646	\$ 31,989,136	\$ 34,802,494	\$ 37,190,797	\$ 40,099,510	\$ 43,450,547	\$ 46,388,268	\$ 49,705,425	\$ 53,477,226	\$ 57,402,730	\$ 61,196,867	\$ 65,458,918	\$ 29,606,646
Cash, End of Month	\$ 31,989,136	\$ 34,802,494	\$ 37,190,797	\$ 40,099,510	\$ 43,450,547	\$ 46,388,268	\$ 49,705,425	\$ 53,477,226	\$ 57,402,730	\$ 61,196,867	\$ 65,458,918	\$ 69,888,291	\$ 69,888,291
*Office furniture & equipment plus network switching equipment.													



9.5 Break Even Analysis

Break Even Analysis-Year One													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
GROSS REVENUE	\$ 632,595	\$ 632,694	\$ 671,854	\$ 1,266,590	\$ 1,366,815	\$ 1,468,217	\$ 1,616,741	\$ 1,681,091	\$ 1,828,998	\$ 1,933,899	\$ 2,032,573	\$ 2,123,440	\$ 17,255,506
NET REVENUE	\$ 256,201	\$ 256,241	\$ 272,101	\$ 512,969	\$ 553,560	\$ 594,628	\$ 654,780	\$ 680,842	\$ 740,744	\$ 783,229	\$ 823,192	\$ 859,993	\$ 6,988,480
EXPENSES													
Payroll	\$ 74,250	\$ 74,250	\$ 82,250	\$ 92,500	\$ 108,500	\$ 120,500	\$ 155,000	\$ 175,000	\$ 191,250	\$ 203,500	\$ 219,750	\$ 229,750	\$ 1,726,500
Payroll Burden (29%)	\$ 21,533	\$ 21,533	\$ 23,853	\$ 26,825	\$ 31,465	\$ 34,945	\$ 44,950	\$ 50,750	\$ 55,463	\$ 59,015	\$ 63,728	\$ 66,628	\$ 500,688
Advertising/Marketing	\$ 10,000	\$ 10,000	\$ 10,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 220,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 2,000,000
Credit Card Fees	\$ 618	\$ 658	\$ 698	\$ 18,144	\$ 33,095	\$ 38,683	\$ 51,330	\$ 51,592	\$ 65,531	\$ 67,214	\$ 76,214	\$ 92,615	\$ 496,392
Equipment Maintenance	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 720,000
Insurance-General	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage & Shipping	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 135,000
Professional Fees-Acct.	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 7,500	\$ 20,000
Professional Fees-Atty.	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 54,000
Office Supplies & Expenses	\$ 4,800	\$ 4,800	\$ 4,800	\$ 17,000	\$ 17,000	\$ 21,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000	\$ 30,000	\$ 30,000	\$ 225,400
Marketing/Public Relations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 360,000
Rent	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 175,000
Telephone	\$ 2,000	\$ 2,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 94,000
Travel & Entertainment	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 20,000	\$ 20,000	\$ 200,000
Utilities	\$ 500	\$ 500	\$ 500	\$ 1,000	\$ 1,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 17,500
Miscellaneous	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 144,000
TOTAL EXPENSES	\$ 256,201	\$ 256,241	\$ 272,101	\$ 512,969	\$ 553,560	\$ 594,628	\$ 654,780	\$ 680,842	\$ 740,744	\$ 783,229	\$ 823,192	\$ 859,993	\$ 6,988,480
PROFIT FROM OPERATIONS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Burden	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PROFIT AFTER TAXES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

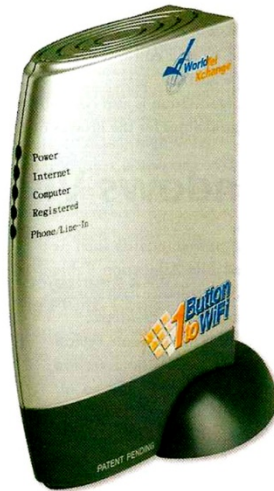
APPENDIX

Cheap calls from anywhere

A smart new device for your home can deliver VoIP calling from your mobile.

CALIFORNIA-BASED VoIP provider WorldTel Xchange has figured out a way to bypass the limitations of wi-fi phones and create a whole new niche in the telco market. 1 Button To WiFi turns any existing handset into a wi-fi phone that can make cheap VoIP calls.

WorldTel Xchange founder, Steve Lipman (a former TV shopping network host), developed the idea for the product after being frustrated that he could not make a wi-fi call from his car. What he came up with is essentially a digital translator for an analogue signal. A box installs in the home, which connects to your internet connection. You set it up via PC, and you can also plug in your home line. After it's plugged in, you can use your mobile phone to call an assigned number that connects you to the box at home and gives you a ring tone. From that point, your mobile essentially becomes a wi-fi phone and you can dial any number and talk over a VoIP connection. The chipset in the box translates the digital signal from your mobile to analogue and then back to digital to be transmitted over IP, in real-time.



TOWER OF POWER: The product design is based on the famous Burj Al Arab hotel in Dubai.

By using VoIP, the device provides for much cheaper calls both within the country and internationally. However, there is still

the cost of the call from your mobile to the 1 Button to WiFi box to be considered. This is carried on the cellular network and you will pay whatever your mobile plan normally charges for calls to your home.

As with many other VoIP providers, WorldTel relies on a prepay system. There is no monthly fee and you would prepay for the calls online. Users can register up to five mobile phones on the device, making simultaneous calls. Using local numbers provided by WorldTel, users will also be able to access the box from overseas. The VoIP provider is reportedly also working on a corporate version capable of handling a larger number of handsets.

1 Button To Wi-Fi will have a suggested retail price in New Zealand of \$439, and is expected to be in stores mid 2008. The purchase price includes 5 hours free talk time.

The jury is still out on this one, and *PC World* will get a review unit to test quality and ease of use. The idea is good as it gives easy access to VoIP through your normal mobile phone wherever you are.

Jan Birkeland

Business

LAS VEGAS REVIEW-JOURNAL • TUESDAY, OCTOBER 2, 2007



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Steve Lipman shows off One Button to WiFi at a suite in The Venetian. "Anything sells on TV," he says.

Coming to a TV near you ...

Infomercial industry makes pitch in Las Vegas

By **BENJAMIN SPILLMAN**
REVIEW-JOURNAL

Are you tired of enormous cell phone bills?

Do you feel like a hostage to the phone company?

What if I told you there was a way to use the Internet to slash your phone bill 70 percent without complicated computer software or burdensome

long-term contracts?

With One Button to WiFi you can call people from Argentina to Austria from your home, office—or even from your car for pennies! Pennies!

But wait! There's more!

The futuristic, sandwich-size device that connects cell phones to the Internet to make dirt cheap international phone calls was just one of countless

amazing products on display this week in Las Vegas at a convention for the infomercial industry.

"Anything sells on TV," said Steve Lipman, inventor of the desktop device that combines the value of Internet calling with the convenience of your existing cell phone. "If you are on TV for two or three months, every retailer in the world

► SEE INFOCOMMERCIAL PAGE 4D
Formula for success the same

The logo consists of the letters "MM" in a serif font, with the first "M" in gold and the second in maroon.

MARCUM MEDIA LLC

infomercial marketing

June 5, 2007

Mr. Steve Lipman
President
WorldTel Xchange
17555 Ventura Blvd.
Suite #200
Encino, CA 91316

Dear Steve,

After three weeks of testing I am happy to report that you clearly have a big hit with the One Button to WiFi infomercial promotion.

As you know, we tested two soft offers (Version I & Version II) and one hard offer (Version III) which actually showed the price point on the screen. Revealing the price in the CTA provided the best results from a conversion standpoint with final results on all media delivering a total of 744 calls and 140 orders at an average of \$213 per order.

Clearly, you have a promotion that will hit the top of the infomercial charts! In spite of May and June being soft your show continues to bring in volume calls and strong orders. As the media continues to air we see this campaign growing to over a 2.0 MER which will ultimately provide you with a strong list of customers. In my 25 years of experience in this industry, I have not had a show test this strong in the month of May.

We are genuinely excited to be part of this campaign.

Congratulations!

Sincerely,

Nancy K. Marcum
CEO